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BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016 AND 2015

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

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

June 30, 2016 and 2015

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

5HSRUW RQ)LQDQFLDO 6WDWHPHQWV
:H KDYH DXGLWHG WKH DFFRPSDQ\L Q U H L & R P P X Q L W V W & B W O I F
DJHQF\ RI WKH &RPPRQZHDOWK RI 0 D V K D F F R P P X S U H L W W W V W K W K V W
RI QHW SRVLWLRQ DV RI -XQH W D W D C P G H Q W V B Q G H W K H Q X H
DQG FKDQJHV LQ QHW SRVLWLRQ H Q G B G F D D C G I O R Z H U R O D W K H
ILQDQFLDO VWDWHPHQWV ZKLFK F R E O O H F W L Q B Q F L D R P S U W L D
OLVWHG LQ WKH WDEOH RI FRQWHQWV

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

\$XGLWRUV 5HVSQRVLELOLW\

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

:H EHOLHYH WKDW WKH DXGLW HYQGMHQIG ZHS SKDRYSHU RIE WID LV
EDVLV IRU RXU DXGLW RSLQLRQ

2SLQLRQ

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

5HTXLUHG 6XSSOHPHQWU\ ,QIRUPDWLRQ

\$FFRXQWLQJ SULQFLSOSHWHJHQHO DVWKH \$PHULFD 6MDWILUHV
PDQDJHPHQW V GLVFXVVLHQ DQG DQDWDWKH &ROOHJH V SU
VKDUH RI WKH QHRSRQVHQW WKHWH &WGDGHM FRQWULEX
DQG WKH QRWHV WR WKH UHTXLSEHG VXSISOHSHUHQWIDUW
VXSSOHPHQW WKH EDVLF ILQDQFLDOW KRWXW HPRWV DV SDXAFK
ILQDQFLDO VWDWHPHQWV LV UHTXLJH VDEQG DWKGV *R%YRDUQF
FRQVLGHUV LW WR EH DQ HVVHOSVDDFO QSDWKHRE DLVQDQEQDQ
LQ DQ DSSURSULDWH RSHUDWLRQD:DI KDFYHQDPSISFOLRIG KIHUWH
SURFHGXUHV WR WKH UHTXLUHG VXSISOHSHUHQWIDUW LVLQJ W PV
JHQHUDOO\ DFFHSWHG LQ WKH 8QLWHG 6WDWHV XLRIL \$PHULFD
DERXW WKH PHWKRGV RI SUHSDULQH MQIRULFD WLRQWIRUQ FIB
ZLWK PDQDJHPHQW UHVSQRVHV W DORXW DLVQDQEQDQV DV
NQRZOHGJH ZH REW DQW &XWKH VWDWHPHQWV FLDGR QI
DQ RSLQLRQ RU SURYLGH DQ\ DVVXVHQ FOLRQW QHS W RFRIGP
SURYLGH XV ZLWK VXIILFLHQW HYLGHQFH QW VXSUHVHQV HQ F

2WKHU 5HSRUWL Government Auditing Standards

,Q DFFRUG WR Government Auditing Standards ZH KDYH DOVR LVVXHGXU
2FWREHU RQ RXU FRQVLGHUHQDRIQHRV %GWHNVKLDUHQ F
ILQDQFLDO UHSRUWLQJ DQG RQ RYDULQSVWYLR LRQW FRDSDQ
FRQWUDFWV DQG JUDQW DJUHHPHQWV W W DQW RYHSHRU WDMW W
VFRSH RI RXU WHFRWUHQIRIRLQHULQDQW F E B E S O H L S R U F W L D Q G V
WKDW WHVWLQJ DQ & S Q R W R R Q U I R V W H U Q D D Q D R Q D W R U S R U
FRPSOLDQFH 7KDW UHSRUW LVPDQ ILQWDFURDQDQW ZILVDQ
Auditing Standards LQ FRQVLGHUHQDRIQHRV &ROOHJH V ILQDQFQD
P0 •0 @ TÀ p01pLÐ p01pLÐ p01pLÐ gpW @QO X'hW QO OB %o a T &QWH @ IH

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

ODQDJHPHQW\ 'LVFXVVLRQ DQG \$QDO\VLV

-XQH DQG

7KH IROORZLQJ GLVFXVVLRQ DQG DQDO\VLV WKH SURSHQW
WKH &ROOHJH DV RI -XQH DQG DV ZHOO DV WKH
HQQHG 7KLV DQDO\VLV VFRXOOG EORJH VLWKQD&FL& VW
QRWHV WKHUH SUZILHQWHLQOWKLV GRFXPHQW

,QWURGXFWRQ

%HUNVKLUH &RPPXQLW\ &ROOHJH WLKH &ROOHJH HXDFDSW
)7(VWXGHQWV ZLWFXOWSXOQVWLPHH IDFXO\WLPQH VV
PHPEHUV 7KH &ROOHJH LV ORFDW,EGDGG LWWRQV IWHQG &RO
FUHGLW DQG QRQ FWKBLR XWRJ&RQWDM&H QWHLUQLWR*Q W
(GXFDWLRQDO &HQWVWLQHQZQDQZGFK&RQQLQHFRQWFKD\$GD
SZRO&H&H RIIHUV 7 GHJUHH DQG FDUWHLRFIDWRHQ SFURHJGDWPKZ

O

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

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

-XQH

DQG

)LQDQFLDO +LJKOLJKWV &RQWLQXHG

7KH %HUNVKLUH &RPPXQLW\ &ROOHJH)RXQGDWLRQ\ DQGL\$QHG &RQWLQXHG
RI WKH &ROOHJH 7KH)RXQGDWLRQ\ DQGL\$QHG &RQWLQXHG
UHVRXUFHV WKDW DUH DYDLODEOH)RXQGDWLRQ\ DQGL\$QHG &RQWLQXHG
)RXQGDWLRQ LV V\G\SS\H\PS\H\W\X\D\W\R\Q\V\L\W\W\ RI JUDGXDWLHV
\$OWKRXJK WKH &ROOHJH GRHV QRW E\H\W\U\S\W\O\V\W\K\I\R\P\W\W\K\I\Q\)
WKH PDMRULW\ RI UHVRXUFHV UHFH\LY\H\G\W\U\F\K\H\O\G\W\ER\W\K\W\
&ROOHJH E\ WKH GRQRUV %HFDXVH UHVRXUFHV KHOG E\ \\\
WKH EHQHILW RI WKH &ROOHJH)RXQGDWLRQ\ DQGL\$QHG &RQWLQXHG
GLVFUHWHO\ SU\O\H\O\W\H\G\I\L\Q\D\W\K\H\O\R\V\W\D\W\H\P\H\Q\W\V

7 K Statements of Net Position

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODV\

ODQDJHPHQW\ 'LVFXMLWLRQDQGGL\QDGO &RQWL

-XQH

DQG

1RWHV WR WKH)LQDQFLDO 6WDWHPHQWV

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

0DQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Net Position - Continued

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

&RQGHQVHG &KDQJHV ,Q 1HW 3RVLWLRQ

2SHUDWLQJ UHYHQXHV

7XLWLRQ DQG IHHV QHW RI WXLWLRQ ZDLYHUV

DQG UHPLVVLRQV

2SHUDWLQJ JUDQWV DQG FRQWULEXWLRQV

2WKHU VRXUFHV

7RWDO RSHUDWLQJ UHYHQXHV

7RWDO RSHUDWLQJ H[SHQVHV

1HW RSHUDWLQJ ORVV

1RQ RSHUDWLQJ DQG RWKHU UHYHQXHV H[SHQVHV

6WDWH DSSURSULDWLRQV

1HW LQYHVWPHQW LQFRPH

,QWHUHV H[SHQVHV

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights

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

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

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

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

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

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights – Continued

„ 2SHUDWLQJ JUDQWV DQG <FRQWULHEDXWLRQ DV FRPSDU
WR D GHFUHDVH RI RU LQ)<

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

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

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights – Continued

*UDQW 1DF)XQGLQJ 6	\$PRXQ	3XUSR VH
:RUNIRUFH ,QFHDQWLYZHILFH RI)XQGLQJ	:RUNIRUFH 'HYHORSPHQW		6XSSRUW 'LUHFWRU RI &RUSF 2IILFH RI :RUNIRUFH 'HYHORSF
7\$\$:RUNIRUFH86U'DQW			6HFRQG \HDU RI WKUHH \HD *XLGHG 3DWKZD\ 7R 6XFFHV SURMHFW
7\$\$:RUNIRUFH86U'DQW 1DYLJDWRU			6XSSRUW &ROOHJH DQG &DU SRVLWRQ WR EXLOG SDUWQH &ROOHJH DQG &DUHHU &HQWH

%HUNVKLUH (QWHUSULVHV

5XUDO %XVLQHVV (QWHUSUL

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW\ 'LVFXMLWL RQ DQGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV ± &RQWLQXHG

Operating Revenue Highlights – Continued

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

'XDO (QUROOPHQW

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Operating Expense Highlights

7RWDO RSHUDWLQJ H[SHQVHV LQRP)2I WKRV\ DPRXQW VDO
LQFUHDVHG DUH EHDIQWUFRVWV RQFUHDVH)XQFWLR
H[SHQVH FODVVLILFDWLRQV DQG GROODU DPRXQWV DUH \
VKRZQ LQ WKH DFFRPSDQ\LQJ FKDUW

_____)RU)LVFDO <HUV (QGHG

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

7RWDO RSHUDWLQJ H[SHQVHV
=====

„ ,QVWUXFWLRQV±GLUHFWO\ UHODWHG WR WKLV FODXFWR
VXSSOLHV DQG HTXLSPHQW LQFUHDVH)HFDVHGRU LF
LQ)<

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

„ 6WXGHQW 6HJPLFVLRQV 5HJLVWUDU

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

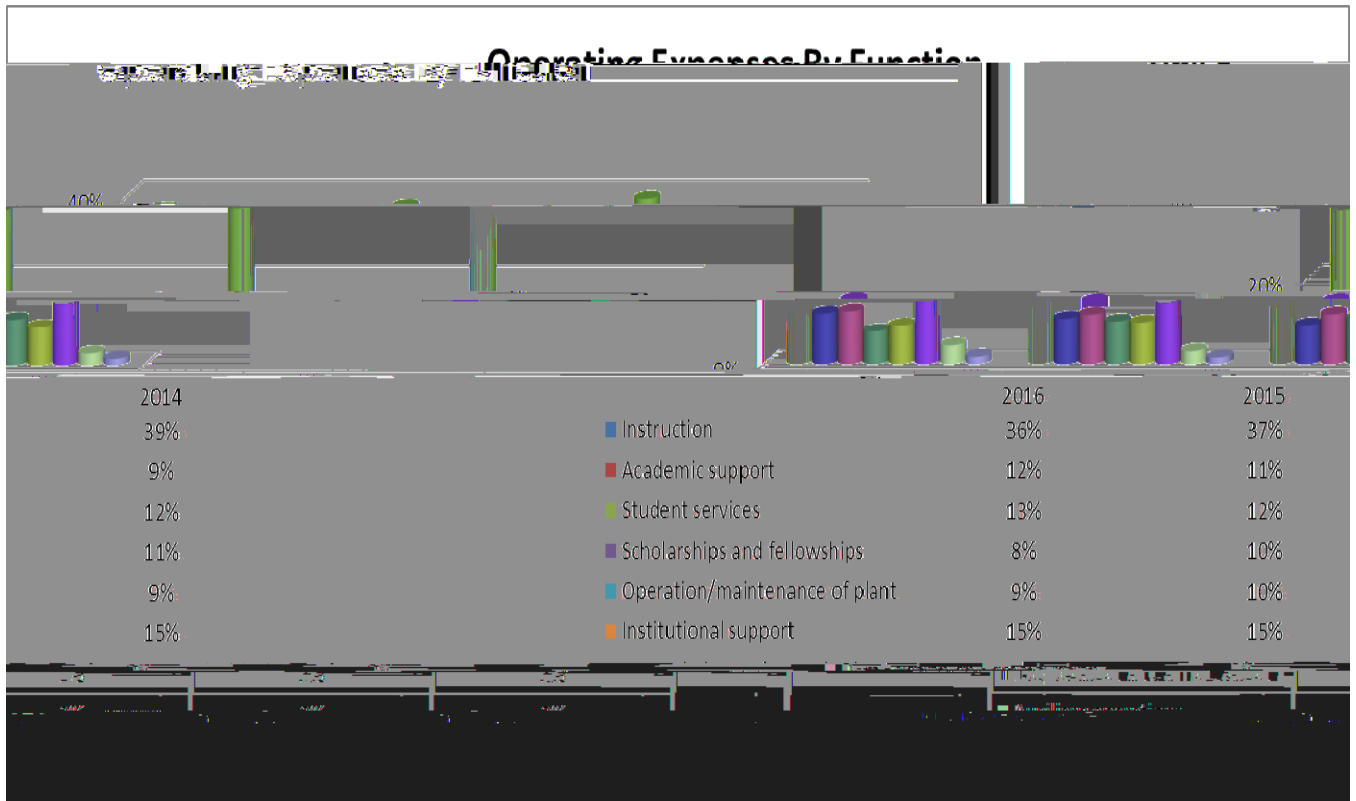
-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Operating Expense Highlights – Continued

- 2SHUDWLRQ DQG 0DLQWHLDQDQFH RI 30DQW ± 6SHQGLQJ RI WKH SK\VLFDQ SODQW DQG JURXQJ\ GDHGHDO\HGHDO RU LQ)<
- ,QVWLWXWLRQDQGGL\$QDO\VLV\ VSHQGLQJ E\ DOHGDGPLQ RU LQ)< DQG GHFUHDVHG RU LQ)<
- 'HSUHFLDWLRQ DQG \$PRUWR\DWDRQ H[SHQVH LQFUHDVHG)< DQG LQFUHDVHG RU LQ)<
- \$X[LOLDU\ 2SHUDWLRQ\EFHV LQFUHDVHG RU LQ)<



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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

ODQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Non-Operating Revenues and Expenses

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

Loss from Operations and State Appropriations

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

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

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

DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

0DQDJHPHQW\ 'LVFXMLWLRQDQGGL\$QDO &RQWL

-XQH

DQG

)LQDQFLDO \$QDO\VLV &RQWLQXHG

Loss from Operations and State Appropriations - Continued

7KH &RPPRQZHDOWK SD\W WKH IULQJHREHQWILSDLRVW
&RPPRQZHDOWK DSSURSULDWLRQVFRQWULSRIHWEHQHDIGVHVXSRV
DSSURSULDWLRQVHGLQHWLWHPESYOHVWQWSDHV 7KH &RPPRQ
IRU WKH IULQJH EHQHILW FRVW RI &ROOHJH HPSOR\HHV
&RPPRQZHDOWK DSSURSULDWLRQV

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

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

)RU)< VWDWH DSSURSULDWLRQV DUWHFR[SSDFUWHGG WRR)<Q

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

7RWDW \$XVHWQ

1RQ &XUUHQW \$VVHWV
0000

&ROOHJH &ROOHJH JRXQGDWLRQ JRXQGDWLRQ

& DVK)ORZ SHUBWLYLWLHV
7XLWLRQ DQG IHHV

&ROH

&ROOHJH

&RQH &ROOHJH

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

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

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

1RWHV WR WKH)LQDQFLDO 6WDWHPHQ

-XQH DQG

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

Organization

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

Basis of Presentation

7KH DFFRPSDQ\LQJ ILQDQFLDO VWDWWRKHQWVR @ D FHF
UHVRXUFHV PHDVXUHPHQW IRFXV DQG WKR DGDQXDO
8QLWHG 6WDWHV RI \$PHULFD *HQHUVDO DV \$FHHVFWLGH
WKH *RYHUQPHQWDO \$FFRXQWLQJ 6WDW DQGHU GHFRDQ
ZKHQ HDUQHG DQG H[SHQVHV DUH WHFRU B JHGU ZHOHV
WLPLQJ RI UHODWHG FDVK IORZVRJQLDQW D DQGHU
VRRQ DV DOOXH DPHQLDQW VWDWHTEHHQ PHW

7KH &ROOHJH V SROLF\ GHILQH RSHW DWR LQ 5 HDY FV X
([SHQVHV DQG &KDQJHV LQ 1HW 3RWXO WRIQ RDPV HW KRQ
WUDQVDFWLRQV VXFK DV SD\PHQW UHFGHLYHGRJ IRKH
SXUFKDVH RI JRRGVH DQGLQHRWIKFHUV UHFRQWDFGV LRVQ
RSHUDWLQJ DFWLR SWUBWLQZKEFWLQRQLHV LQFOXGH
DQG FDSLWDO DSSWRKSHUL&RPPRQZHDOWK RI 0DVVD
' &RPPRQZHDOWK' QFRPHLQDQW DQGHU HVV H[SHQVH

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

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODV\

1RWHV WR WKH DOWNSIDE &RQWLQXHG

-XQH DQG

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

Fringe Benefits

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

Pensions

)RU SXUSRVHV RI PHDVXULQJ WKHXWHORZVH QMLBQVQ
DQG GHIHUUHG LQIORZV RI UHVRXUFHRQ UHSHQWIG
LQIRUPDWLRQ DERXW WKH ILGXFLDWX QWWSRVRSLRQ
5HVLPHPHQW 6\VWHP SODQ 36(56' DQGRPW 15 6JGL
ILGXFLDU\ QHW SRVLWLRQ KDYH EHVWQHSHDUHU PULHSHRQ
6(56)RU WKLW SXUSRVH EHQHILW SHDQVHQRVH

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI ODVV

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

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Student Fees

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

Use of Estimates

7KH SUHSDUDWLRQ RI ILQDQFLDO VWDWHPHQDFWMSWQ
DFFRXQWLQJ SULQFLSOHV UHTXLUHVDPVDSMPLHQW W
DIIHFW WKH UHSRUWHG DPRXQWV RIHQXHWWDQGHQJ
VWæPDW

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DQ DJHQF\ RI WKH &RPPRQZHDOWK RI 0DVV

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

New Governmental Accounting Pronouncements - Continued

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

7KH &ROOHJH V LQYHVVPHQV WR WKH DFWLYH QDWXU -XQH

&ROOHJH \$W -XQH
UHJLVWHUHGRU KH
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College Fair Value Hierarchy

7KH IDLU YDOXH RULHQWID ULFQS XFDW WKH HYD QXDV LVR P/HH
YDOXH LQWR WKUHLO SXWV ODUH /TKRWOHRSU PIDGHQHWL SDQ
OLDELQWLHV LQ DFWLYH PDUNHWV W D WUDI PJHQW UG
LQSXWV DUH LQSRWHGRSUKLGHQWZKQV LQ WKDW DUH
IRU DQ DVVHW RLO O R DELO G MUH XW D DFU H X Q E V L Q S Y D E
KLJKHVW SULRULW\ LV DVVLJQHGRWR Y/HOY HOL Q S X S X W Y
YDOXH LV PHDVXUHGRU XVLQJ LQSXWV I KIRPU D U R K A W
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Investments of the Foundation

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1HW LQYHVWPHQW LQFRPH ORVV

1RWH \$FFRXQWV 5HFHLYDEOH

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LQ \HDUV%~~DODQFH~~\$GGLWLR~~QVWL~~UHP~~SHFO~~DVVL~~IQFL~~QR%~~VO~~

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&RQVWUXFWLRQ LQ SURJUHVV

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

Notes to the Financial Statements - Continued

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Note 10 - **Orgtavkpi Gzrgpugu**

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

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

Note 11 - **Rgpukqpu**

Defined Benefit Plan Description

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

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

BERKSHIRE COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2016 and 2015

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2016 and 2015

Note 11 - **Pensions - Continued**

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

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

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

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

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2016 and 2015

Note 11 - **Pensions - Continued**

Actuarial Assumptions

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

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

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

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

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2016 and 2015

Note 11 - **Pensions - Continued**

Discount Rate

The discount rate used to measure the total pension liability was 7.50% and 8.00%, respectively, at June 30, 2015 and 2014. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return is 7.50% at June 30, 2015 and 8.00% at June 30, 2014.

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

Notes to the Financial Statements - Continued

June 30, 2016 and 2015

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

Fringe Benefits - Continued

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

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

Group Insurance Commission

The Commonwealth's Group Insurance Commission is a separate legal entity established by Chapter 151B of the Massachusetts General Laws. The Commission is a public body corporate and has the power to sue and be sued, to acquire, hold, and dispose of real and personal property, and to exercise all other powers necessary to carry out its duties. The Commission is not subject to the provisions of Chapter 90A of the Massachusetts General Laws, which governs the operation of public bodies. The Commission is not a public body for purposes of Chapter 90A. The Commission is not a public body for purposes of Chapter 90A. The Commission is not a public body for purposes of Chapter 90A.

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

Notes to the Financial Statements - Continued

June 30, 2016 and 2015

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

Group Insurance Commission - Continued

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

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2016 and 2015

Note 14 - **Contingencies - Continued**

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). Individuals pay into the Program in advance for future tuition at the cost of tuition at the time of election to participate, which is increased by changes in the Consumer Price Index plus 2%. The College is obligated to accept from the Program as payment of tuition the amount determined by this Program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the College. The effect of this Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the College.

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

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

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS") on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. Management believes the amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2016 and 2015

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

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

Employees' Retirement System

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

Notes:

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

See accompanying notes to the required supplementary information.

BERKSHIRE COMMUNITY COLLEGE
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Schedules of Contributions (Unaudited)

For the Years Ended June 30,

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

Notes:

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

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

See accompanying notes to the required supplementary information.

BERKSHIRE COMMUNITY COLLEGE
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Notes to the Required Supplementary Information

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

Note 1 - **Changes in Assumptions**

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Berkshire Community College (the "College"), which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Berkshire Community College's basic financial statements and have issued our report thereon dated October 10, 2016. Our report includes a reference to other auditors who audited the financial statements of Berkshire Community College Foundation, Inc. as described in our report on Berkshire Community College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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