BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Financial Statements

June 30, 2021 and 2020

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the discretely presented major component unit of Berkshire Community College (an agency of the State of Massachusetts) (the "College"), as of and for the years ending June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 audits 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 December 7, 2021, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berkshire Community College's internal control over financial reporting and compliance.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

December 7, 2021

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

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

The following discussion and analysis provides management's view of the financial position of the College as of June 30, 2021 and 2020 as well as the results of its operations for the years then ended. This analysis should be read in conjunction with the College's financial statements and notes thereto, which are also presented in this document.

Introduction

Berkshire Community College (the "College") is a public institution of higher education serving 811 FTE students with 51 full-time faculty, 97 part-time faculty, and 110 full-time staff members. The College is located in Pittsfield, Massachusetts. In addition, the College offers credit and non-credit programs at the South County Center in Great Barrington. The College offers 59 degree and certificate programs plus a wide range of non-credit workforce development training options.

Management's Discussion and Analysis is required to focus on the College, not its component unit.

Financial Highlights

The College's financial performance from FY20 to FY21 is indicated by the following:

- Total net position in FY21 increased $856,785 or 1.9% as compared to an increase of $391,062 or 0.9% in FY20.
- Unrestricted net position in FY21 increased $1,927,195 or 3309.3% as compared to a increase of $1,176,770 or 95.3% in FY20.
- Total operating revenues in FY21 decreased $560,043 or 4.8% as compared to an decrease of $1,323,255 or 10.1% in FY20.
- Net student fees in FY21 increased $394,383 or 9.9% as compared to a decrease of $490,665 or 11.0% in FY20.
- Operating grants and contributions in FY21 decreased $1,308,134 or 18.6% as compared to a decrease of $625,104 or 8.1% in FY20.
- FTE enrollments decreased 12.0% in FY21 as compared to a decrease of 4.5% in FY20.
- Operating expenses in FY21 increased $827,577 or 2.9% as compared to a decrease of $452,612 or 1.6% in FY20.

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 in 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 to activities of the College by the donors. Because resources held by the Foundation can only be used by, or are for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The *Statements of Net Position* present information on all of the College's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information that shows how the College's net position changed during the most recent fiscal years. 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 only result in cash flows in future fiscal periods (e.g., the payment for accrued compensated absences or the receipt of amounts due from students and others for services rendered).

The *Statements of Cash Flows* are reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for services). The Governmental Accounting Standards Board (GASB) Statement Nos. 34 and 35 require this method to be used.

The financial statements can be found on pages 16 to 19 of this report.

The College reports its activity as a business-type activity, using the accrual basis of accounting. The College is a component unit of the Commonwealth of Massachusetts. Therefore, the results of the College's operations, its net position, and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

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 detail about certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 20 to 53 of this report.

Financial Analysis

Net Position

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

	June 30,		
	2021	2020	2019
Current assets	$ **10,759,315**	$ 8,846,294	$ 8,127,561
Non-current assets	**43,810,357**	44,909,937	45,903,041
Total assets	**54,569,672**	53,756,231	54,030,602
Deferred outflows of resources	**692,879**	392,994	527,404
Current liabilities	**4,522,364**	4,354,556	4,418,576
Non-current liabilities	**3,421,711**	2,880,444	5,301,106
Total liabilities	**7,944,075**	7,235,000	9,719,682
Deferred inflows of resources	**1,890,226**	2,342,760	657,921
Investment in capital assets	**43,479,014**	44,536,153	45,313,648
Restricted - expendable	**80,277**	93,548	101,760
Unrestricted	**1,868,959**	(58,236)	(1,235,005)
Total net position	$ **45,428,250**	$ 44,571,465	$ 44,180,403

The measurement of net position can serve over time as a useful indicator of the College's financial position. Net position increased $856,785 for the year ended June 30, 2021 and increased $391,062 for the year ended June 30, 2020.

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 capital leases, used to acquire those assets. Net position investment in capital assets was $43,479,014 at June 30, 2021, representing 95.7% of total net position. Net position investment in capital assets decreased by $1,057,139 in FY21. The College received capital appropriations from the Commonwealth totaling $586,926. The College uses capital assets to provide services to students, faculty, and staff; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, note that the resources needed to repay this debt must be provided from non-capital sources, since the capital assets themselves cannot be used to liquidate these liabilities. Also, in addition to the capital asset activity noted above, which is reflected in the College's financial statements, the Commonwealth of Massachusetts regularly provides financing for certain capital projects through the issuance of general obligation bonds. These borrowings by the Commonwealth are not reflected in these financial statements. Additional information about the College's capital assets can be found in Note 6 on pages 32 and 33 of the Notes to the Financial Statements.

The College's long-term debt consists of Clean Renewable Energy Bonds (CREB) of $219,335 as well as accruals for compensated absences and workers compensation. The accrual for compensated absences consists of the long-term portion of vacation and sick pay relating to employees on the College's payroll. See Note 7 on pages 33 and 34 of the Notes to the Financial Statements for more information on long-term liabilities.

A portion of the College's net position, $80,277 in FY21 ($93,548 in FY20), represents resources that are subject to external restrictions on how they must be used.

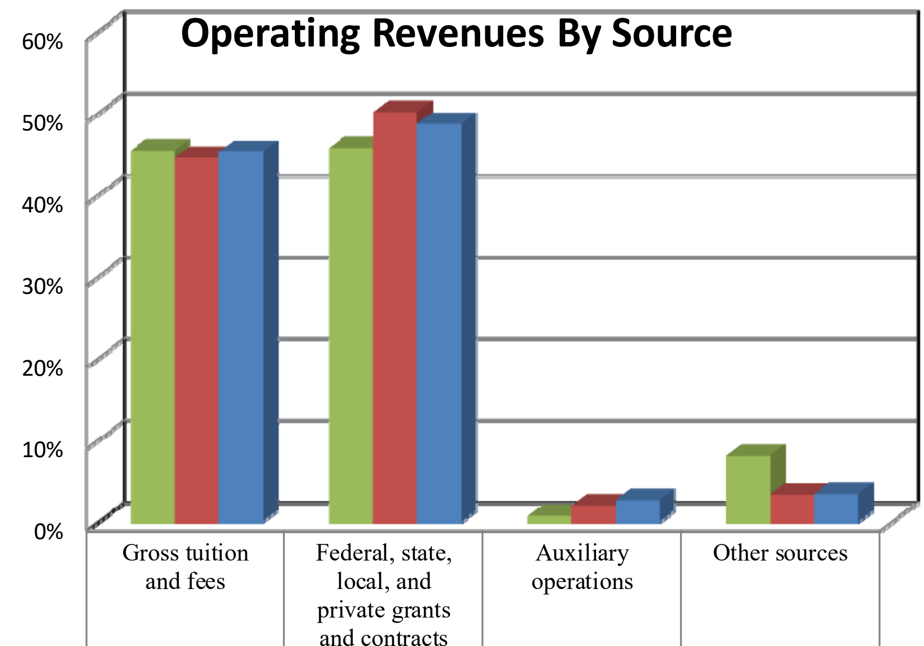
The table and narrative below present the College's changes in net position, including a review of operating revenues and expenses as well as non-operating and other revenues and expenses.

Condensed Changes in Net Position

	For Fiscal Years Ended		
	2021	2020	2019
Operating revenues:			
Tuition and fees, net of tuition waivers and remissions	$ **4,377,721**	$ 3,983,338	$ 4,473,993
Operating grants and contributions	**5,737,910**	7,046,044	7,671,148
Other sources	**1,103,379**	749,671	957,167
Total operating revenues	**11,219,010**	11,779,053	13,102,308
Total operating expenses	**29,552,687**	28,725,110	29,177,722
Net operating loss	**(18,333,677)**	(16,946,057)	(16,075,414)
Non-operating and other revenues (expenses):			
Federal grants	**2,233,140**	525,994	-
State appropriations	**16,950,143**	16,791,825	17,025,331
Net investment income	**18,075**	31,787	41,473
Interest expense	**(10,896)**	(12,487)	(14,010)
Total non-operating and other revenues	**19,190,462**	17,337,119	17,052,794
Increase in net position	**856,785**	391,062	977,380
Net position - beginning of year	**44,571,465**	44,180,403	43,203,023
Net position - end of year	$ **45,428,250**	$ 44,571,465	$ 44,180,403

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, 2021 and 2020.



	Gross tuition and fees	Federal, state, local, and private grants and contracts	Auxiliary operations	Other sources
2021	45%	46%	1%	8%
2020	45%	50%	2%	3%
2019	45%	49%	3%	3%

- **Total operating revenues** in FY21 decreased $560,043 or 4.8% as compared to a decrease of $1,323,255 or 10.1% in FY20.

- **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 FY21 increased $394,383 or 9.9% as compared to a decrease of $490,655 or 11.0% in FY20.

- **Operating grants and contributions** in FY21 decreased $1,308,134 or 18.6% as compared to a decrease of $625,104 or 8.1% in FY20.

- **Other sources** of revenue include auxiliary operations, parking and other fines, facilities use fees, special function charges, user fees, and direct contributions to the College. Total other sources of revenue in FY21 increased $353,708 or 47.2% as compared to an decrease of $207,496 or 21.7 % in FY20.

- FY21 operating grants and contracts included the following:

Grant Name	Funding Source	Amount	Purpose
Federal SEOG	US DOE	$89,844	Need-based funds awarded at school discretion according to packaging policies.
Pell	US DOE	$2,112,016	Entitlement fund based upon demonstrated financial need.
Federal Work Study	US DOE	$72,214	Federal allocation providing on- and off-campus work opportunities.
CARES Act – Higher Education Emergency Relief Fund Project	US DOE	$1,052,143	Funding to provide emergency and need-based financial relief to students as a result of the Covid-19 pandemic.
CARES Act- Higher Education Emergency Relief Fund for Institutions	US DOE	$2,232,738	Funding to provide emergency assistance to institutions of higher education to effectively respond to the Covid-19 threat by keeping students and staff safe and preserving learning environment.
CARES Act- Higher Education Funds, Title III Strengthening Institutions Program	US DOE	$144,357	Funding to provide emergency assistance to institutions of higher education to effectively respond to the Covid-19 threat by keeping students and staff safe and preserving learning environment.

Grant Name	Funding Source	Amount	Purpose
Workforce Incentive Funding	Mass. DHE	$50,000	To support the community college Workforce Training Incentive Grant program.
CALC-Community Adult Learning Center	Mass. DESE	$249,682	To support free ESOL classes, training, and support services for residents of southern Berkshire County.
STEM Starter Academy	Mass. BOHE	$265,000	Provide support services, summer bridge programming, case management, and transition programming to STEM students.
Perkins	Mass. DOE	$86,180	To assist public two-year colleges in improving postsecondary technical education programs.
TRIO	US DOE	$294,725	Year 1 of 5-year award. Activity focused on implementing Student Success Program.
Dual Enrollment	Mass. DHE	$40,000	Funding to support higher education and high school partnerships to increase college participation of students through Dual Enrollment activities focused on underrepresented populations.
TRAIN Grant	Mass. DHE	$60,663	Support development and implementation of fast-track culinary and hospitality workforce training program.
Early Childhood Education Career Pathways Grant	Mass. Dept of Early Education & Care	$433,542	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.

Grant Name	Funding Source	Amount	Purpose
Governor's Emergency Education Relief Fund (GEER) – Dual Enrollment	Mass. DHE	$64,800	Funds to leverage public higher education and high school partnerships to increase college participation of students through dual enrollment activities, particularly for low-income, underrepresented and first generation college students through remote dual enrollment opportunities.
Governor's Emergency Education Relief Fund Project	Mass. DHE	$147,175	Funding for community college for emergency need-based assistance to students.

Operating Expense Highlights

Total operating expenses increased $827,577 from FY20 to FY21. Of this amount, salary costs decreased $245,120 or 1.7% and fringe benefit costs decreased $229,367 or 5.2%. Functional expense classifications and dollar amounts are shown below. Expense percentage shares are shown in the accompanying chart.

	For Fiscal Years Ended		
	2021	2020	2019
Operating expenses:			
Instruction	$ **8,533,964**	$ 8,509,732	$ 9,710,902
Academic support	**4,079,104**	3,830,561	3,657,245
Student services	**4,244,714**	4,286,243	4,191,340
Scholarships and fellowships	**2,408,192**	2,102,767	1,854,754
Operation and maintenance of plant	**2,702,238**	3,208,328	2,987,482
Institutional support	**5,687,294**	4,335,176	4,310,703
Depreciation and amortization	**1,798,584**	1,982,361	1,951,779
Auxiliary operations	**98,597**	469,942	513,517
Total operating expenses	$ **29,552,687**	$ 28,725,110	$ 29,177,722

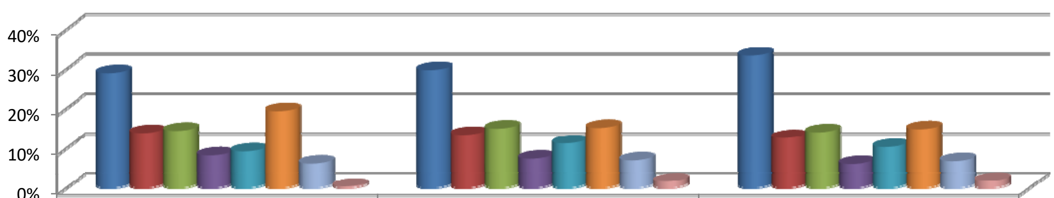
- **Instruction** – Costs directly related to the classroom (i.e., faculty salaries, instructional supplies, and equipment) increased $24,232 or 0.3% in FY21 and decreased $1,201,170 or 12.4% in FY20.
- **Academic Support** – Expenses that provide administrative and management support for academic programs increased $248,543 or 6.5% in FY21 and increased $173,316 or 4.7% in FY20.
- **Student Services** – Admissions, Registrar, and Financial Aid offices as well as counseling, tutoring, interpreters, and all other student support services decreased $41,529 or 1.0% in FY21 and increased $94,903 or 2.3% in FY20.
- **Scholarships and Fellowships** – Student aid, including federal, state, and private grants (i.e., Pell, SEOG, Massachusetts State Cash Grants, and Massachusetts State Scholarships) increased $305,425 or 14.5% in FY21 and increased 243,018 or 13.4% in FY20.
- **Operation and Maintenance of Plant** – Spending on the operation and direct maintenance of the physical plant and grounds decreased $506,090 or 15.8% in FY21 and increased $220,846 or 7.4% in FY20.
- **Institutional Support** – Collectively, spending by all administrative functions increased $1,352,118 or 31.2% in FY21 and increased $24,743 or 0.6% in FY20.
- **Depreciation and Amortization** – This non-cash expense decreased $183,777 or 9.3% in FY21 and increased $30,582 or 1.6% in FY20.
- **Auxiliary Operations** – Food services decreased $371,345 or 79.0% in FY21 and decreased $43,575 or 8.5% in FY20.

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

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021 and 2020

Operating Expenses By Function



	2021	2020	2019
Instruction	29%	30%	33%
Academic support	14%	13%	13%
Student services	14%	15%	14%
Scholarships and fellowships	8%	7%	6%
Operation/maintenance of plant	9%	11%	10%
Institutional support	19%	15%	15%
Depreciation and amortization	6%	7%	7%
Auxiliary operations	0%	2%	2%

Non-Operating Revenues and Expenses

The Commonwealth's net operating appropriations, which are composed of operating appropriations and fringe benefits less tuition remitted, increased $136,271 or .8% in FY21 and increased $592,533 or 3.8% in FY20. Investment income decreased $13,712 or 43.1% in FY21 and decreased $9,686 or 23.4% in FY20. Federal grants increased $1,707,146 or 324.6% in FY21 and increased $525,994 or 100% in FY20. Federal grants includes $692,703 expended for emergency grants to students and $1,468,736 expended for institutional costs from the Higher Education Emergency Relief Fund.

Loss from Operations and State Appropriations

The College, in order to balance educational and 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's General Fund. There is no direct connection between the amount of tuition revenues 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, 2021, 2020 and 2019, respectively.

	June 30,		
	2021	2020	2019
Gross Commonwealth operating appropriations	$ **12,544,630**	$ 12,272,232	$ 11,786,062
Plus fringe benefits*	**3,986,151**	4,098,274	4,002,072
	16,530,781	16,370,506	15,788,134
Less tuition remitted	**(167,564)**	(143,560)	(153,741)
Net Commonwealth operating appropriations	**16,363,217**	16,226,946	15,634,393
Gross Commonwealth capital appropriations	**586,926**	564,879	1,390,938
Net Commonwealth appropriations	$ **16,950,143**	$ 16,791,825	$ 17,025,331

* 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.

Economic Factors, Outlook, and Tuition and Student Fee Rates

The College's net state appropriations increased $158,318 in FY21 and decreased $233,506 in FY20. The increase in FY21 was the result of a general appropriations increase of $136,271 and capital appropriations increase of $22,047.

For FY22, state appropriations are expected to be level funded. For FY22, tuition and student fees are unchanged from FY21. 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 Street, Pittsfield, MA 01201.

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

Statements of Net Position

June 30, 2021 and 2020

Assets and Deferred Outflows of Resources

	Primary Government		Component Unit	
	2021 College	2020 College	**2021 Foundation**	2020 Foundation
Current Assets:				
Cash and equivalents	**$ 6,649,244**	$ 5,593,962	**$ 1,712,908**	$ 1,376,499
Cash held by State Treasurer	**1,204,425**	1,239,291	**-**	-
Accounts receivable, net	**2,255,566**	1,475,085	**24,076**	5,000
Other current assets	**650,080**	537,956	**303,864**	737
Total Current Assets	**10,759,315**	8,846,294	**2,040,848**	1,382,236
Noncurrent Assets:				
Long-term investments	**68,141**	66,715	**11,449,834**	9,474,436
Capital assets, net of accumulated depreciation	**43,742,216**	44,843,222	**-**	317,476
Total Noncurrent Assets	**43,810,357**	44,909,937	**11,449,834**	9,791,912
Total Assets	**54,569,672**	53,756,231	**13,490,682**	11,174,148
Deferred Outflows of Resources:				
Deferred outflows related to pension	**405,376**	169,932	**-**	-
Deferred outflows related to OPEB	**287,503**	223,062	**-**	-
Total Deferred Outflows of Resources	**692,879**	392,994	**-**	-
Total Assets and Deferred Outflows of Resources	**$ 55,262,551**	$ 54,149,225	**$ 13,490,682**	$ 11,174,148

Liabilities, Deferred Inflows of Resources and Net Position

	Primary Government		Component Unit	
	2021 College	2020 College	**2021 Foundation**	2020 Foundation
Current Liabilities:				
Accounts payable and accrued liabilities	**$ 682,967**	$ 893,158	**$ 219,809**	$ 151,190
Accrued payroll	**626,008**	944,510	**-**	-
Compensated absences	**1,168,966**	1,183,440	**-**	-
Workers' compensation	**40,984**	25,646	**-**	-
Student deposits	**242,170**	206,780	**-**	-
Unearned revenues	**1,717,402**	1,057,155	**-**	-
Current portion of bond payable	**43,867**	43,867	**-**	-
Total Current Liabilities	**4,522,364**	4,354,556	**219,809**	151,190
Noncurrent Liabilities:				
Compensated absences, net of current portion	**443,122**	461,989	**-**	-
Workers' compensation, net of current portion	**298,897**	115,267	**-**	-
Bond payable, net of current portion	**219,335**	263,202	**-**	-
Net pension liability	**1,075,911**	707,064	**-**	-
Net OPEB liability	**1,384,446**	1,332,922	**-**	-
Total Noncurrent Liabilities	**3,421,711**	2,880,444	**-**	-
Total Liabilities	**7,944,075**	7,235,000	**219,809**	151,190
Deferred Inflows of Resources:				
Deferred inflows related to pension	**470,970**	679,765	-	-
Deferred inflows related to OPEB	**1,419,256**	1,662,995		
Total Deferred Inflows of Resources	**1,890,226**	2,342,760	**-**	-
Net Position:				
Net investment in capital assets	**43,479,014**	44,536,153	-	317,476
Restricted:				
Nonexpendable	**-**	-	**6,509,428**	6,496,795
Expendable	**80,277**	93,548	**6,030,404**	3,827,640
Unrestricted	**1,868,959**	(58,236)	**731,041**	381,047
Total Net Position	**45,428,250**	44,571,465	**13,270,873**	11,022,958
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 55,262,551**	$ 54,149,225	**$ 13,490,682**	$ 11,174,148

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

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

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2021 and 2020

	Primary Government		Component Unit	
	2021 College	2020 College	**2021 Foundation**	2020 Foundation
Operating Revenues:				
Tuition and fees	**$ 5,698,985**	$ 6,258,537	**$ -**	$ -
Less: scholarship allowances	**(1,321,264)**	(2,275,199)	**-**	-
Net student fees	**4,377,721**	3,983,338	**-**	-
Gifts and contributions	**-**	-	**509,858**	960,428
Federal, state, local and private grants and contracts	**5,737,910**	7,046,044	**-**	-
Other auxiliary operations	**90,228**	281,969	**-**	-
Other sources	**1,013,151**	467,702	**304,103**	295,590
Total Operating Revenues	**11,219,010**	11,779,053	**813,961**	1,256,018
Operating Expenses:				
Instruction	**8,533,964**	8,509,732	**-**	-
Academic support	**4,079,104**	3,830,561	**-**	-
Student services	**4,244,714**	4,286,243	**-**	-
Scholarships and fellowships	**2,408,192**	2,102,767	**631,712**	975,114
Operation and maintenance of plant	**2,702,238**	3,208,328	**205,686**	178,642
Institutional support	**5,687,294**	4,335,176	**11,252**	54,110
Depreciation and amortization	**1,798,584**	1,982,361	**14,112**	18,211
Auxiliary operations	**98,597**	469,942	**-**	-
Total Operating Expenses	**29,552,687**	28,725,110	**862,762**	1,226,077
Operating Income (Loss)	**(18,333,677)**	(16,946,057)	**(48,801)**	29,941
Non-Operating Revenues (Expenses):				
Federal grants	**2,233,140**	525,994	**-**	-
State appropriations - unrestricted	**16,363,217**	16,226,946	**-**	-
Investment income, net	**18,075**	31,787	**2,296,716**	53,505
Interest expense	**(10,896)**	(12,487)	**-**	-
Net Non-Operating Revenues	**18,603,536**	16,772,240	**2,296,716**	53,505
Change in Net Position Before Capital Appropriation	**269,859**	(173,817)	**2,247,915**	83,446
Capital appropriation	**586,926**	564,879	**-**	-
Change in Net Position	**856,785**	391,062	**2,247,915**	83,446
Net Position, Beginning of Year	**44,571,465**	44,180,403	**11,022,958**	10,939,512
Net Position, End of Year	**$ 45,428,250**	$ 44,571,465	**$ 13,270,873**	$ 11,022,958

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

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

Statements of Cash Flows

For the Years Ended June 30,

	2021 College	2020 College
Cash Flows from Operating Activities:		
Tuition and fees	**$ 5,100,487**	$ 4,247,761
Grants and contracts	**5,146,142**	6,401,263
Payments to suppliers	**(7,209,345)**	(6,221,415)
Payments to employees	**(14,957,653)**	(15,258,809)
Payments to students	**(2,408,192)**	(2,102,767)
Other auxiliary operations	**90,228**	271,779
Other sources	**797,309**	499,751
Net Cash Applied to Operating Activities	**(13,441,024)**	(12,162,437)
Cash Flows from Non-Capital Financing Activities:		
Federal grants	**2,233,140**	525,994
State appropriations	**12,544,630**	12,272,232
Tuition remitted to State	**(167,564)**	(143,560)
Net Cash Provided by Non-Capital Financing Activities	**14,610,206**	12,654,666
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	**(110,652)**	(427,438)
Principal paid on capital lease obligations	**-**	(168,681)
Principal paid on bond payable	**(43,867)**	(43,867)
Interest paid on bond payable	**(10,896)**	(12,487)
Net Cash Applied to Capital and Related Financing Activities	**(165,415)**	(652,473)
Cash Flow from Investing Activities:		
Proceeds from investments	-	3,059
Purchase of investments	**(1,426)**	-
Interest income	**18,075**	31,787
Net Cash Provided by Investing Activities	**16,649**	34,846
Net Increase (Decrease) in Cash and Equivalents	**1,020,416**	(125,398)
Cash and Equivalents, Beginning of Year	**6,833,253**	6,958,651
Cash and Equivalents, End of Year	**$ 7,853,669**	$ 6,833,253

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

Statements of Cash Flows - Continued

For the Years Ended June 30,

	2021 College	2020 College
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Net operating loss	**$ (18,333,677)**	$ (16,946,057)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation	**1,798,584**	1,982,361
Service concession arrangement	**-**	(10,190)
Net pension activity	**(75,392)**	(260,009)
Net OPEB activity	**(256,656)**	(239,400)
Bad debts	**99,577**	106,078
Fringe benefits provided by State	**3,986,151**	4,098,274
Changes in assets and liabilities:		
Accounts receivable	**(880,058)**	(680,329)
Other current assets	**(112,124)**	(269,880)
Accounts payable and accrued liabilities	**(210,191)**	(92,572)
Accrued employee compensation and benefits	**(152,875)**	(76,655)
Student deposits and unearned revenues	**35,390**	431,982
Other deferred revenues	**660,247**	(206,040)
Net Cash Applied to Operating Activities	**$ (13,441,024)**	$ (12,162,437)
Reconciliation of Cash and Equivalents to Statements of Net Position, End of Year:		
Cash and equivalents	**$ 6,649,244**	$ 5,593,962
Cash held by State Treasurer	**1,204,425**	1,239,291
	$ 7,853,669	$ 6,833,253
Non-Cash Transactions:		
Fringe benefits provided by State appropriations	**$ 3,986,151**	$ 4,098,274
Capital improvements provided by capital appropriations	**$ 586,926**	$ 564,879
Dividends reinvested	**$ 4,682**	$ 4,351

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

Note 1 - Summary of Significant Accounting Policies

Organization
Berkshire Community College (the "College") is a state-supported comprehensive two-year college that offers a quality education leading to associate degrees and various certificate programs. From its primary campus located in Pittsfield, Massachusetts, along with other satellite campuses, the College provides instruction and training in a variety of liberal arts, allied health, engineering technologies, and business fields of study. The College also offers, through the Division of Continuing Education, credit and non-credit courses, as well as community education programs. The College is accredited by the New England Commission of Higher Education.

The College is an agency of the Commonwealth of Massachusetts (the State or the Commonwealth). The accompanying financial statements reflect only the transactions of the College and its discretely presented component unit. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the College had been operated independently of the State.

Basis of Presentation
The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

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 statements 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. The Foundation is considered a component unit of the College because of the nature and significance of its relationship with the College as of June 30, 2021 and 2020 and is therefore discretely presented in the College's financial statements.

The Foundation is a private not-for-profit organization that reports in accordance with standards of the Financial Accounting Standards Board ("FASB"), including ASC 958-205, Presentation of Financial Statements for Not-for-Profit Entities. Accordingly, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Complete financial statements for the Foundation can be obtained from Berkshire Community College Foundation, Inc. at 1350 West Street, Pittsfield, Massachusetts, 01201.

Net Position
Resources are classified for accounting purposes into the following four net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that the College must maintain in perpetuity.

Restricted - expendable: Net position whose use is subject to externally imposed conditions that can be fulfilled by actions of the College or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the College's Board of Trustees. The College has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Trust Funds
In accordance with the requirements of the Commonwealth, the College's operations are accounted for within several trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Cash and Equivalents
The College has defined cash and equivalents to include cash on hand, demand deposits, and cash and deposits held by the State Treasurer on behalf of the College.

Investments
Investments in marketable securities are stated at fair market value. Dividends, interest and net gains or losses on investments of endowments and similar funds are reported in the statements of revenues, expenses and changes in net position as non-operating revenues (expenses).

Allowance for Doubtful Accounts
Accounts receivable are periodically evaluated for collectability based on past history with students. Provisions for losses on loans receivable are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

Capital Assets
Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment, and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of donation. In accordance with the state's capitalization policy, only those items with a unit cost of $50,000 or more are capitalized. Interest costs on debt related to capital assets are capitalized during the construction period. College capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's life are not capitalized.

The College does not hold collections of historical treasures, works of art or other items requiring capitalization or depreciation.

Capital assets are controlled, but not owned, by the College. The College is not able to sell or otherwise pledge its assets since they are owned by the Commonwealth.

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, 2021 and 2020. 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 the College's actual experience.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System ("SERS") and additions to or deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. 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.

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 results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, the useful lives of capital assets, and determining the net pension and OPEB liabilities.

New Governmental Accounting Pronouncements
GASB Statement 87 – *Leases* is effective for periods beginning after June 15, 2021. Implementation of this statement will require lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows/outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Standard.

GASB Statement 89 – *Accounting for Interest Costs Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2020. The objectives of this statement are: (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement 90 – *Majority Equity Interests, an amendment of GASB Statements 14 and 61* is effective for reporting periods beginning after December 15, 2019. The objective of this statement is to improve the consistency of reporting a government's majority equity interest in a legally separate organization. A majority equity interest should be recognized using the equity method if the government's holding of the equity interest represents an investment.

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 92 – *Omnibus 2020* is effective for reporting periods beginning after June 15, 2021. The objective of this statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations.

GASB Statement 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* is effective for reporting periods beginning after June 15, 2022. The objective of this statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset.

GASB Statement 96 – *Subscription-Based Information Technology Arrangements ("SBITA")* is effective for reporting periods beginning after June 15, 2022. The objective of this statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use asset and a corresponding liability would be recognized for SBITAs.

GASB Statement 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans* is effective for reporting periods beginning after June 15, 2021. The objective of this statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that a governing board would perform. In the absences of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit's governing board.

Management has not completed its review of the requirements of these statements and their applicability.

COVID-19

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus ("COVID-19") as a pandemic. During the year ended June 30, 2021, COVID-19 had a significant effect on the College's operations in response to government requirements and observing safety measures.

In response to the pandemic, the Federal government provided to the College the Higher Education Emergency Relief Funds ("HEERF") and funds for the Strengthening Institution Program ("SIP") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), and American Rescue Plan Act ("ARPA"). The HEERF consisted of the student aid award and the institutional award. Each Act requires a minimum amount to be spent on student aid.

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award and the SIP can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Unless an extension is approved by the Department of Education, the student aid award must be spent by May 12, 2022, the institutional award must be spent by May 11, 2022, while the SIP funding must be spent by August 2, 2022.

The College has been awarded the following HEERF and SIP funds as of June 30, 2021:

	Student Aid Award	Institutional Award	Strengthening Institution Program	Total
CARES	$ 526,072	$ 526,071	$ 51,288	$ 1,103,431
CRRSAA	526,072	1,706,666	93,069	2,325,807
ARPA	2,006,844	1,963,069	-	3,969,913
Total	$ 3,058,988	$ 4,195,806	$ 144,357	$ 7,399,151

The College has recognized the following as non-operating Federal grants for the years ended June 30, 2021 and 2020.

For the Year Ended June 30, 2021

	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total
CARES	$ 143,015	$ 383,134	$ 51,288	$ 577,437
CRRSAA	526,072	1,085,602	20,414	1,632,088
ARPA	23,615	-	-	23,615
Total	$ 692,702	$ 1,468,736	$ 71,702	$ 2,233,140

For the Year Ended June 30, 2020

	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total
CARES	$ 383,057	$ 142,937	$ -	$ 525,994
CRRSA.	-	-	-	-
ARPA	-	-	-	-
Total	$ 383,057	$ 142,937	$ -	$ 525,994

Note 2 - Cash and Equivalents

The College periodically maintains cash balances in excess of Federal Deposit Insurance Corporation ("FDIC") insurable limits. The maximum deposit insurance amount is $250,000, which is applied per depositor, per insured depository institution. The College's deposit policy for custodial credit risk requires the depository institution to purchase additional insurance to cover deposits in excess of FDIC insured amounts. Management monitors the financial condition of banking institutions, along with its cash balances, to keep this potential risk to a minimum.

The College does not have a policy for custodial credit risk associated with deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

a) Uncollateralized,

b) Collateralized with securities held by pledging financial institution, or

c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor government's name.

As of June 30, 2021 and 2020, the College's bank balances were approximately $6,619,000 and $5,626,000, respectively. In addition, approximately $6,119,000 and $5,126,000, respectively, were in excess of FDIC insurance, and were collateralized by security and custodial agreements.

Note 3 - Cash Held by State Treasurer

Accounts payable and accrued salaries to be funded from state-appropriated funds totaled approximately $1,204,000 and $1,239,000 at June 30, 2021 and 2020, respectively. 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 4 - Investments

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

Level 1 - Observable market prices (unadjusted) in active markets for identical assets or liabilities that the College can access at measurement date.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - 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, 2021.

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,:

	2021	2020
Corporate equity securities	$ 68,141	$ 66,715

The College categorizes investments according to the level of risk assumed. At June 30, 2021 and 2020, 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

	2021	2020
Corporate equity securities	**$ 7,061,852**	$ 5,311,284
Government bonds	**1,587,511**	1,410,647
Corporate bonds	**936,669**	1,024,346
Certificates of deposit	**205,898**	254,292
Mutual funds	**975,490**	634,681
Money market funds	**682,414**	839,186
	$ 11,449,834	$ 9,474,436

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 5 - **Accounts Receivable**

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

	2021	2020
Student accounts receivable	**$ 1,031,184**	$ 1,150,475
Grants receivable	**1,335,808**	744,040
Other receivables	**363,664**	147,822
	2,730,656	2,042,337
Less: allowance for doubtful accounts	**(475,090)**	(567,252)
Accounts receivable, net	**$ 2,255,566**	$ 1,475,085

Note 6 - **Capital Assets**

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

	2021					
	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated:						
Construction in progress		$ 563,876	$ 609,226	$ -	$ -	$ 1,173,102
Land		474,888	-	-	-	474,888
Total not depreciated		1,038,764	609,226	-	-	1,647,990
Capital assets depreciated:						
Buildings and improvements	20 - 40	70,767,165	88,352	-	-	70,855,517
Furnishings and equipment (including cost of capital leases)	5 - 10	3,531,267	-	-	-	3,531,267
Total depreciated		74,298,432	88,352	-	-	74,386,784
Less: accumulated depreciation:						
Buildings and improvements		(27,446,891)	(1,649,151)	-	-	(29,096,042)
Furnishings and equipment		(3,047,083)	(149,433)	-	-	(3,196,516)
Total accumulated depreciation		(30,493,974)	(1,798,584)	-	-	(32,292,558)
Capital assets, net		$ 44,843,222	$ (1,101,006)	$ -	$ -	$ 43,742,216

	2020					
	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated:						
Construction in progress		$ 168,716	$ 695,686	$ -	$ (300,526)	$ 563,876
Land		474,888	-	-	-	474,888
Total not depreciated		643,604	695,686	-	(300,526)	1,038,764
Capital assets depreciated:						
Buildings and improvements	20 - 40	70,466,639	-	-	300,526	70,767,165
Furnishings and equipment (including cost of capital leases)	5 - 10	3,234,636	296,631	-	-	3,531,267
Total depreciated		73,701,275	296,631	-	300,526	74,298,432
Less: accumulated depreciation:						
Buildings and improvements		(25,800,380)	(1,646,511)	-	-	(27,446,891)
Furnishings and equipment		(2,711,233)	(335,850)	-	-	(3,047,083)
Total accumulated depreciation		(28,511,613)	(1,982,361)	-	-	(30,493,974)
Capital assets, net		$ 45,833,266	$ (990,044)	$ -	$ -	$ 44,843,222

Note 7 - **Long-Term Liabilities**

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

	2021					
	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**	**Noncurrent Portion**
Bond and leases payable:						
Bond payable	**$ 307,069**	**$ -**	**$ (43,867)**	**$ 263,202**	**$ 43,867**	**$ 219,335**
Other long-term liabilities:						
Compensated absences	**1,645,429**	**-**	**(33,341)**	**1,612,088**	**1,168,966**	**443,122**
Workers' compensation	**140,913**	**198,968**	**-**	**339,881**	**40,984**	**298,897**
Net pension liability	**707,064**	**368,847**	**-**	**1,075,911**	**-**	**1,075,911**
Net OPEB liability	**1,332,922**	**51,524**	**-**	**1,384,446**	**-**	**1,384,446**
	$ 4,133,397	**$ 619,339**	**$ (77,208)**	**$ 4,675,528**	**$ 1,253,817**	**$ 3,421,711**

	2020					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bond and leases payable:						
Bond payable	$ 350,936	$ -	$ (43,867)	$ 307,069	$ 43,867	$ 263,202
Capital lease obligations	168,681	-	(168,681)	-	-	-
Other long-term liabilities:						
Compensated absences	1,754,709	-	(109,280)	1,645,429	1,183,440	461,989
Workers' compensation	160,100	-	(19,187)	140,913	25,646	115,267
Net pension liability	1,370,318	-	(663,254)	707,064	-	707,064
Net OPEB liability	2,998,516	-	(1,665,594)	1,332,922	-	1,332,922
	$ 6,803,260	$ -	$ (2,669,863)	$ 4,133,397	$ 1,252,953	$ 2,880,444

Bond Payable

The College has a New Clean Renewable Energy Bond outstanding with Century Bank and Trust Company. The bond is a revenue bond. Principal is payable annually, and interest is payable semi-annually at a rate of 3.5%. Maturities of the bond payable subsequent to June 30, 2021 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	$ 43,867	$ 9,340	$ 53,207
2023	43,867	7,784	51,651
2024	43,867	6,244	50,111
2025	43,867	4,670	48,537
2026	43,867	3,113	46,980
2027	43,867	1,557	45,424
	$ 263,202	$ 32,708	$ 295,910

Foundation Line of Credit

The Foundation has available a $175,000 revolving line of credit expiring in December 2049. The line of credit is collateralized by real estate owned by the Foundation. There were no draws on the line of credit during the fiscal years ended June 30, 2021 and 2020.

Note 8 - **Pension**

Defined Benefit Plan Description
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 are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees' Retirement System does not issue stand-alone financial statements. Additional information regarding the plan is contained in the Commonwealth's financial statements, which are available online from the Office of State Comptroller's website.

Benefit Provisions
SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS.

These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the "Legislature").

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire until they have reached age 60.

Contributions

The SERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for SERS vary depending on the most recent date of membership:

Hire Date	**Percentage of Compensation**
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police which is 12% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

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 $1,606,294, $1,626,371, and $1,383,347 for the years ended June 30, 2021, 2020, and 2019, 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 14.66%, 14.08%, and 12.06% of annual covered payroll for the fiscal years ended June 30, 2021, 2020, and 2019, respectively. The College contributed $84,110, $67,765, and $48,114 for the fiscal years ended June 30, 2021, 2020, and 2019, respectively, equal to 100% of the required contributions for each year. Annual covered payroll was approximately 86%, 84%, and 81% of total related payroll for fiscal years ended 2021, 2020, and 2019, respectively.

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

At June 30, 2021 and 2020, the College reported a liability of $1,075,911 and $707,064 for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2021, the reporting date, was measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020.

The net pension liability as of June 30, 2020, the reporting date, was measured as of June 30, 2019, 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, 2019 rolled forward to June 30, 2019.

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 years 2021 and 2020. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2021 and 2020 relative to total contributions of all participating employers for the fiscal years. At June 30, 2021 and 2020, the College's proportion was 0.006% and 0.005%, respectively.

For the years ended June 30, 2021 and 2020, the College recognized pension expense (benefit) of $8,720 and ($192,245), respectively. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	2021	2020
Deferred Outflows of Resources		
Changes in plan actuarial assumptions	**$ 61,003**	$ 52,411
Contributions subsequent to the measurement date	**84,110**	67,765
Changes in proportion due to internal allocation	**166,073**	25,026
Differences between projected and actual investment earnings on plan investments	**59,143**	-
Differences between expected and actual experience	**34,234**	23,482
Changes in proportion from the Commonwealth	**813**	1,248
Total	**$ 405,376**	$ 169,932
Deferred Inflows of Resources		
Changes in proportion due to internal allocation	**$ 461,386**	$ 659,986
Differences between expected and actual experience	**6,962**	9,196
Differences between projected and actual investment earnings on plan investments	**-**	10,547
Changes in proportion from the Commonwealth	**2,622**	36
Total	**$ 470,970**	$ 679,765

The College's contributions of $84,110 and $67,765 made during the fiscal years ending 2021 and 2020, respectively, 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:

Years Ending June 30,	
2022	**$ (40,018)**
2023	**(26,423)**
2024	**(24,603)**
2025	**(39,807)**
2026	**(18,853)**
	$ (149,704)

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, 2020	June 30, 2019
Inflation on the first $13,000 of allowance	3.00%	3.00%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.15%	7.25%
Investment rate credited to annuity savings fund	3.50%	3.50%

For measurement dates June 30, 2020 and 2019, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females.
- Disability - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year.

The 2021 pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 and rolled forward to June 30, 2020. The 2020 pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019, and rolled forward to June 30, 2019.

Investment assets of SERS are with the Pension Reserves Investment Trust ("PRIT") Fund. 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, are summarized in the following table:

	2021		2020	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	**39%**	**4.80%**	39%	4.90%
Portfolio Completion Strategies	**11%**	**3.20%**	11%	3.90%
Core Fixed Income	**15%**	**0.70%**	15%	1.30%
Private Equity	**13%**	**8.20%**	13%	8.20%
Real Estate	**10%**	**3.50%**	10%	3.60%
Value Added Fixed Income	**8%**	**4.20%**	8%	4.70%
Timberland / Natural Resources	**4%**	**4.10%**	4%	4.10%
Total	**100%**		100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and 7.25%, respectively, at June 30, 2021 and 2020, respectively. 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following table illustrates the sensitivity of the net pension liability calculated using the discount as well as what the net pension 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 rate at June 30,.

2021

1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
$ 1,417,579	**$ 1,075,911**	**$ 795,086**

2020

1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
$ 941,125	$ 707,064	$ 507,070

Note 9 - **OPEB**

Plan Description
As an agency of the Commonwealth, certain employees of the College participate in the Commonwealth's single employer defined benefit-OPEB plan – the State Retirees' Benefit Trust ("SRBT"). Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust ("Trustees").

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

Management of the SRBT is vested with the Board of Trustees, which consists of seven members, including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or their designee), one person appointed by the Governor, and one person appointed by the State Treasurer. These members elect 1 person to serve as chair of the board.

The SRBT does not issue stand-alone audited financial statements but is reflected as a fiduciary fund in the Commonwealth's audited financial statements.

Benefits Provided
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 are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

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, 2021 and 2020, and as of the valuation date (January 1, 2020 and 2019), 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 costs.

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions among the employers in a consistent manner (based on an employer's share of total covered payroll). The College is required to contribute based on Massachusetts General Laws; the rate was 7.70% and 7.29% of annual covered payroll for the fiscal years ended June 30, 2021 and 2020, respectively.

The College contributed $44,167 and $35,104 for the fiscal years ended June 30, 2021 and 2020, respectively, which is equal to 100% of the required contribution for the year.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021 and 2020, the College reported a liability of $1,384,446 and $1,332,922, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2020 and 2019, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 and 2019, respectively.

The College's proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions among the employers in a consistent manner based on the College's share of total covered payroll for the fiscal years 2020 and 2019. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2020 and 2019 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the College's proportion was 0.007%.

For the years ended June 30, 2021 and 2020, the College recognized OPEB benefits of $210,874 and $195,642, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	2021	2020
Deferred Outflows of Resources Related to OPEB		
Changes in proportion due to internal allocation	**$ 85,016**	$ 130,226
Changes in OPEB plan actuarial assumptions	**114,011**	1,026
Differences between expected and actual experience	**38,208**	53,456
Contributions subsequent to the measurement date	**44,167**	35,104
Net differences between projected and actual investment earnings on OPEB plan investments	**4,003**	-
Changes in proportion from the Commonwealth	**2,098**	3,250
Total	**$ 287,503**	$ 223,062

	2021	2020
Deferred Inflows of Resources Related to OPEB		
Changes in proportion due to internal allocation	**$ 1,246,579**	$ 1,460,238
Changes in OPEB plan actuarial assumptions	**133,802**	200,437
Differences between expected and actual experience	**34,173**	1,707
Changes in proportion from the Commonwealth	**4,702**	-
Net differences between projected and actual investment earnings on OPEB plan investments	**-**	613
Total	**$ 1,419,256**	$ 1,662,995

The College's contributions of $44,167 and $35,104 made during the fiscal year 2021 and 2020, respectively, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in each of the succeeding years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

Years Ending June 30,	
2022	**$ (292,993)**
2023	**(286,531)**
2024	**(264,596)**
2025	**(263,237)**
2026	**(68,563)**
	$ (1,175,920)

Actuarial Assumptions

The total OPEB liability for 2021 and 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2020	June 30, 2019
Inflation	2.50%	2.50%
Salary increases	Rates vary by years of service and group classification, consistent with SERS	4.0% per year
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation	7.25%, 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 2020_b. Medicare and non-Medicare benefits range from 4.04% to 6.70%.	7.5%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 and 2024, then decreasing 0.50% each year to an ultimate rate of 4.5% in 2026 for Medical; 5.0% for EGWP through 2025, then 4.5% in 2026; 4.5% for administrative costs

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year for both measurement dates from June 30, 2020 and 2019.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.

- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.

- 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage for measurement date June 30, 2020.

- 80% of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later for measurement date June 30, 2019.

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

	Retirement Age		Retirement Age	
	2021		2020	
	Under 65	**Age 65+**	Under 65	Age 65+
Indemnity	**28.0%**	**96.0%**	25.0%	85.0%
POS/PPO	**60.0%**	**0.0%**	60.0%	0.0%
HMO	**12.0%**	**4.0%**	15.0%	15.0%

The actuarial assumptions used in the January 1, 2020 and 2019 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2018 and 2017 through December 31, 2019 and 2018, depending upon the criteria being evaluated.

As a result of this actuarial experience study, the mortality assumption was adjusted in the January 1, 2019 and 2018 actuarial valuations to more closely reflect actual experience as a result of the recent experience study completed by the Public Employee Retirement Administration Commission ("PERAC").

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, 2021 and 2020 are the same as discussed in the pension footnote.

Discount Rate
The discount rate used to measure the total OPEB liability for 2021 and 2020 was 2.28% and 3.63%, respectively. These rates were based on a blend of the Bond Buyer Index rate (2.21% and 3.51%) 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 2028 and 2029 for the fiscal years 2021 and 2020, respectively. Therefore, the long-term expected rate of return on OPEB plan investments of 7.15% and 7.25%, respectively, per annum was not applied to all 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:

2021

1.00% Decrease (1.28%)	Current Discount Rate (2.28%)	1.00% Increase (3.28%)
$ 1,663,717	**$ 1,384,446**	**$ 1,163,788**

2020

1.00% Decrease (2.63%)	Current Discount Rate (3.63%)	1.00% Increase (4.63%)
$ 1,591,078	$ 1,332,922	$ 1,128,811

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 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates:

2021

1.00% Decrease	Current Health care Cost Trend Rate	1.00% Increase
$ 1,124,491	**$ 1,384,446**	**$ 1,729,819**

2020

1.00% Decrease	Current Health care Cost Trend Rate	1.00% Increase
$ 1,098,496	$ 1,332,922	$ 1,642,222

(A) - Current health care cost trend rate, as disclosed in the actuarial assumptions

(B) - 1-percentage decrease in current health care cost trend rate, as disclosed in the actuarial assumptions

(C) - 1-percentage increase in current health care cost trend rate, as disclosed in the actuarial assumptions

Note 10 - Net Position

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 11 - Operating Leases

The College leases classrooms and office space for its Great Barrington and Conte Federal Building locations. It also leases copiers and a vehicle under operating leases. Rental expense for operating leases was approximately $271,000 and $277,000 for the years ended June 30, 2021 and 2020, respectively.

The following schedule summarizes future minimum payments due under non-cancelable operating leases as of June 30, 2021:

Years Ending June 30,	Lease Payments
2022	$ 22,710
2023	7,066
2024	7,060
	$ 36,836

Note 12 - **Operating Expenses**

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

	2021	2020
Compensation and benefits	**$ 18,458,881**	$ 18,781,018
Supplies and services	**6,887,030**	5,858,963
Scholarships and fellowships	**2,408,192**	2,102,768
Depreciation and amortization	**1,798,584**	1,982,361
Total	**$ 29,552,687**	$ 28,725,110

Note 13 - **Fringe Benefits**

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.

The GIC also covers housing and redevelopment authorities' personnel, certain authorities, and other offline agencies, retired municipal teachers 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 fiscal year ended June 30, 2020 and 2019, 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 into 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 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.*

	2021	2020
Directed unrestricted appropriations	**$ 12,544,630**	$ 12,272,232
Fringe benefits for benefited employees on the state payroll	**3,986,151**	4,098,274
Less:		
Day school tuition remitted to the state and included in tuition and fee revenues	**(167,564)**	(143,560)
Total unrestricted appropriations	**16,363,217**	16,226,946
Capital appropriations	**586,926**	564,879
Total appropriations	**$ 16,950,143**	$ 16,791,825

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

	2021	2020
Revenue per MMARS	**$ 12,311,702**	$ 12,269,275
Revenue per College	**$ 12,311,702**	$ 12,269,275

Note 15 - **Pass-Through Loans**

The College distributed approximately $1,521,882 and $2,105,515 for the fiscal years ended June 30, 2021 and 2020, respectively, 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 - **Contingencies, Risks, and Uncertainties**

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. Such losses, including estimates of amounts incurred but not reported, are obligations of the Commonwealth. For workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury or property damages, Massachusetts General Laws limit the risk assumed by the Commonwealth to $100,000 per occurrence in most circumstances.

REQUIRED SUPPLEMENTARY INFORMATION

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	**June 30, 2021**	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement date	**June 30, 2020**	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Valuation date	**January 1, 2019**	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Proportion of the collective net pension liability	**0.006%**	0.005%	0.010%	0.011%	0.012%	0.010%
Proportionate share of the collective net pension liability	**$ 1,075,911**	$ 707,064	$ 1,370,318	$ 1,438,196	$ 1,566,671	$ 1,172,795
College's covered payroll	**$ 481,282**	$ 398,955	$ 804,052	$ 881,145	$ 863,051	$ 620,818
College's proportionate share of the net pension liability as a percentage of its covered payroll	**223.55%**	177.23%	170.43%	163.22%	181.53%	188.91%
Plan fiduciary net position as a percentage of the total pension liability	**62.48%**	66.28%	67.91%	67.21%	63.48%	67.87%

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)

Schedule of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	2021	2020	2019	2018	2017	2016
Statutorily required contribution	**$ 84,110**	$ 67,765	$ 48,114	$ 94,717	$ 87,674	$ 81,586
Contributions in relation to the statutorily required contribution	**(84,110)**	(67,765)	(48,114)	(94,717)	(87,674)	(81,586)
Contribution excess	**$ -**	$ -	$ -	$ -	$ -	$ -
Covered payroll	**$573,738**	$ 481,286	$ 398,955	$ 804,052	$ 881,145	$ 863,051
Contribution as a percentage of covered payroll	**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
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information - Pension (Unaudited)

June 30, 2021

Note 1 - **Change in Plan Actuarial and Assumptions**

Measurement date – June 30, 2020
The investment rate of return changed from 7.25% to 7.15%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2019
The investment rate of return changed from 7.35% to 7.25%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2018
The investment rate of return changed from 7.50% to 7.35%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rate assumptions were changed as follows:

- Disabled members – the amount reflects the same assumptions as for superannuation retirees, but with an age set forward of one year

Measurement date – June 30, 2017
The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females

- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females

- Disability – did not change

See Independent Auditors' Report.

<u>Measurement date – June 30, 2016</u>
The assumption for salary increases changed from a range of 3.5% to 9.0%, depending on group and length of service, to a range of 4.0% to 9.0%, depending on group and length of service. Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan ("ORP") to transfer to the SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately 400 million as of June 30, 2016.

<u>Measurement date – June 30, 2015</u>
The discount rate to calculate the pension liability decreased from 8.0% to 7.5%

In May 2015, Chapter 19 of the Acts of 2015 created an Early Retirement Incentive ("ERI") for certain members of SERS who, upon election of the ERI, retired effective June 30, 2015. As a result, the total pension liability of SERS increased by approximately $230 million as of June 30, 2015.

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected 20 years with Scale AA (gender distinct) to RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)

- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct) to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)

- 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
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net OPEB Liability (Unaudited)

State Retirees' Benefit Trust

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

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

Schedule of Contributions - OPEB (Unaudited)

State Retirees' Benefit Trust

For the Years Ended June 30,

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

Notes:

Employers participating in the State Retirees' Benefit Trust 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, 2017 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 – OPEB (Unaudited)

June 30, 2021

Note 1 - **Change in Plan Assumptions**

Fiscal year June 30, 2021
Assumptions:
Change in per capita claims costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates
The medical trend rates were updated based on the SOA-Getzen trend rate model version 20920_b, the impact of the discontinuation of the ACA Health Insurer Fee and Excise Tax.

Change in Investment Rate
The investment rate of return decreased from 7.25% to 7.15%.

Change in Salary Scale
The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classification, consistent with SERS.

Change in Discount Rate
The discount rate was decreased to 2.28% (based upon a blend of the Bond Buyer Index rate (2.21%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2020
Assumptions:
Change in Inflation
The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions
Salary decreased from 4.5% to 4.0%.

Change in Investment Rate
The investment rate of return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs
The original healthcare trend rate decreased from 8.0% to 7.5%, which affects the high-cost excise tax.

Change in Discount Rate
The discount rate was decreased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.51%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2019
Assumptions:
Change in Trend on Future Costs
The healthcare trend rate decreased from 8.5% to 8.0%, which impacts the high cost excise tax.

Change in Mortality Rates
The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members – would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year

Change in Discount Rate
The discount rate was increased to 3.92% based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as 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 blend of the Bond Buyer Index rate (3.58%) as of the measurement date as required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

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, 2021 and 2020, and the 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 December 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Berkshire 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 our opinions 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.

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. 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.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Berkshire 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*.

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 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.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

December 7, 2021