

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS WITH INDEPENDENT AUDITOR'S REPORT JUNE 30, 2025 and 2024

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

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

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Berkshire Community College:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Berkshire Community College (an agency of the Commonwealth of Massachusetts) (the "College"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College as of June 30, 2025 and 2024, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS and *Government Auditing Standards*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, 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 the College's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'. The signature is written in a cursive, flowing style.

December 17, 2025

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Berkshire Community College (the College) for the fiscal year ended June 30, 2025, with comparative information for the prior year. The information presented should be read in conjunction with the College's financial statements and accompanying notes.

Introduction

Berkshire Community College is a public institution of higher education located in Pittsfield, Massachusetts, serving 973 full-time equivalent (FTE) students with 56 full-time faculty, 143 part-time faculty, and 109 full-time staff. The College offers credit and non-credit programs at its campus in Pittsfield and online offering 48 degree and certificate programs and a wide range of workforce development training options.

Financial Highlights

The College ended FY25 in a strong financial position, with total net position increasing to \$47.81 million, up \$2.46 million from FY24. The increase is largely reflected in capital appropriations.

Revenue and Expense Trends

Operating revenues increased by 25.5% to \$18.8 million, driven by higher enrollment and expanded grant activity, with net tuition and fees rising to \$4.81 million (+12.14%). Grants and contracts contributed \$12.95 million (+31.0%), supported by programs such as Mass Educate and MA Reconnect.

Operating expenses grew by 9.2%, totaling \$41.9 million. Key drivers included:

- Instruction: \$13.4 million (+9.3%), due to increased adjunct faculty payroll.
- Student Services: \$6.5 million (+6.3%), reflecting expanded advising and student support
- Scholarships and Fellowship: \$5.1 million (+38.5%), driven by state programs such as Mass Educate and Mass Reconnect, as well an increase in Pell.

Non-operating revenues totaled \$22.3 million, primarily from state appropriations, which increased by 3% to \$22.27 million. Capital appropriations of \$3.14 million supported infrastructure and technology upgrades.

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June 30, 2025 and 2024

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 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.

BERKSHIRE COMMUNITY COLLEGE

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

Financial Analysis

Net Position

The measurement of net position provides a useful indicator of the College's financial health and its capacity to meet obligations and invest in future initiatives. Net position represents the residual interest in the College's assets after deducting liabilities and is a key measure of the institution's financial strength. The College's ability to meet current obligations, invest in future initiatives, and sustain operations can be assessed by analyzing the components and changes in net position over time. The following table presents a summary of the College's net position. The College's total net position increased from \$45.35 million in FY2024 to \$47.81 million in FY2025, an improvement of approximately \$2.4 million (5.4%).

	June 30,	
	2025	2024
Current Assets	\$ 13,069,072	\$ 11,417,629
Non-current assets	47,487,252	46,245,626
Total Assets	60,556,324	57,663,255
Deferred outflows of resources	1,229,476	810,331
Current Liabilities	9,719,085	9,059,520
Non-current liabilities	3,635,558	3,169,342
Total Liabilities	13,354,643	12,228,862
Deferred inflows of resources	616,148	891,410
Investment in capital assets	44,058,934	42,872,438
Restricted - expendable	170,557	201,757
Unrestricted	3,585,516	2,279,120
Total net position	\$ 47,815,007	\$ 45,353,315

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

Asset Growth

- Total assets grew by about \$2.9 million (5.0%), from \$57.66 million to \$60.56 million.
- The increase was driven by growth in both current assets (cash increased \$1.1M over FY24) and non-current assets, ongoing capital projects (+\$1.24 million or 2.7%).
- Higher current assets strengthen liquidity and the College's ability to meet short-term obligations, while the increase in non-current assets reflects continued investment in long-term infrastructure and capital projects.

Liabilities

- Total liabilities rose from \$12.23 million to \$13.35 million, an increase of approximately \$1.13 million (9.2%).
- Current liabilities, up by about \$0.66 million (7.3%), suggest higher short-term obligations — resulting from increased operational activity or timing of payables.
- Liabilities grew more slowly than assets, strengthening the College's ability to meet future obligations.

Net Position

- Net Investment in Capital Assets
 - Increased from \$42.87 million to \$44.06 million (+\$1.19 million or 2.8%).
 - This indicates continued reinvestment in physical infrastructure and facilities, enhancing long-term operational capacity.
- Restricted-Expendable
 - Slight decline from \$201,757 to \$170,557 (-15.5%)
 - This reduction reflects accounting adjustments related to prior year as well as reporting issues that have been resolved.
- Unrestricted Net Position
 - Significant growth from \$2.28 million to \$3.58 million (+\$1.31 million or 57.3%).
 - This is the most notable change, signaling an improvement in operational flexibility and the College's capacity to fund strategic initiatives, build reserves, and respond to unforeseen challenges.

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

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 revenue and expenses.

Condensed Changes in Net Position

Condensed Changes in Net Position		
	2025	2024
Operating revenues:		
Tuition and fees, net of tuition waivers and remissions	\$ 4,834,966	\$ 4,305,408
Operating grants and contributions	13,382,025	9,888,105
Other sources	1,013,911	808,661
Total operating revenues	19,230,902	15,002,174
Total operating expenses	41,901,702	38,355,994
Net operating loss	(22,670,800)	(23,353,820)
Non-operating and other revenues (expenses):		
Federal grants - CARES	-	-
State appropriations	25,012,996	22,027,571
Net investment income (expense)	299,355	263,267
Interest expense	(5,635)	(7,173)
Prior Period Adjustment	(174,229)	-
Total non-operating and other revenues	25,132,487	22,283,665
Increase (decrease) in net position	2,461,687	(1,070,155)
Net position - beginning of year	45,353,321	46,423,476
Net position - end of year	\$ 47,815,008	\$ 45,353,321

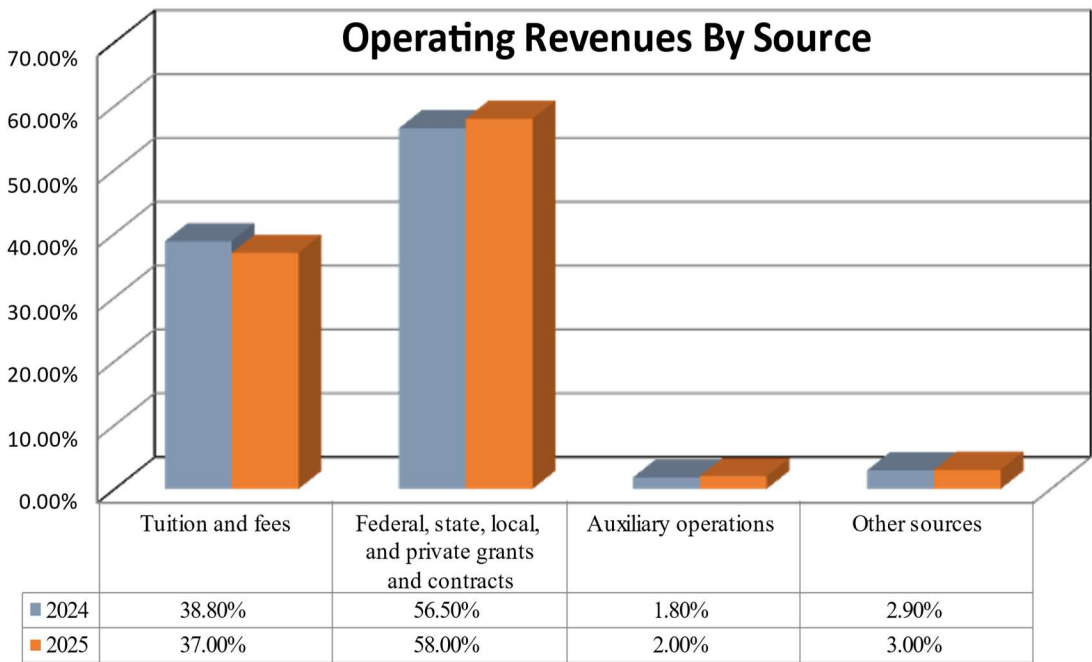
Operating Revenue Highlights

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, 2025 and 2024.

BERKSHIRE COMMUNITY COLLEGE
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Management’s Discussion and Analysis (Unaudited)

June 30, 2025 and 2024



Revenue Analysis

Operating revenues increased 25.5% to \$18.8 million, driven by enrollment growth and expanded grant activity.

Tuition and Fees: Net student fees increased 12.1%, reflecting enrollment increases, along with an increase to fees.

Operating Grants and Contracts: Operating grants rose 31.0% to \$12.9 million, reflecting expanded support from programs such as MassEducate, MassReconnect, Early Education & Care, and Pell Grants, which totaled \$4.17 million.

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

FY25 operating grants and contracts included, but were not limited to, the following:

Grant Name	Funding Source	Amount	Purpose
Federal SEOG	US DOE	\$75,000	Need-based funds awarded at school discretion according to packaging policies.
Pell	US DOE	\$4,172,236	Entitlement fund based upon demonstrated financial need.
Federal Work Study	US DOE	\$83,340	Federal allocation providing on- and off-campus work opportunities.
Behavioral Mental Health Grant	DHE	\$78,376	Funding to provide campus community training and support or mental health needs.
Behavioral Health Workforce Education and Training	HRSA	\$345,851	Funding to implement a comprehensive education and student support program that provides a steady stream of qualified and diverse human service professionals serving Berkshire County's high risk and underserved population.
TRIO	US DOE	\$316,242	Activity based on implementing Student Success Program.
CALC- Community Adult Learning Center	Mass. DHE	374,081	To support free ESOL classes, training, and support services for residents of southern Berkshire County.
STEM Starter Academy	Mass. DHE	\$99,590	Year 5 of 5-year award. Activity focused on implementing Student Success Program.
Perkins & Perkins Supplemental	Mass. DHE	\$161,312 \$77,400	To assist public two-year colleges in improving postsecondary technical education programs.

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

Grant Name	Funding Source	Amount	Purpose
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	\$265,541	Support development and implementation of fast-track culinary and hospitality workforce and Phlebotomy training program.
Early Childhood Education Career Pathways Grant	Mass. Dept. of Early Education & Care	\$410,199	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.
Mass Educate	Mass. DHE	\$1,673,852	MA free community college program. Provides last dollar financial aid to eligible students, covering tuition and fees.
Mass Reconnect	Mass. DHE	\$612,255	Scholarship funds to support residents 25+ with free associate degrees and high-quality certificates.
Mass Reconnect Marketing	Mass. DHE	\$100,000	Funds for student support services, administration and marketing of scholarship program.
Free CC Implementation	Mass. DHE	\$338,494	Funds for free community college implementation.
SUCCESS	Mass. DHE	\$669,397	Supporting urgent community college equity through student services.

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

Operating Expense Highlights

Total operating expenses increased \$3,545,708 or 9.2% from FY24 to FY25. Functional expense classifications and dollar amounts are shown below. Expense percentage shares are shown in the accompanying chart.

	For Fiscal Years Ended		(Decrease) Increase	%
	2025	2024		
Operating expenses:				
Instruction	13,447,684	12,300,705	1,146,979	9.3%
Academic support	4,574,475	4,440,927	133,548	3.0%
Student services	6,489,212	6,103,468	385,744	6.3%
Scholarships and fellowships	5,149,438	3,719,205	1,430,233	38.5%
Operation and maintenance of plant	3,170,552	3,417,897	(247,345)	-7.2%
Institutional support	6,602,327	6,090,576	511,751	8.4%
Depreciation and amortization	1,939,179	1,923,498	15,681	0.8%
Auxiliary operations	528,835	359,718	169,117	47.0%
Total operating expenses	41,901,702	38,355,994	3,545,708	9.2%

- **Instruction** – Costs related to faculty salaries, instructional supplies, and equipment increased \$1,146,979 or 9.3% in FY25 and increased \$1,421,751 or 13.1% in FY24.
- **Academic Support** – Expenses that provide administrative support for academic programs increased \$133,548 or 3.0% in FY25 and increased \$15,830 or 0.4% in FY24.
- **Student Services** – Admissions, registration, financial aid, counseling, tutoring, interpreters, and all other student support services increased \$385,745 or 6.3% in FY25 and increased \$1,115,917 or 22.4% in FY24.
- **Scholarships and Fellowships** – Student aid, including federal, state, and private grants (i.e., Pell, SEOG, Massachusetts State Grants & Scholarships) increased \$1,430,233 or 38.5% in FY25 and increased \$1,238,115 or 49.9% in FY24. Increase in aid is largely attributable free community college and increased enrollment, driving a greater utilization of resources such as Mass Reconnect, Mass Educate, & Pell.
- **Operation and Maintenance of Plant** – Spending on maintenance of physical plant and grounds decreased \$247,344 or -7.2% in FY25 and increased \$669,526 or -24.4% in FY24.
- **Institutional Support** – Spending by all administrative functions increased \$511,751 or 8.4% in FY25 and decreased \$447,042 or -6.8% in FY24.

BERKSHIRE COMMUNITY COLLEGE

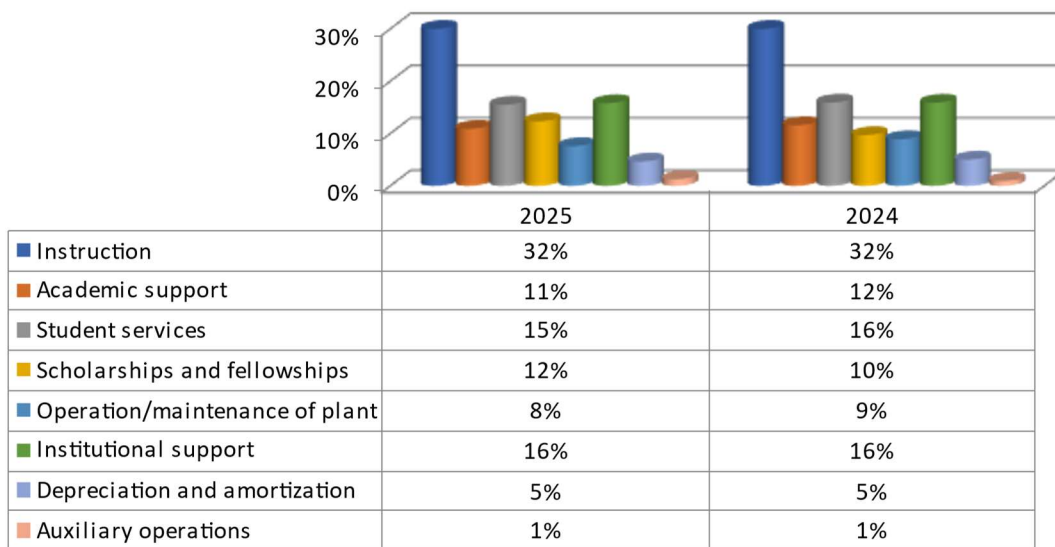
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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

- **Depreciation and Amortization** – This non-cash expense remained consistent with prior year, reflecting a modest increase of \$15,681. The Library and SBA roof projects remain in progress and, therefore, have not been placed in service as of June 30, 2025.
- **Auxiliary Operations** – Food services increased \$54,573 or 77.4% in FY25 and increased \$83,414 or 30.2% in FY24. Bookstore costs also increased from prior year, increasing \$86,747 or 37.84%.

Operating Expenses By Function



Non-Operating Revenue and Expenses

Non-operating revenues and expenses represent financial activities that are not directly tied to the College's core educational operations but significantly impact its overall financial position. This activity includes state appropriations, investment income, and interest expense. These activities provide essential support for institutional operations and strategic initiatives. State funding is a critical component of the College's financial sustainability.

BERKSHIRE COMMUNITY COLLEGE

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

Loss from Operations and State Appropriations

The College, 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, 2025, and 2024.

	2025	2024
Gross Commonwealth operating appropriations	\$ 16,355,854	\$ 15,642,245
Plus fringe benefits*	6,059,660	6,052,472
	22,415,514	21,694,717
Less tuition remitted	(141,000)	(150,000)
Net Commonwealth operating appropriations	22,274,514	21,544,717
Gross Commonwealth capital appropriations	3,144,548	482,855
Net Commonwealth appropriations	25,419,062	22,027,572

*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.

Financial Ratios and Institutional Health

The following financial ratios provide a snapshot of the College's overall fiscal health, stability, and capacity to sustain operations over time. These indicators assess liquidity, solvency, and the effective management of resources in relation to the College's mission and strategic priorities. Year-over-year changes in each ratio offer insight into trends in financial performance, debt management, and the institution's ability to invest in future initiatives.

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June 30, 2025 and 2024

<u>Indicator</u>	<u>FY25</u>	<u>FY24</u>	<u>Interpretation</u>
Primary Reserve Ratio (liquidity and financial flexibility)	.09%	.06%	Improved progress towards building reserves
Viability Ratio (long-term solvency and debt management)	33.67	13.39	Low debt leverage: capital financing is managed through the Commonwealth
Net Income Ratio (current-year operating performance)	5.9%	-2.9%	Positive turnaround
Return on Assets (operational efficiency and resource utilization)	4.4%	-1.9%	Positive turnaround; stronger operating performance and resource utilization
Debt-to-Equity Ratio (financial leverage and capital structure)	0.28	0.27	Low ratio reflects limited institutional debt; capital obligations are financed by the Commonwealth

Economic Outlook and Strategic Considerations

Berkshire Community College enters FY26 positioned to benefit from the Commonwealth's continued investment in public higher education. Tuition-free initiatives such as MassEducate and MassReconnect are expected to sustain enrollment momentum and expand access.

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Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

However, challenges persist:

- Structural reliance on state appropriations
- Inflationary pressures on wages, benefits, and utilities
- Need for continued investment in technology and facilities.

The College's strategic plan focuses on:

- Enrollment growth and retention
- Workforce development and employer partnerships
- Capital renewal and sustainability
- Digital modernization.

Prudent fiscal management and strategic prioritization will remain essential to long-term sustainability.

Requests for Information

This report is designed to provide an overview of Berkshire Community College's financial condition. Please direct questions or requests for additional information to:

Vice President for Administration & Finance
Berkshire Community College
1350 West Street, Pittsfield, MA 01201

BERKSHIRE COMMUNITY COLLEGE
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Statements of Net Position

June 30, 2025 and 2024

Assets and Deferred Outflows of Resources

	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and equivalents	\$ 6,133,208	\$ 4,845,894
Cash held by State Treasurer	4,616,868	4,775,552
Accounts receivable, net	1,280,784	1,416,825
Other current assets	<u>201,694</u>	<u>379,363</u>
Total Current Assets	<u>12,232,554</u>	<u>11,417,634</u>
Noncurrent Assets:		
Investments	3,313,460	3,187,962
Capital assets, net of accumulated depreciation	<u>44,173,794</u>	<u>43,057,664</u>
Total Noncurrent Assets	<u>47,487,254</u>	<u>46,245,626</u>
Total Assets	<u>59,719,808</u>	<u>57,663,260</u>
Deferred Outflows of Resources:		
Deferred outflows related to pension	528,910	399,875
Deferred outflows related to OPEB	<u>701,156</u>	<u>410,456</u>
Total Deferred Outflows of Resources	<u>1,230,066</u>	<u>810,331</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 60,949,874</u>	 <u>\$ 58,473,591</u>

The Notes to Financial Statements are an integral part of these statements.

BERKSHIRE COMMUNITY COLLEGE
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Statements of Net Position

June 30, 2025 and 2024

Liabilities, Deferred Inflows of Resources and Net Position

	<u>2025</u>	<u>2024</u>
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,816,711	\$ 1,553,461
Due to Berkshire Community College Foundation	-	385,736
Accrued payroll	720,411	727,013
Compensated absences	1,442,319	1,302,188
Workers' compensation	63,539	47,579
Student deposits	824,454	341,634
Unearned revenues	3,944,770	4,631,540
Current portion of SBITA liability	27,125	26,500
Current portion of bond payable	43,867	43,867
Total Current Liabilities	8,883,196	9,059,518
Noncurrent Liabilities:		
Compensated absences, net of current portion	475,920	476,140
Workers' compensation, net of current portion	317,253	335,113
Bond payable, net of current portion	43,867	87,734
SBITA liability, net of current portion	-	27,125
Net pension liability	1,315,341	1,087,056
Net OPEB liability	1,482,551	1,156,176
Total Noncurrent Liabilities	3,634,932	3,169,344
Total Liabilities	12,518,128	12,228,862
Deferred Inflows of Resources:		
Deferred inflows related to pension	59,622	87,304
Deferred inflows related to OPEB	557,116	804,106
Total Deferred Inflows of Resources	616,738	891,410
Net Position:		
Net investment in capital assets	44,058,935	42,872,436
Restricted:		
Expendable	170,557	201,757
Unrestricted	3,585,516	2,279,126
Total Net Position	47,815,008	45,353,319
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 60,949,874	\$ 58,473,591

The Notes to Financial Statements are an integral part of these statements.

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

Statements of Revenues, Expenses and Changes in Net Position

For Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues:		
Tuition and fees	\$ 8,573,804	\$ 6,794,687
Less: scholarship allowances	<u>(3,738,839)</u>	<u>(2,489,279)</u>
Net student fees	4,834,965	4,305,408
Federal, state, local, and private grants and contracts	13,382,027	9,888,105
Other auxiliary operations	375,655	308,447
Other sources	<u>638,255</u>	<u>500,214</u>
Total Operating Revenues	<u>19,230,902</u>	<u>15,002,174</u>
Operating Expenses:		
Instruction	13,447,684	12,300,705
Academic support	4,574,475	4,440,927
Student services	6,489,212	6,103,468
Scholarships and fellowships	5,149,438	3,719,205
Operation and maintenance of plant	3,170,552	3,417,897
Institutional support	6,602,327	6,090,576
Depreciation and amortization	1,939,179	1,923,498
Auxiliary operations	<u>528,835</u>	<u>359,718</u>
Total Operating Expenses	<u>41,901,702</u>	<u>38,355,994</u>
Operating Loss	<u>(22,670,800)</u>	<u>(23,353,820)</u>
Non-Operating Revenues (Expenses):		
State appropriations - unrestricted	21,868,448	21,544,717
Net investment income	299,355	263,267
Other expenses	(174,229)	
Interest expense	<u>(5,635)</u>	<u>(7,173)</u>
Net Non-Operating Revenues	<u>21,987,939</u>	<u>21,800,811</u>
Change in Net Position Before Capital Appropriation	<u>(682,861)</u>	<u>(1,553,009)</u>
Capital appropriations	<u>3,144,548</u>	<u>482,854</u>
Change in Net Position	<u>2,461,687</u>	<u>(1,070,155)</u>
Net Position, Beginning of Year	<u>45,353,321</u>	<u>46,423,476</u>
Net Position, End of Year	<u><u>\$ 47,815,008</u></u>	<u><u>\$ 45,353,321</u></u>

The Notes to Financial Statements are an integral part of these statements.

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

Statements of Cash Flows

For Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 4,493,788	\$ 6,599,500
Grants and contracts	13,519,924	9,846,251
Payments to suppliers	(6,934,524)	(8,875,197)
Payments to employees	(20,494,701)	(16,499,989)
Payments to students	(5,590,272)	(3,993,704)
Other auxiliary operations	375,655	308,447
Other sources	<u>(62,893)</u>	<u>392,256</u>
Net Cash Applied to Operating Activities	<u>(14,693,023)</u>	<u>(12,222,436)</u>
Cash Flows from Non-Capital and Related Financing Activities:		
State appropriations	15,950,684	15,642,245
Tuition remitted to State	<u>(141,896)</u>	<u>(150,000)</u>
Net Cash Provided by Non-Capital and Related Financing Activities	<u>15,808,788</u>	<u>15,492,245</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(84,990)	(162,681)
Principal paid on bond payable	(43,867)	(43,867)
Principal paid on SBITA obligation	(26,500)	(23,451)
Interest paid	<u>(5,635)</u>	<u>(7,173)</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(160,992)</u>	<u>(237,172)</u>
Cash Flows from Investing Activities:		
Purchase of Investment	(209,269)	-
Sale of Investment	83,771	362,877
Net investment income	<u>299,355</u>	<u>263,267</u>
Net Cash Provided by (Applied to) Investing Activities	<u>173,857</u>	<u>626,144</u>
Net Change in Cash and Cash Equivalents	<u>1,128,630</u>	<u>3,658,781</u>
Cash and Equivalents, Beginning of Year	<u>9,621,446</u>	<u>5,962,665</u>
Cash and Equivalents, End of Year	<u>\$ 10,750,076</u>	<u>\$ 9,621,446</u>

The Notes to Financial Statements are an integral part of these statements.

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

Statements of Cash Flows - Continued

For Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Net Operating Loss to Net Cash		
Applied to Operating Activities:		
Net operating loss	\$ (22,670,800)	\$ (23,353,820)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation and amortization	1,939,179	1,923,498
Net pension activity	71,568	(91,506)
Net OPEB activity	(211,312)	(366,844)
Bad debts	-	334,411
Fringe benefits provided by State	6,059,661	6,052,472
Changes in assets and liabilities:		
Accounts receivable	136,041	(630,190)
Other current assets	177,668	(270,895)
Accounts payable and accrued liabilities	263,250	1,191,696
Due to Berkshire Community College Foundation	(385,736)	104,806
Accrued employee compensation and benefits	131,409	443,877
Student deposits and unearned revenues	<u>(203,951)</u>	<u>2,440,059</u>
 Net Cash Applied to Operating Activities	 <u><u>\$ (14,693,023)</u></u>	 <u><u>\$ (12,222,436)</u></u>
 Reconciliation of Cash and Equivalents to Statement of Net Position, End of Year:		
Cash and equivalents	\$ 6,133,208	\$ 4,845,894
Cash held by State Treasurer	<u>4,616,868</u>	<u>4,775,552</u>
	<u><u>\$ 10,750,076</u></u>	<u><u>\$ 9,621,446</u></u>
 Non-cash Transactions:		
Fringe benefits provided by State appropriations	\$ 6,059,661	\$ 6,052,472
Capital improvements provided by capital appropriations	<u>\$ 3,144,548</u>	<u>\$ 482,854</u>
SBITA acquisition	<u>\$ -</u>	<u>\$ 77,076</u>
Dividends reinvested	<u><u>\$ -</u></u>	<u><u>\$ 5,255</u></u>

The Notes to Financial Statements are an integral part of these statements.

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

Statements of Financial Position (Component Unit)

June 30, 2025 and 2024

Assets

	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and equivalents	\$ 1,957,792	\$ 1,382,252
Due from Berkshire Community College	-	385,736
Account Receivable	<u>286,908</u>	<u>-</u>
Total Current Assets	2,244,700	1,767,988
Other Asset:		
Marketable securities	<u>16,730,763</u>	<u>15,113,006</u>
Total Assets	<u><u>\$ 18,975,463</u></u>	<u><u>\$ 16,880,994</u></u>

Liability and Net Assets

Current Liability:		
Accounts payable and accrued expenses	<u>\$ 25,711</u>	<u>\$ 177,101</u>
Net Assets:		
Without donor restrictions	486,244	641,212
With donor restrictions	<u>18,463,508</u>	<u>16,062,681</u>
Total Net Assets	<u>18,949,752</u>	<u>16,703,893</u>
Total Liabilities and Net Assets	<u><u>\$ 18,975,463</u></u>	<u><u>\$ 16,880,994</u></u>

The Notes to Financial Statements are an integral part of these statements.

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

Statements of Activities and Changes in Net Assets (Component Unit)

For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions of cash and other financial assets	\$ 5,000	\$ 1,785,871	\$ 1,790,871	\$ -	\$ 1,437,313	\$ 1,437,313
Special events revenue	-	82,889	82,889	-	111,501	111,501
Investment income, net	830,424	744,279	1,574,703	149,793	1,379,341	1,529,134
Net assets released from restrictions	<u>212,212</u>	<u>(212,212)</u>	<u>-</u>	<u>561,141</u>	<u>(561,141)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>1,047,636</u>	<u>2,400,827</u>	<u>3,448,463</u>	<u>710,934</u>	<u>2,367,014</u>	<u>3,077,948</u>
Expenses:						
Program Services:						
Community College support	<u>1,093,465</u>	<u>-</u>	<u>1,093,465</u>	<u>1,104,508</u>	<u>-</u>	<u>1,104,508</u>
Support Services:						
Management and general	91,147	-	91,147	108,230	-	108,230
Fundraising costs	<u>17,992</u>	<u>-</u>	<u>17,992</u>	<u>42,159</u>	<u>-</u>	<u>42,159</u>
Total Support Services	<u>109,139</u>	<u>-</u>	<u>109,139</u>	<u>150,389</u>	<u>-</u>	<u>150,389</u>
Total Expenses	<u>1,202,604</u>	<u>-</u>	<u>1,202,604</u>	<u>1,254,897</u>	<u>-</u>	<u>1,254,897</u>
Changes in net assets	(154,968)	2,400,827	2,245,859	(543,963)	2,367,014	1,823,051
Net Assets, Beginning of Year	<u>641,212</u>	<u>16,062,681</u>	<u>16,703,893</u>	<u>1,185,175</u>	<u>13,695,667</u>	<u>14,880,842</u>
Net Assets, End of Year	<u>\$ 486,244</u>	<u>\$ 18,463,508</u>	<u>\$ 18,949,752</u>	<u>\$ 641,212</u>	<u>\$ 16,062,681</u>	<u>\$ 16,703,893</u>

The Notes to Financial Statements are an integral part of these statements.

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2025 and 2024

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 in accordance with United States generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”) using the economic resources measurement focus and the accrual basis of accounting. Berkshire Community College’s Foundation’s (the “Foundation”) financial statements are prepared in accordance with accounting and reporting requirements prescribed by the Financial Accounting Standards Board (“FASB”). As such, certain revenue recognition and lease 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.

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

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

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2025 and 2024

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, 2025 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*. Complete financial statements for the Foundation can be obtained from Berkshire Community College Foundation, Inc. at 1350 West Street, Pittsfield, Massachusetts, 01201.

Separate statements of financial position and activities are presented in this report for the College's discretely presented component unit. The financial statements for the Foundation are presented in accordance with FASB.

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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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Notes to the Financial Statements

June 30, 2025 and 2024

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: Net position that is not subject to externally imposed stipulations or categorized as net investment in capital assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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 and certificates of deposits are stated at fair market value. Dividends, interest and net gains or losses on investments of endowments and similar funds are reported in the statement 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 expensed 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.

BERKSHIRE COMMUNITY COLLEGE

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Notes to the Financial Statements

June 30, 2025 and 2024

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.

Student 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, 2025 and 2024. 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.

Grants

The College receives financial assistance from federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit by the granting agency.

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.

BERKSHIRE COMMUNITY COLLEGE

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Notes to the Financial Statements

June 30, 2025 and 2024

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.

Future Governmental Accounting Pronouncements Not Implemented

GASB Statement 103, Financial Reporting Model Improvements is effective for reporting periods beginning after June 15, 2025. The objective of this statement is to improve the financial reporting model to enhance decision making by the organization and assessing a government’s accountability.

BERKSHIRE COMMUNITY COLLEGE

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Notes to the Financial Statements

June 30, 2025 and 2024

GASB Statement 104, Disclosure of Certain Capital Assets is effective for fiscal years beginning after June 15, 2025. The objective of this statement is to provide users of governmental financial statements with essential information about certain type of capital assets.

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

Implementation of Newly Effective Accounting Standard

As of July 1, 2023, the College implemented GASB Statement No. 101, Compensated Absences. The objective of this statement is to update the recognition and measurement for compensated absences. The adoption of this statement did not have a material impact to the financial statements.

As of July 1, 2023, the College implemented GASB Statement 102, Certain Risk Disclosures. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact to the financial statements.

Reclassifications

Certain items on June 30, 2024 have been reclassified to conform the to conform to the presentation at June 30,2025. There was no effect on net assets as a result of these reclassifications.

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.

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Financial Statements

June 30, 2025 and 2024

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, 2025, the College's bank balances were approximately \$7,186,140. In addition, approximately \$6,686,140 were in excess of FDIC insurance, and were collateralized by security and custodial agreements. As of June 30, 2024, the College's bank balances were approximately \$4,938,000. In addition, approximately \$4,438,000 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 \$4,617,000 and \$4,776,000 at June 30, 2025 and 2024, 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, 2025 and 2024.

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

Certificate of Deposit: Valued at cost plus accrued interest.

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

Notes to the Financial Statements

June 30, 2025 and 2024

Investments of the College

The following schedule sets forth, by level, within the fair value hierarchy, the College's investments measured at fair value on a recurring bases as of June 30, 2025 and 2024.

	2025		
	Level 1	Level 2	Total
Corporate equity securities	\$ 83,550	\$ -	\$ 83,550
Certificates of deposit	-	3,229,910	3,229,910
	<u>\$ 83,550</u>	<u>\$ 3,229,910</u>	<u>\$ 3,313,460</u>
	2024		
	Level 1	Level 2	Total
Corporate equity securities	\$ 43,721	\$ -	\$ 43,721
Certificates of deposit	-	3,144,241	3,144,241
	<u>\$ 43,721</u>	<u>\$ 3,144,241</u>	<u>\$ 3,187,962</u>

The College categorizes investments according to the level of risk assumed. At June 30, 2025 and 2024, 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. Additionally, the certificates of deposits are unrated in terms of credit risk quality ratings although these funds are insured, up to insurable limits, by the FDIC.

Maturities of investments consist of the following as of June 30, 2025 and 2024:

	2025		
	Investment Maturities (in Years)		
	<u>Less than 1</u>	<u>1 to 5</u>	<u>Total</u>
Certificates of deposit	<u>\$ 2,176,978</u>	<u>\$ 1,052,932</u>	<u>\$ 3,229,910</u>
	2024		
	Investment Maturities (in Years)		
	<u>Less than 1</u>	<u>1 to 5</u>	<u>Total</u>
Certificates of deposit	<u>\$ 2,614,901</u>	<u>\$ 529,340</u>	<u>\$ 3,144,241</u>

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Financial Statements

June 30, 2025 and 2024

Investments of the Foundation

	<u>2025</u>	<u>2024</u>
Corporate equity securities	\$ 10,647,888	\$ 6,102,394
Government bonds	2,237,982	2,149,594
Corporate bonds	1,367,245	1,216,457
Certificates of deposit	162,048	240,832
Mutual funds	1,484,958	4,837,704
Foreign bonds	61,813	-
Money market funds	<u>768,829</u>	<u>566,025</u>
	<u>\$ 16,730,763</u>	<u>\$ 15,113,006</u>

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

Note 5 - **Accounts Receivable**

Accounts receivable are expected to be collected within one year and are comprised of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Student accounts receivable	\$ 1,172,411	\$ 894,605
Grants receivable	577,812	715,709
Other receivables	<u>5,552</u>	<u>140,922</u>
	1,755,775	1,751,236
Less: allowance for doubtful accounts	<u>(474,991)</u>	<u>(334,411)</u>
Accounts receivable, net	<u>\$ 1,280,784</u>	<u>\$ 1,416,825</u>

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Note 6 - Capital Assets

Capital assets of the College consist of the following at June 30, 2025:

	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated:						
Construction in progress		\$ 914,140	\$ 3,055,309	\$ -	\$ (369,316)	\$ 3,600,133
Land		474,888	-	-	-	474,888
Total not depreciated		1,389,028	3,055,309	-	(369,316)	4,075,021
Capital assets depreciated:						
Buildings and improvements	20 - 40	74,695,732	-	-	125,718	74,821,450
Furnishings and equipment	5 - 10	4,637,040	-	-	243,598	4,880,638
Software arrangements	3	77,076	-	-	-	77,076
Total depreciated		79,409,848	-	-	369,316	79,779,164
Less: accumulated depreciation:						
Buildings and improvements		(34,087,367)	(1,705,551)	-	-	(35,792,918)
Furnishings and equipment		(3,638,430)	(202,797)	-	-	(3,841,227)
Software arrangements		(15,415)	(30,831)	-	-	(46,246)
Total accumulated depreciation		(37,741,212)	(1,939,179)	-	-	(39,680,391)
Capital assets, net		\$ 43,057,664	\$ 1,116,130	\$ -	\$ -	\$ 44,173,794

Capital assets of the College consist of the following at June 30, 2024:

	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated:						
Construction in progress		\$ 3,963,170	\$ 584,796	\$ -	\$ (3,633,826)	\$ 914,140
Land		474,888	-	-	-	474,888
Total not depreciated		4,438,058	584,796	-	(3,633,826)	1,389,028
Capital assets depreciated:						
Buildings and improvements	20 - 40	72,106,940	-	-	2,588,792	74,695,732
Furnishings and equipment	5 - 10	3,531,267	60,739	-	1,045,034	4,637,040
Software arrangements	3	-	77,076	-	-	77,076
Total depreciated		75,638,207	137,815	-	3,633,826	79,409,848
Less: accumulated depreciation:						
Buildings and improvements		(32,389,207)	(1,698,160)	-	-	(34,087,367)
Furnishings and equipment		(3,428,507)	(209,923)	-	-	(3,638,430)
Software arrangements		-	(15,415)	-	-	(15,415)
Total accumulated depreciation		(35,817,714)	(1,923,498)	-	-	(37,741,212)
Capital assets, net		\$ 44,258,551	\$ (1,200,887)	\$ -	\$ -	\$ 43,057,664

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Note 7 - Long-Term Liabilities

Long-term liabilities at June 30, 2025 and 2024 consist of the following:

	Beginning Balance 2025	Additions	Reductions	Ending Balance 2025	Current Portion	Noncurrent Portion
Bond payable:						
Bond payable	\$ 131,601	\$ -	\$ (43,867)	\$ 87,734	\$ 43,867	\$ 43,867
Other long-term liabilities:						
SBITA liabilities	53,625	-	(26,500)	27,125	27,125	-
Compensated absences	1,778,328	139,911	-	1,918,239	1,442,319	475,920
Workers' compensation	382,692	-	(1,900)	380,792	63,539	317,253
Net pension liability	1,087,056	228,285	-	1,315,341	-	1,315,341
Net OPEB liability	<u>1,156,174</u>	<u>326,378</u>	<u>-</u>	<u>1,482,552</u>	<u>-</u>	<u>1,482,552</u>
	<u>\$ 4,589,476</u>	<u>\$ 694,574</u>	<u>\$ (72,267)</u>	<u>\$ 5,211,783</u>	<u>\$ 1,576,850</u>	<u>\$ 3,634,933</u>
	Beginning Balance 2024	Additions	Reductions	Ending Balance 2024	Current Portion	Noncurrent Portion
Bond payable:						
Bond payable	\$ 175,468	\$ -	\$ (43,867)	\$ 131,601	\$ 43,867	\$ 87,734
Other long-term liabilities:						
SBITA liabilities	-	77,076	(23,451)	53,625	26,500	27,125
Compensated absences	1,515,340	262,988	-	1,778,328	1,302,188	476,140
Workers' compensation	339,734	42,958	-	382,692	47,579	335,113
Net pension liability	938,889	148,167	-	1,087,056	-	1,087,056
Net OPEB liability	<u>1,181,583</u>	<u>-</u>	<u>(25,409)</u>	<u>1,156,174</u>	<u>-</u>	<u>1,156,174</u>
	<u>\$ 4,151,014</u>	<u>\$ 531,189</u>	<u>\$ (92,727)</u>	<u>\$ 4,589,476</u>	<u>\$ 1,420,134</u>	<u>\$ 3,169,342</u>

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, 2025 are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 43,867	\$ 3,113	\$ 46,980
2027	<u>43,867</u>	<u>1,557</u>	<u>45,424</u>
	<u>\$ 87,734</u>	<u>\$ 4,670</u>	<u>\$ 92,404</u>

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Note 8 - Subscription-Based Information Technology Arrangements

The College has entered into a subscription-based information technology arrangement (“SBITAs”) for a software product which was initiated in the fiscal year ended June 30, 2024. The agreement expires June 2026 and has annual payments ranging from \$12,500 to \$28,090. An IBR of 3.50% was used to discount the SBITA arrangement payments to recognize the intangible right to use this asset and the associated SBITA liability. There were no payments made for additional services not included in the annual SBITA payments. The College has no options to renew these agreements and there is no option to purchase the software products.

At June 30, 2025 and 2024, the total amount of the SBITA right of use assets were \$77,076. At June 30, 2025 and 2024, the accumulated amortization for SBITAs were \$46,246 and \$15,415, respectively.

<u>Years Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	<u>\$ 27,125</u>	<u>\$ 965</u>	<u>\$ 28,090</u>
	<u>\$ 27,125</u>	<u>\$ 965</u>	<u>\$ 28,090</u>

Note 9 - 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.

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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	Percent of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 - 6/30/1996	8% of regular compensation
7/1/1996 - present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teacher hired after 7/1/01 and those accepting provisions of chapter 114 of the Acts of 2000)
1979 - 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 \$2,598,788, \$2,338,330, and \$1,975,599 for the years ended June 30, 2025, 2024, and 2023, respectively.

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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 18.63%, 16.69%, and 16.70% of annual covered payroll for the fiscal years ended June 30, 2025, 2024, and 2023, respectively. The College contributed \$152,731, \$140,704, and \$109,426, for the fiscal years ended June 30, 2025, 2024, and 2023, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2025 and 2024, the College reported a liability of \$1,315,341 and \$1,087,056, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2025, the reporting date, was measured as of June 30, 2024, 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, 2024 rolled forward to June 30, 2024. The net pension liability as of June 30, 2024, the reporting date, was measured as of June 30, 2023, 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, 2023 rolled forward to June 30, 2023.

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 2024 and 2023. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2025 and 2024 relative to total contributions of all participating employers for the fiscal years. At June 30, 2025 and 2024, the College's proportion was 0.009% and 0.007% respectively.

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June 30, 2025 and 2024

For the years ended June 30, 2025 and 2024, the College recognized pension benefit of \$224,299 and \$91,506, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	<u>2025</u>	<u>2024</u>
<u>Deferred Outflows of Resources</u>		
Changes in plan actuarial assumptions	\$ 9,439	\$ 18,270
Net difference between projected and actual investment earnings	-	29,256
Contributions subsequent to the measurement date	152,731	140,704
Changes in proportion due to internal allocation	300,816	173,021
Differences between expected and actual experience	65,924	38,615
Changes in proportion from the Commonwealth	<u>-</u>	<u>9</u>
Total	<u>\$ 528,910</u>	<u>\$ 399,875</u>
	<u>2025</u>	<u>2024</u>
<u>Deferred Inflows of Resources</u>		
Changes in proportion due to internal allocation	\$ 17,214	\$ 52,138
Differences between expected and actual experience	16,852	26,861
Changes in proportion from the Commonwealth	8,453	8,305
Differences between projected and actual investment earnings on plan investments	<u>17,103</u>	<u>-</u>
Total	<u>\$ 59,622</u>	<u>\$ 87,304</u>

The College's contributions of \$152,731 and \$140,704 made during the fiscal year ending 2025 and 2024, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years.

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June 30, 2025 and 2024

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,	
2025	\$ (336,539)
2026	647,623
2027	72,496
2028	<u>(67,023)</u>
	<u>\$ 316,557</u>

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, 2024	June 30, 2023
Inflation	2.50%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.00%
Investment rate credited to annuity savings fund	3.50%	3.50%

For measurement date June 30, 2024 and 2023, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females.
- Disability - reflects the post-retirement mortality described above, set forward 1 year.

The 2025 pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of January 1, 2024 and rolled forward to June 30, 2024. The 2024 pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 and rolled forward to June 30, 2023.

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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 weighting 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:

Asset Class	2025		2024	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	4.6%	37%	4.90%
Portfolio Completion Strategies	15.0%	2.1%	10%	3.80%
Core Fixed Income	16.0%	7.4%	15%	1.90%
Private Equity	10.0%	3.9%	16%	7.40%
Real Estate	10.0%	3.7%	10%	3.00%
Value Added Fixed Income	9.0%	5.1%	8%	5.10%
Timber/Natural Resources	4.0%	4.4%	4%	4.30%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2025 and 2024. 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.

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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, 2025 and 2024:

2025		
1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
<u>\$ 1,847,884</u>	<u>\$ 1,315,341</u>	<u>\$ 864,810</u>
2024		
1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
<u>\$ 1,494,012</u>	<u>\$ 1,087,056</u>	<u>\$ 742,664</u>

Note 10 - **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 deceased. 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.

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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.

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, 2025 and 2024, and as of the valuation date (January 1, 2024 and 2023), 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 7.49% and 7.83% of annual covered payroll for the fiscal years ended June 30, 2025 and 2024. The College contributed \$61,414 and \$66,006 for the fiscal years ended June 30, 2025 and 2024, respectively, equal to 100% of the required contribution for the years.

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

At June 30, 2025 and 2024, the College reported a liability of \$1,482,551 and \$1,156,176, 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, 2024 and 2023, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 and 2023, 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 amongst the employers in a consistent manner based on the College's share of total covered payroll for the fiscal years 2024 and 2023. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2024 and 2023 relative to total contributions of all participating employers for the fiscal year. At June 30, 2025 and 2024, the College's proportion was 0.011% and 0.008%, respectively.

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June 30, 2025 and 2024

For the years ended June 30, 2025 and 2024, the College recognized OPEB benefit of \$61,414 and \$366,844, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Changes in proportion due to internal allocation	\$ 569,629	\$ 242,749
Changes in OPEB plan actuarial assumptions	28,904	50,791
Differences between expected and actual experience	41,209	47,025
Contributions subsequent to the measurement date	61,414	66,006
Changes in proportion from the Commonwealth	-	106
Differences between projected and actual investment earnings on OPEB plan investments	<u>-</u>	<u>3,779</u>
Total	<u>\$ 701,156</u>	<u>\$ 410,456</u>
<u>Deferred Inflows of Resources Related to OPEB</u>		
Changes in proportion due to internal allocation	\$ 96,946	\$ 364,957
Changes in OPEB plan actuarial assumptions	330,777	298,219
Differences between expected and actual experience	114,524	129,867
Differences between projected and actual investment earnings on OPEB plan investments	590	-
Changes in proportion from the Commonwealth	<u>14,279</u>	<u>11,063</u>
Total	<u>\$ 557,116</u>	<u>\$ 804,106</u>

The College's contribution of \$61,414 and \$66,006 made during the fiscal years 2025 and 2024, 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 decreases in OPEB expense as follows:

<u>Years Ending June 30,</u>	
2025	\$ (46,140)
2026	(36,412)
2027	49,882
2028	92,744
2029	<u>22,552</u>
	<u>\$ 82,626</u>

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Actuarial Assumptions

The total OPEB liability for 2025 and 2024 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2025	2024
Measurement date:	June 30, 2025	June 30, 2024
Inflation:	2.50%	2.50%
Salary increases:	Rates vary by years of service and group classification, consistent with SERS	Rates vary by years of service and group classification, consistent with SERS
Investment rate of return:	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Health care cost trend rates:	Developed based on the most recently published GAO-Getzen trend rate model, version 2024_1f. Medicare and non-Medicare benefits range from 5.79% to 7.50%	Developed based on the most recently published GAO-Getzen trend rate model, version 2023_1f. Medicare and non-Medicare benefits range from 5.79% to 7.50%

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2021 from the central year, with females set forward one year.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at 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.
- 85% of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age		Retirement Age	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	18%	96%	27%	96%
POS/PPO	72%	0%	63%	0%
HMO	10%	4%	10%	4%

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The actuarial assumptions used in the January 1, 2024 and 2023 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2024 and 2023 through December 31, 2023 and 2022, depending upon the criteria being evaluated.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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, 2025 and 2024, are the same as discussed in the pension footnote, and are summarized as follows:

Asset Class	2025		2024	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	4.6%	37%	4.90%
Portfolio Completion Strategies	15.0%	2.1%	10%	3.80%
Core Fixed Income	16.0%	7.4%	15%	1.90%
Private Equity	10.0%	3.9%	16%	7.40%
Real Estate	10.0%	3.7%	10%	3.00%
Value Added Fixed Income	9.0%	5.1%	8%	5.10%
Timber/Natural Resources	4.0%	4.4%	4%	4.30%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability for 2025 and 2024 was 4.61% and 4.34%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.93% and 3.65%) 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 2042 and 2042 for the fiscal years 2025 and 2024, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.00% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Notes to the Financial Statements

June 30, 2025 and 2024

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate at June 30, 2025 and 2024:

2025		
1.00% Decrease (3.61%)	Current Discount Rate (4.61%)	1.00% Increase (5.61%)
<u>\$ 1,726,690</u>	<u>\$ 1,482,551</u>	<u>\$ 1,281,056</u>
2024		
1.00% Decrease (3.34%)	Current Discount Rate (4.34%)	1.00% Increase (5.34%)
<u>\$ 1,350,878</u>	<u>\$ 1,156,176</u>	<u>\$ 996,412</u>

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current health care cost trend rates at June 30, 2025 and 2024:

2025		
1.00% Decrease (B)	Current Health Care Cost Trend Rate (A)	1.00% 1.00% Increase (C)
<u>\$ 1,244,576</u>	<u>\$ 1,482,551</u>	<u>\$ 1,781,895</u>
2024		
1.00% Decrease (B)	Current Health Care Cost Trend Rate (A)	1.00% 1.00% Increase (C)
<u>\$ 968,788</u>	<u>\$ 1,156,176</u>	<u>\$ 1,393,211</u>

(A) - Current healthcare 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

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Notes to the Financial Statements

June 30, 2025 and 2024

Note 11 - 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 12 - Operating Expenses

The College's operating expenses, on a natural classification basis, are composed of the following for the fiscal years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Compensation and benefits	\$ 26,447,944	\$ 22,454,268
Supplies and services	8,365,142	10,259,022
Scholarships and fellowships	5,149,438	3,719,205
Depreciation and amortization	<u>1,939,179</u>	<u>1,923,498</u>
Total	<u>\$ 41,901,702</u>	<u>\$ 38,355,994</u>

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.

BERKSHIRE COMMUNITY COLLEGE

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Notes to the Financial Statements

June 30, 2025 and 2024

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, 2024, 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*.

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2025 and 2024

The College's State appropriation is composed of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Directed unrestricted appropriations	\$ 15,950,683	\$ 15,642,245
Fringe benefits for benefited employees on the state payroll	6,059,660	6,052,472
Less:		
Day school tuition remitted to the state and included in tuition and fee revenues	<u>(141,895)</u>	<u>(150,000)</u>
Total unrestricted appropriations	21,868,448	21,544,717
Capital appropriations	<u>3,144,548</u>	<u>482,854</u>
Total appropriations	<u>\$ 25,012,996</u>	<u>\$ 22,027,571</u>

A reconciliation of revenues between the College and MMARS for the years ended June 30, 2025 and 2024 is as follows (unaudited):

	<u>2025</u>	<u>2024</u>
Revenue per MMARS	<u>\$ 18,549,166</u>	<u>\$ 16,789,931</u>
Revenue per College	<u>\$ 18,549,166</u>	<u>\$ 16,789,931</u>

Note 15 - **Pass-Through Loans**

The College distributed approximately \$2,352,586 \$1,327,000 for the fiscal years ended June 30, 2025 and 2024 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, Concentrations and Constraints**

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 College's financial position.

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2025 and 2024

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). The Program allows individuals to pay in advance for future tuition at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2.00%. The College accepts as payment of tuition, the amount determined by the Program without regard to standard tuition rate in effect at the time of the individual's enrollment at the College. The effect of the Program cannot be determined as it is contingent on future tuition increases and the number of Program participants who attend the College.

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.

Concentrations and Constraints

Providers of Financial Resources

State Appropriations

As disclosed in Note 1, the College is a public, State-supported, comprehensive college, located in Boston, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. As such, the College receives general state appropriations for a portion of its annual operations for employee salaries and fringe benefits reported on the Statement of revenues and expenses and changes in net position and Note 19 of these financial statements.

Federal Student Financial Assistance and other grants

The College participates in the Federal Financial Assistance (Title IV) programs along with federal grants related to various college programs and operations. These programs allow for grants, scholarship aid, and other awards to be issued to students and the college to cover qualified education and related costs. During the fiscal year ended June 30, 2025 and 2024, Federal funds expended to students and the college totaled \$6.4million and \$3.9 million.

State Student Financial Assistance and other grants

The Academy participates in the Massachusetts State student financial assistance programs. These programs allow for grants, scholarship aid, and other awards to be issued to students to cover qualified education costs. During the fiscal years ended June 30, 2025 and 2024 expended Massachusetts funds awarded to students totaled \$1.1 million and \$658,770, respectively.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Schedule of Proportionate Share of Net Pension Liability

Massachusetts State Employees' Retirement System

Year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	0.009%	0.007%	0.007%	0.007%	0.006%	0.005%	0.010%	0.011%	0.012%	0.010%	0.180%
Proportionate share of the collective net pension liability	\$ 1,315,341	1,087,056	\$ 938,889	\$ 737,905	\$ 1,075,911	\$ 707,064	\$ 1,370,318	\$ 1,438,196	\$ 1,566,671	\$ 1,172,795	\$ 1,201,187
College's covered payroll	\$ 843,044	\$ 655,246	\$ 589,712	\$ 573,735	\$ 481,282	\$ 398,955	\$ 804,052	\$ 881,145	\$ 863,051	\$ 620,818	\$ 1,200,107
College's proportionate share of the net pension liability as a percentage of its covered payroll	156.02%	165.90%	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	181.53%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	72.90%	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

See Indendent Auditor's Report.

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

Schedule of Contributions - Pension

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 152,731	\$ 140,704	\$ 109,426	\$ 95,003	\$ 84,110	\$ 67,765	\$ 48,114	\$ 94,717	\$ 87,674	\$ 81,586	\$ 64,503
Contributions in relation to the statutorily required contribution	<u>(152,731)</u>	<u>(140,704)</u>	<u>(109,426)</u>	<u>(95,003)</u>	<u>(84,110)</u>	<u>(67,765)</u>	<u>(48,114)</u>	<u>(94,717)</u>	<u>(87,674)</u>	<u>(81,586)</u>	<u>(64,503)</u>
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 819,812	\$ 843,044	\$ 655,246	\$ 589,714	\$ 573,738	\$ 481,286	\$ 398,955	\$ 804,052	\$ 881,145	\$ 863,051	\$ 620,818
Contribution as a percentage of covered payroll	18.63%	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

See Independent Auditor's Report.

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information - Pension

June 30, 2025 and 2024

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

Measurement date - June 30, 2024

The mortality rates were changed as follows:

- Pre-retirement mortality reflects the RP-2014 Blue Collar Employees table projected generationally with Scale MP- 2021, set forward 1 year for females.
- Post-retirement mortality reflects the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females.
- For disabled retirees, mortality reflects the post-retirement mortality described in the previous paragraph, set forward 1 year.

Measurement date - June 30, 2023

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females.
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females.
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement date – June 30, 2021

The investment rate of return changed from 7.15% to 7.00%. 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 rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females.
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females.
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information – Pension - Continued

June 30, 2025 and 2024

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

Measurement date – June 30, 2016

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.

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

Notes to the Required Supplementary Information – Pension - Continued

June 30, 2025 and 2024

Measurement date – June 30, 2015

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
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Schedule of Proportionate Share of Net OPEB Liability

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.011%	0.008%	0.009%	0.008%	0.007%	0.007%	0.016%	0.017%
Proportionate share of the collective net OPEB liability	\$ 1,482,552	1,156,174	\$ 1,181,583	\$ 1,295,589	\$ 1,384,446	\$ 1,332,922	\$ 2,998,516	\$ 2,797,285
College's covered payroll	\$ 843,044	\$ 655,246	\$ 589,712	\$ 573,738	\$ 481,286	\$ 398,955	\$ 804,052	\$ 881,145
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	175.86%	176.45%	200.37%	225.82%	287.66%	334.10%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	15.60%	13.80%	13.00%	10.70%	6.40%	6.96%	6.01%	5.39%

See Independent Auditor's Report.

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

Schedule of Contributions - OPEB

Massachusetts State Retirees' Benefit Trust

For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 61,414	\$ 66,006	\$ 47,687	\$ 45,118	\$ 44,167	\$ 35,104	\$ 35,084	\$ 71,712
Contributions in relation to the statutorily required contribution	<u>(61,414)</u>	<u>(66,006)</u>	<u>(47,687)</u>	<u>(45,118)</u>	<u>(44,167)</u>	<u>(35,104)</u>	<u>(35,084)</u>	<u>(71,712)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 819,812	\$ 843,044	\$ 655,246	\$ 589,714	\$ 573,738	\$ 481,541	\$ 398,955	\$ 804,051
Contribution as a percentage of covered payroll	7.49%	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%

See Independent Auditor's Report.

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Required Supplementary Information - OPEB

June 30, 2025 and 2024

Note 1 - Change in Plan Assumptions

Fiscal year June 30, 2024

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 2024_1f. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.61% (based upon a blend of the Bond Buyer Index rate (3.93%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2023

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 2022_f4. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.00% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2022

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated to reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2021_b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

BERKSHIRE COMMUNITY COLLEGE

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Notes to the Required Supplementary Information - OPEB

June 30, 2025 and 2024

Change in Investment Rate

The investment rate of return decreased from 7.15% to 7.00%.

Change in Mortality Rates

The mortality projection scale was updated from MP-2016 to MP-2020.

Change in Discount Rate

The discount rate was increased to 2.77% (based upon a blend of the Bond Buyer Index rate (2.16%) as of the measurement date as required by GASB Statement 74.

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%.

BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information - OPEB

June 30, 2025 and 2024

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 AUDITOR'S 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***

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Berkshire Community College:

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"), and its discretely presented major component unit, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 17, 2025.

Report on Internal Control Over Financial Reporting

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

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 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Current Year Findings

None

Prior Year Findings**Finding 2024-001****Criteria**

Internal controls should be in place to provide reasonable assurance that the College's trial balance provided to the auditors was accurate and provided on a timely basis.

Condition

The initial trial balance provided to the auditors was not accurate and needed a number of adjustments for the financial statements to be in compliance with generally accepted accounting principles.

Cause

Financial year-end procedures were not in place to ensure that the trial balance provided to the auditors was accurate and provided on a timely basis.

Effect

Significant adjustments were required on the initial trial balance provided to the auditors which increases the risk that the financial statements could be materially misstated.

Recommendation:

We recommend that the College update year-end procedures to ensure that a trial balance can be provided to the auditors that is accurate and provided on a timely basis.

Management Response:

The College has added additional year-end review procedures to ensure greater accuracy to its trial balance, including the addition of checklists to manage and track both journal entries and balance sheet reconciliations.

Current Year Status

Corrective action was taken in the current year. The auditor's test in this area resulted in no findings.

Finding 2024-002**Criteria**

Internal controls should be in place to provide reasonable assurance that the College's check dates and voucher dates do not get incorrectly entered into their accounting software resulting in back dated checks.

Condition

The College had 25 checks totaling \$140,537 that had a check date before the voucher date.

Cause

Processes and procedures were not in place to ensure that the check dates and voucher dates were not entered incorrectly into their accounting software resulting in back dated checks.

Effect

There were 25 back dated checks totaling \$140,537.

Recommendation:

We recommend that the College update procedures to ensure that the check dates and voucher dates are not entered incorrectly into their accounting software.

Current Year Status

Corrective action was taken in the current year. The auditor's test in this area resulted in no findings.

Report on 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.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

December 17, 2025