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# **BERKSHIRE COMMUNITY COLLEGE**

**(an agency of the Commonwealth of Massachusetts)**

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## **FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016 AND 2015**

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

**Financial Statements and  
Management's Discussion and Analysis**

**June 30, 2016 and 2015**

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7R WKH %RDUG RI 7UXVWHHV RI  
%HUNVKLUH &RPPXQLW\ &ROOHJH  
3LWWVILHOG 0DVVDFKXVHWWV

5HSRUW RQ )LQDQFLDO 6WDWHPHQWV  
:H KDYH DXGLWHG WKH DFFRPSDQ\L QUHL&RPPXQLWV W&B W&B  
DJHQF\ RI WKH &RPPRQZHDOWK RI 0D V K DFFRPSUHLWV W V W K W K W  
RI QHW SRVLWLRQ DV RI -XQH WDWDHCPHQWV BQG HWKHQ XH  
DQG FKDQJHV LQ QHW SRVLWLRQH QG B GF DDV&GI QVZV U R O D W K H  
ILQDQFLDO VWDWHPHQWV ZKLFK F R E O O H F W L Q B Q F L D R P S U W L D  
OLVWHG LQ WKH WDEOH RI FRQWHQWV

0DQDJHPPHQW V 5HVSRQVLELQFLDO 6WDWHPHQWV  
0DQDJHPPHQW LV UHVSQVLEOH IR W LV R Q H R S U M S H V H W L Q D Q D Q D  
LQ DFFRUGDQFH ZLWLS D H F R X H Q M L D W I S H U B Q E M S M G H G W L D Q H V R  
WKLW LQFOXGHV WKH GHVLJQ LPS V H P H Q D O D F R Q U R D Q G H P O  
SUHSDUDWLRQ D Q G R I D L L Q S Q H V B O W B W D W H P H Q R P V P W K W L D O  
ZKHWKHU GXH WR IUDXG RU HUURU

\$XGLWRUV 5HVSRQVLELQFLW\

@0 W P X U U H V S R Q V L E L O L W \ L V W R H [ S V W D W H P H Q S L Q E D Q H Q R Q R V Q R  
DXGLWHG E\ RWKHU DXGLWRUV ZKR D H Q G H S R U W S K D V R E H H L Q V X R U D  
UHODWHV WR WKH DPRXQWV LQFOXGHG XISRQWKKH) B K S B D W L R I Q V  
DXGLWRUV :H FRQGXFWHG RXU D X V D W Q G D L Q G D F F R Q H G U D Q G O \ Z L F V  
WKH 8QLWHG 6WDWHV RI \$PHULFD D Q G F W B O D X G L Q G D U F R Q V D S S  
Government Auditing Standards L V V X H G E \ W K H & R P S W U R O O H U \* H Q H U D O R I  
\$PHULFD 7KRVH VWDQGDUGV UHTX D X B L W K D W R Z R E S V D L Q D Q G V  
RSLQLRQ RQ WKH W K I H F W Q L W L H Q H W V L Q W H U Q D C  
\$FFRUGLQJO\ ZH H [ S U H V V Q R V X F K R I S I D O L X D Q L \$ Q V K G L D S S U R S R  
RI DFFRXQWLQJ SROLFLHV XVHG D Q G D F F R X Q H D V R Q D E V O H L Q B W H V  
PDQDJHPPHQW D V Q Z H V O H D R Y H H Y D O X S B W L H Q D H Q L D V L R Q D R M H P H Q W V

:H EHOLHYH WKDW WKH DXGLW HYQGMQRIG ZHS SKDRYSU RIE WID LV  
EDVLV IRU RXU DXGLW RSLQLRQ

2SLQLRQ

,Q RXU RSLQLRQ EDVHG RQ RXU DXGLWUW DQG HWKHO DGHSLRQ  
UHIHUHG WR DERYH SUHVHQW IDLW OSRVLQWLRQ RDW%HHUWLVK  
&ROOHJH DV RI -XQH DQG V LQQ Q HWK IS RUHLVSLRQW DY  
IORZV IRU WKH \HDUV WKHQ HQGHGLQQLD DFRUGDQFUD ZLOW K  
WKH 8QLWHG 6WDWHV RI \$PHULFD

5HTXLUHG 6XSSOHPHQWU\ ,QIRUPDWLRQ

\$FFRXQWLQJ SULQFDFHSWHJG QHO DVOH \$PHULFD 6MDWILUW  
PDQDJHPHQW V GLVFXVVLHQ DQG DQDWDWKM &ROOHJH V SU  
VKDUH RI WKH QHRS DQVLRQ WKMHQ & WQ DGHM FRQWULEX  
DQG WKH QRWHV WR WKH UHTXLSEGHVXSISD HSPHQWUWUW  
VXSSOHPHQW WKH EDVLF ILQDQFLDOW KRWUW HPRWV D V SDXAF K  
ILQDQFLDO VWDWHPHQWV LV UHTXLUH DQ DQGLV \* RYRUWU  
FRQVLGHUV LW WR EH DQ HVVHOSVDFQ SD WKR E D V Q D Q D Q  
LQ DQ DSSURSULDWH RSHUDWLRQD:DI KDFRQ D SISO LRG KIHUW  
SURFHGXUHV WR WKH UHTXLUHG VXSISO HZRMQWDXG L V Q L Q W P  
JHQHUDOO\ DFFHSWHG LQ WKH 8QLWHG 6WDWH AXLRIL \$PHULFD  
DERXW WKH PHWKRGV RI SUHSDULQH MQIR UFD WLRQ WIRUQ FIB  
ZLWK PDQDJHPHQW UHVSQRVHV W DORXW DLQHTXHQWHV DV  
NQRZOHGJH ZH REW DQW G B X W K H V R D W E P H Q D Q F L D E G R Q I  
DQ RSLQLRQ RU SURYLGH DQ\ DVVXWUHQ FOL FRLQ W G H S W R F R I G P  
SURYLGH XV ZLWK VXIILFLHQW HYLYLGH F B Q W D W V S U I D Q V F H D Q F

2WKHU 5HSRUWL Government Auditing Standards

,Q DFFRUG DQVLRQ RQ RXU FRQVLGHUV DQ DQGLV % E W N H V I Q L D U H F  
2FWREHU RQ RXU FRQVLGHUV DQ DQGLV % E W N H V I Q L D U H F  
ILQDQFLDO UHSRUWLQJ DQG RQ R X D L Q W S U W Y L R L R W F R D S Q I  
FRQWUDFWV DQG JUDQW DJUHHPHQW W W B Q W R M H S R U W D M W W  
VFRSH RI RXU W F R W M Q U R R I R Y H U Q U L O D D Q G F E B E S O H L S R U F W L D Q G V  
WKDW WHVWLQJ DQ D S Q R W R R Q U I R V W H U Q D D Q D R Q D W R U H S R U  
FRPSOLDQFH 7KDW UHSRUW LVPDQ ILQWDFURDQDQW ZILVDQ  
Auditing Standards LQ FRQVLGHUV HQ & R P P X Q V W \ & R O O H J H U I L Q D I Q F Q D  
P0 •0 @ TÀ p01pLÐ p01pLÐ p01pLÐ gpW @QO X'hW QO OB %o a T &QWH @ IH

%(5.6+,5( &20081,7< &2//(\*(  
DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW V 'LVFXVVLRQ DQG \$QDO\VLV

-XQH DQG

7KH IROORZLQJ GLVFXVVLRQ DQG DQDO\VLV WKH SURSHQW  
WKH &ROOHJH DV RI -XQH DQG DV ZHOO DV WKH  
HQQHG 7KLV DQDO\VLV VFRXOOG EOHUJH VL WKQ DFL D VV  
QRWHV WKHUH SUZILHQWHLQOW KLV GRFXPHQW

,QWURGXFWRQ

%HUNVKLUH &RPPXQLW\ &ROOHJH WLRQ &RODJKHU HXDFDSW  
)7( VWXGHQWV ZLWFXOW SXOOW WLPFH IDFXOW\WLPQH VV  
PHPEHUV 7KH &ROOHJH LV ORFDW, QGDGG LW WRQV IWHQG &RO  
FUHGLW DQG QRQ FWKBLR XWR J&RQWDM&H QWHLUQLWR\*Q W  
(GXFDWLRQDO &HQWVWLQHQZQWRZGFK&ROQLQH FRQWFKD\$GD  
SZROH H RIIHUV 7 GHJUHH DQG FDUW HILFDWRHQ SFURHJIDWPKZ

O

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW\ 'LVFXMLWL RQ DQGL\$QHG &RQWL

-XQH

DQG

)LQDQFLDO +LJKOLJKWV &RQWLQXHG

7KH %HUNVKLUH &RPPXQLW\ &ROOHJHW)RXQGDWLRQ\ VXS  
RI WKH &ROOHJH 7KH )RXQGDWLRQ\ VXS  
UHVRXUFHV WKDW DUH DYDLODEOH RYHU DPH &RKHORJH  
)RXQGDWLRQ LV VGHSSHUSHWXDWLRQV RI JUDGXDWHV  
\$OWKRXJK WKH &ROOHJH GRHV QRW ERWURVWKIRPWV  
WKH PDMRULW\ RI UHVRXUFHV UHFHLYHG RUFKHOG VER  
&ROOHJH E\ WKH GRQRUV %HFDXVH UHVRXUFHV KHOG E\ V  
WKH EHQHILW RI WKH &ROOHJH RYHU DPH &RKHORJH  
GLVFUHWHO\ SUOHQVHGILQDWRVWDWHPHQWV

7 K Statements of Net Position

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODV\

ODQDJHPHQW\ 'LVFXMLWL RQ DQGL\$QDO &RQWL

-XQH

DQG

1RWHV WR WKH )LQDQFLDO 6WDWHPHQWV





%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

0DQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Net Position - Continued

7KH WDEOH DQG QDUUDWLYH EHOZHUSIRVHQLWLRQHLQROO  
RI RSHUDWLQJ UHYHQRVHODQDQVHQSHQVHW DWYHQDQDQG DQG H

&RQGHQVHG &KDQJHV ,Q 1HW 3RVLWLRQ

2SHUDWLQJ UHYHQXH

7XLWLRQ DQG IHHV QHW RI WXLWLRQ ZDLYHUV

DQG UHPLVVLRQV

2SHUDWLQJ JUDQWV DQG FRQWULEXWLRQV

2WKHU VRXUFHV

7RWDO RSHUDWLQJ UHYHQXH

7RWDO RSHUDWLQJ H[SHQVHV

1HW RSHUDWLQJ ORVV

1RQ RSHUDWLQJ DQG RWKHU UHYHQXH H[SHQVHV

6WDWH DSSURSULDWLRQV

1HW LQYHVWPHQW LQFRPH

,QWHUHV H[SHQVHV

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW\ 'LVFXMLWLRQDQGGLWDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights

7KH IROORZLQJ LV D JUDSKLF LOOXVWUDWLRQ RI RSHUDWL  
WKH &ROOHJH\W\FW\H\W\H\G\G -DQG

„ 7RWDO RSHUDWLQJ)JHYLQFXHMVHG DV FRPSDUHG  
GHFUHDVH RI RU LQ )<

„ 7XLWLRQ DQGHYHG E\ WKH &ROOHJH LQFOXGH WXLWL  
IHH DQG RWKHU FUHGLW DQG QDQFUHGLWHMHWQBMQ  
DQG IHHV LQ )< LQFUHDVHG RHDVH BMRFRPSDUH  
LQ )<

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWL RQ DQGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights – Continued

„ 2SHUDWLQJ JUDQWV DQG <FRQVULHE\WHLQV DV FRPSDU  
WR D GHFUHDVH RI RU LQ )<

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWL RQ DQGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights – Continued

*UDQW 1DF	)XQGLQJ 6	\$PRXQ	3XUSR VH
:RUNIRUFH ,Q )XQGLQJ	FDQWLZHILFH RI :RUNIRUFH 'HYHORSPHQW		6XSSRUW 'LUHFWRU RI &RUSF 2IILFH RI :RUNIRUFH 'HYHORSF
7\$\$ :RUNIRUFH	H86U'DQW		6HFRQG \H DU RI WKUHH \HD *XLGHG 3DWKZD\ 7R 6XFFHV SURMHFW
7\$\$ :RUNIRUFH 1DYLJDWRU	H86U'DQW		6XSSRUW &ROOHJH DQG &DU SRVLWRQ WR EXLOG SDUWQH &ROOHJH DQG &DUHHU &HQWH

%HUNVKLUH (QWHUSULVHV

5XUDO %XVLQHVV (QWHUSUL

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW\ 'LVFXMLWL RQDQGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights – Continued

*UDQW 1DF	)XQGLQJ 6	\$PRX	3XUSR VH
3HUNLQV	ODVV '2(		6XSSRUW &97( OLQNDJH D WHFKQLFDO SURJUDP
75,2	86 '2(		6WXGHQW VXSSRUW VHUYLI \HDU DZDUG

'XDO (QUROOPHQW

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWL RQ DQG LQDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Operating Expense Highlights

7RWDO RSHUDWLQJ H[SHQVHV LQRP )ZLWK RYDPRXQW VDO  
LQFUHDVHG DUH EHDIQWUFRVWV RQFUHDVHG XQFWLR  
H[SHQVH FODVVLILFDWLRQV DQG GROODU DPRXQWV DUH \  
VKRZQ LQ WKH DFFRPSDQ\LQJ FKDUW

\_\_\_\_\_ )RU )LVFDO <HUV (QGHG  
\_\_\_\_\_  
\_\_\_\_\_

2SHUDWLQJ H[SHQVHV  
,QVWUXFWLRQ  
\$FOH VXSSRUW  
6WXGHQW VHUULFHV  
6FKRODUVKLSV DQG IHOORZVKLSV  
2SHUDWLRQ DQG PDLQWHQDQFH RI SODQW  
,QVWLWXWLRQDO VXSSRUW  
'HSUHFLDWLRQ DQG DPRUWL]DWLRQ  
\$X[LOLDU\ RSHUDWLRQV \_\_\_\_\_  
\_\_\_\_\_

7RWDO RSHUDWLQJ H[SHQVHV  
=====

„ ,QVWUXFWLRQV ± GLUHFWO\ UHODWHG WR WKH LQFUHDVH  
VXSSOLHV DQG HTXLSPHQW LQFUHDVHG UHODVHGRU  
LQ )<

„ \$FDGHPLF 6XSSRUW ± ([SHQVHV WKDW SURYLGH UDGLQL  
DFDGHPLF SURJUDPV LQFUHDVHG RU LQ )< D  
LQ )<

„ 6WXGHQW 6HJLWLRQV 5HJLVWUDU

%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWL RQ DQGL\$QDO &RQWL

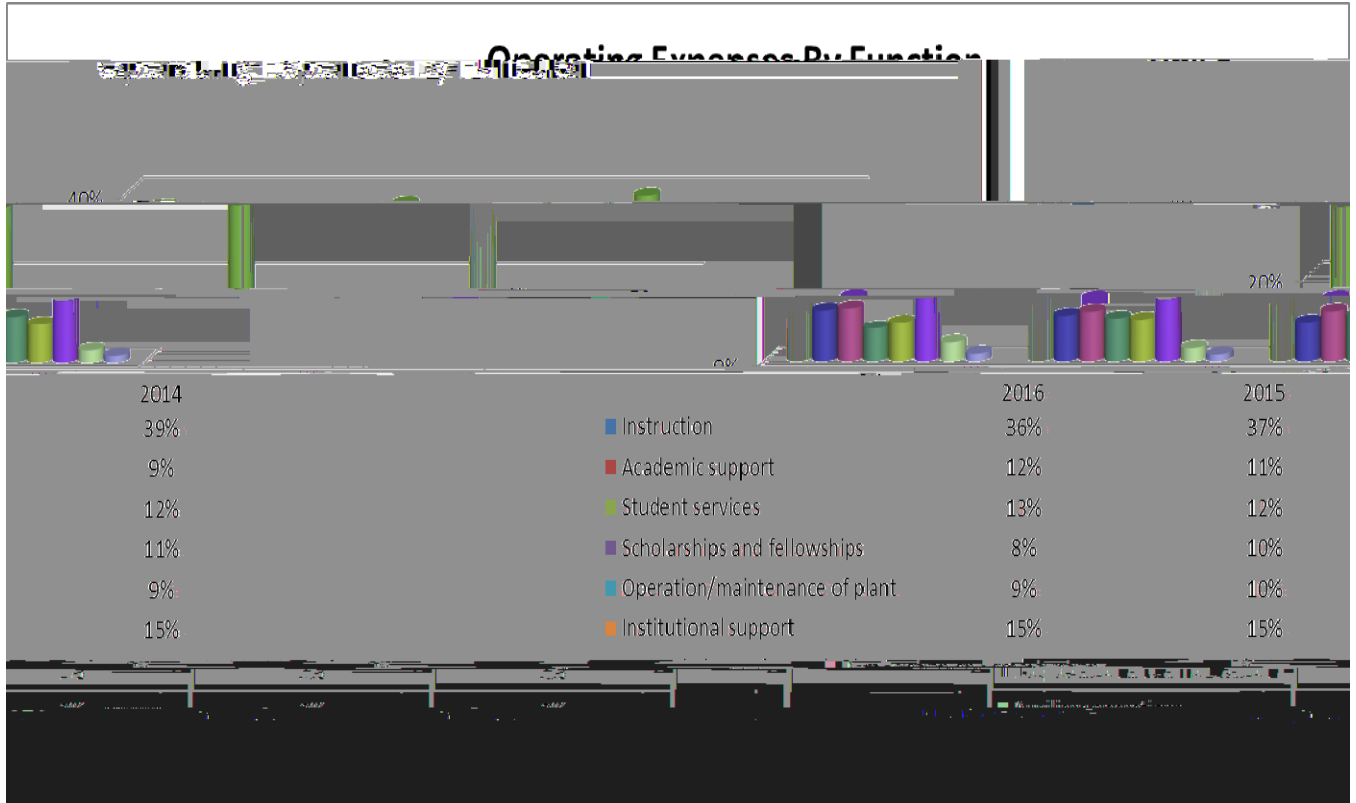
-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Operating Expense Highlights – Continued

- 2SHUDWLRQ DQG 0DLQWHUDQFH RI 30DQW ± 6SHQGLQJ RI WKH SK\VLFD SODQW DQG JURXQJ\ GDHGHDO\HGHV RU LQ )<
- ,QVWLWXWLRQ DQG 0DLQWHUDQFH\ VSHQGLQJ E\ DOHGDGPLQ RU LQ )< DQG GHFUHDVHG RU LQ )<
- 'HSUHFLDWLRQ DQG \$PRUWR\ DWRQ H[SHQVH LQFUHDVHG )< DQG LQFUHDVHG RU LQ )<
- \$X[LOLDU\ 2SHUDWLRQ\ FHV LQFUHDVHG RU LQ )<



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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Non-Operating Revenues and Expenses

7KH &RPPRQZHDOWK\ QHW RSHUDWLQRV DSSURSULDWLRQV DQG IULQJH EDIHLWV OHRV WXLMLRQ LQFUHDVHG RU,QYHM\PHQWHLQFRPH LQFUHD LQ )< DQG LQFUHDVHG RU LQ )<

Loss from Operations and State Appropriations

'XH WR WKH HFRQRPLFV RI SXEOLF KIHJKHLUHPGXFDWLRQV DFWXDOO\ LQFXU D ORVV IURP RSHUDWLQRV DUEHBB&RHH EXGJHW DSSURSULDWLRQV DUH WDNZHOODQWRVF&DUGHBD (GXFDWLRQ HVWDEOLVKHV WKH WXLMLRQQRWKKH &RHOHJ&RPP DSSURSULDWLRQV WR WKH &ROOHJHGHGUD\ WXLWLRQV DQ 7KH &ROOHJH LQ RUGHU WR EDODHGFVZHOXFDWLRQDQG DSSURYHV EXGJHWW\PL&RPPRQZHDOWK DSSURSUL

8QOHVV RWKHUZLVH SHUP \$@p€K° € E 0%"j"° € &RP P/ HFHUZ



%(5.6+,5( &20081,7< &2//(\* (

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Loss from Operations and State Appropriations - Continued

7KH &RPPRQZHDOWK SD\V WKH IULQJHREHQWILSDLRVW  
&RPPRQZHDOWK DSSURSULDWLRQVFRQWULSRIHWEHQHIGVHVXSRV  
DSSURSULDWLRQVHGOHQHWLWHPESUYHMWQWSDHV 7KH &RPPRQ  
IRU WKH IULQJH EHQHILW FRVW RI &ROOHJH HPSOR\HHV  
&RPPRQZHDOWK DSSURSULDWLRQV

(FRQRPLF )DFWRUV 2XWORN DQG 7XLWLRQ DQG 6WXGHQV

7KH &ROOHJH\V QHW VWDWH DSSURSULDWLRQVULHQDFUHQVH  
LQ )< 7KH LQFUHDVH LQ )< ZDRSWK EWLHRQVWQRU BDMHQ  
DQG FDSLWDO DSSURSULDWLRQV LQFUHDVH RI

)RU )< VWDWH DSSURSULDWLRQV DWHFR[SSHDFUHQGG WRR )<Q

&XUUHQW \$VVHWV  
&DVK DQG HTXLYDOHQWV  
&DVK KHOG E\ 6WDWH 7UHDVXUH  
5HVWULFWHG FDVK DQG HTXLYDOHQWV  
6KRUW WHUP LQYHVWPHQWV  
\$FFRXQWV UHFHLYDEOH QHW  
,QYHQWRU\ DQG RWKHU FXUUHQW DVVHWV

7RWDW \$XVHWQ

1RQ &XUUHQW \$VVHWV  
0000

&ROOHJH &ROOHJH JRXQGDWLRQ JRXQGDWLRQ

\_\_\_\_\_  
\_\_\_\_\_



& DVK )ORZ SHUBWLYLWLHV  
7XLWLRQ DQG IHHV

&ROH

&ROOHJH

&RQH      &ROOHJH

5HFRQFLOLDVSHBQVRQVHW R 1HW &DVK  
\$S DLHGSHURDJWIFQVLYLWLHV  
1HW RSHUDWLQJ ORVV  
\$GMXVWPHQWV WR UHFRQFLOH QHW RSHUDWLQJ ORVV WR QHW FDV  
DSSOLHG WR RSHUDWLQJ DFWLYLWLHV  
'HSUHFLDWLRQ  
6HUYLFH FRQFHVVLRQ DUUDQJHPHQ  
1HW SHQVLRQ DFWLYLW  
%DG GHEWV  
)ULQJH EHQHILWV SURYLGHG E\ 6WDW  
&KDQJHV LQ DVVHWV DQG OLDELOLWLHV  
\$FFRXQWV UHFHLYDEOH QHW  
,QYHQWRU\ DQG RWKHU FXUUHQW DVVHWV  
\$FFRXQWV SD\DEOH DQG DFFUXHG OLDELOLWLHV  
\$FFUXHG HPSOR\HH FRPSHQVDWLRQ DQG EHQHILWV  
6WXGHQW GHSRVLWV DQG XQH DUQHG UHYHQXH  
2WKHU GHIHUHG UHYHQXH

1HW &DVK \$SSOLHG WR 2SHUDWLQJ \$FWLYLWLHV

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

1RWHV WR WKH )LQDQFLDO 6WDWHPHQ

-XQH DQG

1RWH 6XPPDU\ RI 6LJQLILFDQW \$FFRXQWLQJ 3ROLFLHV

Organization

%HUNVKLUH &RPPXQLW\ &ROOHJH VGK IF R³&SRLOKHHUQV LY  
WZR \HDU FROOHTXHD MLKVDWH &KIFDWRLELO VHI DGLJQH WVR DW  
YDULRXV FHUWLILFDWH SURJUDPV LQR BLWWWISHO  
0DVVDFKXVHWWV DORQJ ZLWK RWKSHUR YLDGHHVO DQ WMUF  
DQG WUDLQLQJ LQDOYDUWHW\ DHOHLEQ JHDFVKIQR @ @ JL  
EXVLQHVV ILHOGV RI VWXG\ 7KH' &RLOQRQHRD &RQ WLI  
(GXFDWLRQ FUHGLXW DQG DQRZHQH D VWF FRPXQLW\ VHU  
&ROOHJH LV DFFUHG LQDQFLDQW \$WWRFLDZLRQ RI 6FKRROV

Basis of Presentation

7KH DFFRPSDQ\LQJ ILQDQFLDO VWDWHPHQWFR & DFFR  
UHVRXUFHV PHDVXUHPHQW IRFXV DQG WKRFR DGDQXDO  
8QLWHG 6WDWHV RI \$PHULFD \*HQHUDDOV \$FHHVFWLGH  
WKH \*RYHUQPHQWDO \$FFRXQWLQJ 6WDW DQGHU GHFRDQ  
ZKHQ HDUQHG DQG H[SHQVHV DUH WHFRU B JHGU ZHOHV  
WLPLQJ RI UHODWHG FDVK IORZVRJQLDQW D DQGHYLR  
VRRQ DV DOOXH DPHQLDQV KHTEHHQ PHW

7KH &ROOHJH V SROLF\ GHILQH RSHW DWR LQJ HDY FV X  
([SHQVHV DQG &KDQJHV LQ 1HW 3RWX LQWR RDPV HW KRQ  
WUDQVDFWLRQV VXFK DV SD\PHQW UHFGHLYHGRJ IRKH  
SXUFKDVH RI JRRGVH DQGLQHRWIKFHUV UHFRQWDFGV LRVQ  
RSHUDWLQJ DFWLR SWUBWLQZKEFWLQRQLHV LQFOXGH  
DQG FDSLWDO DSSWRSHUL&RPPRQZHDOWK RI 0DVVD  
' &RPPRQZHDOWK' QFRPHLQDQGLQHW HVVW H[SHQVH

%HUNVKLUH &RPPXQLW\ &ROOHJH )RQGDQWRQH SVKH  
WD[ H[HPSW FRPSRQHQW XQLW 7KH W)KH QSDULQRQD D F  
IXQGUDLVLQJ RUJDQLVWLQJ UHVRXV S S S W WKDW DUH  
LQ VXSSRUW RI LWV SURJUDPV 7KH \$PHULFDQ DWLQKH  
SULPDULO\ FRQVLVWV RI JUDGXDWKRXDQGV KUL B B GGR  
QRW FRQWURO WKH WLPLQJ RU WDWDRQXQWHRPDMR  
UHVRXUFHV UHFGHLYHG RU KHOG E\ WKH )RXQGDWLR  
&ROOHJH E\ WKH GRQRUV %HFDXVH WKHVH UHVRXU  
XVHG E\ RU DUH IRU WKH EHQHILWLRIFRQVHL&RLOHOC  
FRPSRQHQW XQLW RI WKH &ROOHJH &RQGOHVHQ VFLQD  
VWDWHPHQWV

%(5.6+,5( &20081,7< &2//(\*(  
DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

1RWHV WR WKH DQDFHQW &RQWLQXHG

-XQH DQG

1RWH 6XPPDU\ RI 6LJQXIQWQW \$F RFLHV &RQWLQXHG

Basis of Presentation - Continued

:LWK UHOLDQFH XSREQ WKLG DDVHDFKXZHQWV (GRDDVLF  
WKH &ROOHJH DQG LWV GLVFUHWHOV SLHMBQWKHG SF  
PDWFKLQJ FRQWU&RPPRQZHDOWK RIRHDKVDF&RZPHQ  
,QFHQWLYH 3URJUDP DV ZHOO DV WKH XQGHUO\LQJ  
HLWKHU WKH GRQRWURURWLKIQDGLGDERXVSFFRLLGL  
WKHVH DPRXQWV PDAUEHVFDLFWLHGGRQH[SHQGDEOH  
RU XQUHVWULFWHG

Net Position





%(5.6+,5( &20081,7< &2//(\*(  
DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODV\

1RWHV WR WKH DOWNSIDE &RQWLQXHG

-XQH DQG

1RWH 6XPPDU\ RI 6LJQXIQWQW \$FOEFLHV &RQWLQXHG

Fringe Benefits

7KH &ROOHJH SDUWLFLSDWHV LQ WKH RPPRQZHDOWK  
KHDOWK LQVXUDQFH XQHPSOR\PHQW SHQVLRQ ZR  
FHUWDLQ SRVW UHVLPHPHQW EHQWLWDQG+SHDOWLRQ  
DUH ELOOHG WKURXJK D IULQJH EHQHILW UDWK FKDU

Pensions

)RU SXUSRVHV RI PHDVXULQJ WKHXWHORZVH CMLBQVQX  
DQG GHIHUUHG LQIORZV RI UHVRXUFLRQ UHSHQVHG  
LQIRUPDWLRQ DERXW WKH ILGXFLDWX QWWSRVRSLRQ  
5HVLPHPHQW 6\WHP SODQ 36(56' DQRW 15 6JGL  
ILGXFLDU\ QHW SRVLWLRQ KDYH EHWKSHDUHUPLQSRQ  
6(56 )RU WKLVSXUSRVH EHQHILW SHQVLRQV

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

1RWHV WR W ~~6WDLQDFHQW~~ &RQLQXHG

-XQH DQG

1RWH 6XPPDU\ RI 6LJQXIQWDLQW \$FOERFLHV &RQLQXHG

Student Fees

6WXGHQW WXLWLRQ HDOSGU RIWKHQWIMHGDQGHMORZWKP  
DSSOLHG WR VWXGHQW DFFRXQWV &HUWDLQ RWKH  
UHIXQGHG WR WKHQWDLQWVHQDFDWHG DV H[SHQV

Use of Estimates

7KH SUHSDUDWLRQ RI ILQDQFLDO VWDWHPHQDFWMSWQ  
DFFRXQWLQJ SULQFLSOHV UHTXLUHVDPVQDSMPLHQW W  
DIIHFW WKH UHSRUWHG DPRXQWV RIHQWVHW DQGHQ S  
VWæPDW

%(5.6+,5( &20081,7< &2//(\*(  
DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

1RWHV WR WKH DOWDQFHQW &RQLQXHG

-XQH DQG

1RWH 6XPPDU\ RI 6LJQXQWQW \$FRFLHV &RQLQXHG

New Governmental Accounting Pronouncements - Continued

7KH 6WDWHPHQW HVWDEOLVKHV VW DQG DULGV LRLW LL  
GHIHUUHG RXWIRZMHDRXGUEHIVRZQXU[SHQV 6%[SHQG  
LGHQWLILHV WKH DVVXPSWLRQV DQG GHWRKSRMMKDV  
SD\PHQWV GLVFRXQW SURMHFWHGOESHQHMHWWS D\POXQ  
DWWULEXWH WKH MUSEB VHQWHFSDXHMQRHGU EHQH IIRW 2  
0DQDJHPHQW KDV QRW \HW HYDOXDWHHQ WRKHWHKIUW  
6WDWHPHQW

\* \$ 6 % 6WDWHPHQW and Financial Reporting for Pensions and Relat520051.178>-6

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

1RWHV WR WKH DFWLYH QDWXU &RQWLQXHG

-XQH DQG

1RWH QYHVWPHQVV

Investments of the College

7KH &ROOHJH V LQYRNVWRHQW OFRZQLJVDW -XQH

&ROOHJH \$W -XQH  
UHJLVWHUHGRU KH  
LQYHVWPHQVV LV VV  
UDWLQJV 7KH &RO  
&RPPRQZHDOWK RI 0

College Fair Value Hierarchy

7KH IDLU YDOXH RULHQWID ULFQS XFDW WTK HYD QX D V LVR P/HH  
YDOXH LQWR WKUHLQ SXWV ODUH /TKYRVOHRSU PIDGJHGWL SDJ  
OLDELQWLHV LQ DFWLYH PDUNHWV W D WUDJHQW UG  
LQSXWV DUH LQSRWV HGRSUKLGHGWZHQV LQ WKDW DUH  
IRU DQ DVVHW R/O O R D E L O G M U H G W O N D F U H X Q Q E V L H Q S Y D E  
KLJKHVW SULRULW\ LV DVVLJQHGRWR Y/HOY H O L Q S X W Y  
YDOXH LV PHDVXUHGRU XVLQJ LQSXWV I K I R H P U D U R E K A W  
PHDVXUHPHQW LV FRQVLGHUHGRU W & X E H C E H D Y H H G V R Q D W W K I

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

1RWHV WR W 6W D L V C H F Q L W O &RQWLQXHG

-XQH DQG

1RWH ,QYHVWPHQWV &RQWLQXHG

Investments of the Foundation

)RXQGDWLRQ LQYH 7 D P H I Q H G V D Z K L D F K U D P U D V N I H R W O Y R D Z O X B V

6WRFNV

%RQGV

0RQH\ PDUNHW IXQGV \_\_\_\_\_

7RWDO \_\_\_\_\_

7KH IROORZLQJ V F H K M G W O H Y R X P O D W L C F R P H L Q Y G I V L W P  
FODVVLILFDWLRQ LQ WKH 6WDWHPHQW L Q W L R I 5 H Y B R X H V  
IRU WKH ILVFDO \HDUV HQGHG -XQH

,QYHVWPHQW LQFRPH

8QUHDOLJHG ORVVHV

5HDOLJHG JDLQ ORVV \_\_\_\_\_

1HW LQYHVWPHQW LQFRPH ORVV

1RWH \$FFRXQWV 5HFHLYDEOH

\$FFRXQWV UHFHLYDEOH D E I O M K L H V I R R O S R Z L Q H J D W -XQH

6WXGHQW DFFRXQWV UHFHLYDEOH

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2WKHU UHFHLYDEOHV \_\_\_\_\_

/HVV DOORZDQFH IRU GRXEWIXO DFFRXQWV

\$FFRXQWV UHFHLYDEOH QHW \_\_\_\_\_

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

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-XQH DQG

1RWH&DSLWDO \$VVHWV

&DSLWDO DVVHWV RI WKH &ROOHJH FRQVLVW RI WKH

(VWLPDWHG%~~HYHQ~~QLQJ

LQ \HDUV% DODQFH\$GGLWLRQ~~WLUHP~~SHFO~~DVVL~~IQFLQJ~~R~~YO

&DSLWDO DVVHWV QRW GHSUHFLDWHG

&RQVWUXFWLRQ LQ SURJUHVV

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

**Notes to the Financial Statements - Continued**



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**Pqvgu vq vjg Hkpapekan Uvavg o gpvu / Eqpvkpwgf**

**Lwpg 52. 4238 apf 4237**

Note 10 - **Orgtavpi Gzrgpugu**

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

	<u>4238</u>	<u>2015</u>
Compensation and benefits	\$ 39,966,200	\$ 17,148,932
Supplies and services	7,952,740	5,596,245
Scholarships and fellowships	4,343,400	2,705,745
Depreciation and amortization	<u>3,432,862</u>	<u>832,582</u>
Total	<u>\$ 48,695,202</u>	<u>\$ 26,283,504</u>

Note 11 - **Rgpukqpu**

*Defined Benefit Plan Description*

The College makes contributions for employees paid by state appropriations through a benefit charge assessed by the Commonwealth. Such pension expense amounted to \$1,002,078 and \$1,033,515 for the years ended June 30, 2016 and 2015, respectively. Employees, who contribute a percentage of their regular compensation, fund the annuity portion of the retirement system. Annual covered payroll was approximately 81% and 80% of total related payroll for fiscal years ended June 30, 2016 and 2015, respectively.

Certain employees of the College participate in a cost-sharing multiple-employer defined benefit pension plan – the Massachusetts State Employees’ Retirement System – administered by the Massachusetts State Board of Retirement (the “Board”), which is a public employee retirement system (“PERS”). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets a

# **BERKSHIRE COMMUNITY COLLEGE**

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

**Notes to the Financial Statements - Continued**

**June 30, 2016 and 2015**

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

**Notes to the Financial Statements - Continued**

**June 30, 2016 and 2015**

Note 11 - **Pensions - Continued**

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

At June 30, 2016 and 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2016</u>	<u>2015</u>
<u>Deferred Outflows of Resources</u>		
Change in plan actuarial assumptions	\$ 203,104	\$ 13,503
Contributions made after the measurement date	81,586	64,503
Differences between expected and actual experience	<u>23,182</u>	<u>-</u>
Total	<u>\$ 307,872</u>	<u>\$ 78,006</u>
<u>Deferred Inflows of Resources</u>		
Changes in proportion	\$ 947,142	\$ 670,168
Differences between projected and actual earnings on plan investments	<u>33,701</u>	<u>246,542</u>
Total	<u>\$ 980,843</u>	<u>\$ 916,710</u>

The College's contributions of \$81,586 and \$64,503 made during the fiscal years ending 2016 and 2015, respectively, subsequent to the measurement date will be reported in the accompanying financial statements.

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

**June 30, 2016 and 2015**

Note 11 - **Pensions - Continued**

*Actuarial Assumptions*

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	June 30, 2015	June 30, 2014
Inflation	3.00%	3.00%
Salary increases	3.50% to 9.00%	3.50% to 9.00%
Investment rate of return	7.50%	8.00%
Investment rate credited to annuity savings fund	3.50%	3.50%

For measurement dates June 30, 2015 and 2014, mortality rates were based on the pre-retirement of RP-2000 Employees table projected 20 years with Scale BB and Scale AA, (gender distinct), respectively, and post-retirement of Healthy Annuitant table projected 15 years with Scale BB and AA (gender distinct), respectively. The actuarial assumptions used in the January 1, 2015 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of January 1, 2015.

Investment assets of SERS are with the Pension Reserves Investment Trust (“PRIT”) Fund. The

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

**Notes to the Financial Statements - Continued**

**June 30, 2016 and 2015**

Note 11 - **Pensions - Continued**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50% and 8.00%, respectively, at June 30, 2015 and 2014. 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 future benefit payments of current plan members. Therefore, the long-term expected rate of return is 7.50% at June 30, 2015 and 8.00% at June 30, 2014.



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

**June 30, 2016 and 2015**

Note 12 - **Fringe Benefits Provided by State - Continued**

*Fringe Benefits - Continued*

The Commonwealth of Massachusetts is statutorily responsible for the pension benefit of College employees who participate in the Massachusetts State Employees' Retirement System (the "Retirement System"). The Retirement System, a single employer defined benefit public employee retirement system, is administered by the Commonwealth and covers substantially all non-student employees.

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs, which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of eligible authorities and non-state agencies.

*Group Insurance Commission*

The Commonwealth's Group Insurance Commission is a separate legal entity established by Chapter 151B of the Massachusetts General Laws. It is a public corporation and is subject to the provisions of Chapter 151B. The Commission is responsible for providing health care and life insurance benefits to eligible employees of the Commonwealth and certain other governmental agencies. The Commission is a public corporation and is subject to the provisions of Chapter 151B. The Commission is a public corporation and is subject to the provisions of Chapter 151B.

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

**Notes to the Financial Statements - Continued**

**June 30, 2016 and 2015**

Note 12 - **Fringe Benefits Provided by State - Continued**

*Group Insurance Commission - Continued*

The GIC is a quasi-independent state agency governed by an eleven-member body (the "Commission") appointed by the Governor. The GIC is located administratively

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

**June 30, 2016 and 2015**

Note 14 - **Contingencies - Continued**

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 individual's 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.

Note 15 - **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 statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. Management believes the amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

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

**Notes to the Financial Statements - Continued**

**June 30, 2016 and 2015**

Note 15 - **Massachusetts Management Accounting and Reporting System - Continued**

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

**Schedules of Proportionate Share of the Net Pension Liability (Unaudited)**

**Employees' Retirement System**

Valuation date	January 1, 2015	January 1, 2014
Measurement date	June 30, 2015	June 30, 2014
College's proportion of the net pension liability	0.010%	0.018%
College's proportionate share of the net pension liability	\$ 1,172,795	\$ 1,201,187
College's covered-employee payroll	\$ 620,818	\$ 1,200,107
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	67.87%	76.32%

Notes:

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**  
 (an agency of the Commonwealth of Massachusetts)

**Schedules of Contributions (Unaudited)**

**For the Years Ended June 30,**

	2016	2015
Contractually required contribution	\$ 81,586	\$ 64,503
Contributions in relation to the contractually required contribution	(81,586)	(64,503)
Contribution excess	\$ -	\$ -
College's covered-employee payroll	\$ 863,051	\$ 620,818
Contribution as a percentage of covered-employee payroll	9.45%	10.39%

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**  
**(an agency of the Commonwealth of Massachusetts)**

**Notes to the Required Supplementary Information**

**For Years Ended June 30, 2016 and 2015 (Unaudited)**

Note 1 - **Changes in Assumptions**

Changes in assumptions about the discount rate from 8.00% to 7.50%, using different scales within mortality tables, and other inputs resulted in additional plan wide pension expense of \$2.33 billion to be charged to income over an amortization period of 5.5 years beginning in the fiscal year ended June 30, 2016. Previously, changes in assumptions about future economic or demographic factors and inputs resulted in additional plan wide pension expense of \$102 million to be charged to income over an amortization period of 5.5 years beginning in the fiscal year ended June 30, 2015. The unamortized portion of the change is reported as a deferred outflow of resources in the Statements S J Pu



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

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

To the Board of 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 Berkshire Community College (the "College"), which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Berkshire Community College's basic financial statements and have issued our report thereon dated October 10, 2016. Our report includes a reference to other auditors who audited the financial statements of Berkshire Community College Foundation, Inc. as described in our report on Berkshire Community College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered Berkshire Community College's

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Berkshire Community College' uni\$