

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of**  
**Massachusetts)**

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

**JUNE 30, 2019**

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

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

**June 30, 2019 and 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Bristol Community College  
Fall River, Massachusetts

### **Report on Financial Statements**

We have audited the accompanying financial statements of Bristol Community College (an Agency of the Commonwealth of Massachusetts) (the "College"), which comprise the statements of net position as of June 30, 2019 and 2018, 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Bristol Community College Foundation, Inc. (the "Foundation") as discussed in Note 1. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Bristol Community College as of June 30, 2019 and 2018, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 October 16, 2019, 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.



**Certified Public Accountants  
Braintree, Massachusetts**

October 16, 2019

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis (Unaudited)**

**June 30, 2019 and 2018**

**Introduction**

Bristol Community College (the "College") is a two-year public comprehensive community college offering career and transfer programs of study that lead to associate degrees or certificates. Bristol Community College is accredited by the New England Association of Schools and Colleges. This accreditation indicates that the institution has been carefully evaluated and been found to meet standards agreed upon by qualified educators.

As management of Bristol Community College, we offer readers of our financial statements, this narrative overview, and analysis of the financial activities of Bristol Community College for the fiscal year ended June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the College's basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Bristol Community College Foundation (the "Foundation") is a legally separate tax-exempt component unit of Bristol Community College. The Foundation acts primarily as a fund-raising 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 the activities of the College by the donors. Because these 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.

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

**The Financial Statements**

The College's financial report includes three financial statements: the *Statement of Net Position*, the *Statement of Revenues, Expenses and Changes in Net Position*, and the *Statement of Cash Flows*. These financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB).

These financial statements focus on the financial condition, the results of operations, and the cash flows of the College as a whole.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

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

**June 30, 2019 and 2018**

**The Financial Statements - Continued**

The *Statement of Net Position* presents information on all of Bristol Community College's assets and liabilities with the difference of the two reported as *Net Position*. Changes in the College's net position are one indicator of the College's financial health.

Over time, increases or decreases in net position are an indicator of the improvement or erosion of the College's financial health when considered with nonfinancial facts such as enrollment levels and the condition of the facilities. The *Statement of Net Position* include all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The *Statement of Revenues, Expenses and Changes in Net Position* present information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event given 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 accrual for compensated absences). Activities are reported as either operating or nonoperating. A Public College's dependency on state aid will result in operating deficits because the financial reporting model classifies state appropriations as nonoperating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The *Statement of Cash Flows* is reported on the direct method. The direct method of cash flow reporting portrays net cash flow from operations as major classes of operating receipts (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for service). GASB Statements Nos. 34 and 35 require this method to be used. In accordance with GASB 39, the Foundation is not required to present the statement of cash flows.

The financial statements can be found on pages 13-16 of this report.

Bristol Community College reports its activity as a business type activity using the economic resources measurement focus and accrual basis of accounting. The College is an agency 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.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

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

**June 30, 2019 and 2018**

**The Financial Statements - Continued**

*Notes to financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 17-62 of this report.

**Financial Analysis**

Bristol Community College adheres to a prudent utilization of the College's financial resources including careful cost controls, conservative utilization of debt and adherence to a sound approach to maintenance of physical plant. At June 30, 2019, the assets of Bristol Community College exceeded liabilities by \$54,981,642, a \$3,952,497 or 7.00% increase from the excess of \$51,029,145 at the close of 2018. The primary reason for this large increase is due to the increase in capital projects at the College totaling approximately of \$4,595,000. At June 30, 2018, the assets of Bristol Community College exceeded liabilities by \$51,029,145, a \$7,140,867 or 16.27% increase from the excess of \$43,888,278 at the close of 2017 (adjusted per GASB 68).

The largest portion of Bristol Community College's net position is its investment in capital assets (e.g., land, buildings and equipment). Bristol Community College uses these capital assets to provide services to students, faculty, and administration; consequently, these assets are not available for future spending.

**BRISTOL COMMUNITY COLLEGE**  
 (an Agency of the Commonwealth of Massachusetts)

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

**June 30, 2019 and 2018**

**Financial Analysis - Continued**

**Condensed Schedule of Net Position**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 37,074,646	\$ 35,632,126	\$ 30,922,146
Non-current assets	-	1,200,000	-
Capital assets, net	57,575,644	53,233,547	50,552,402
Deferred outflows of resources	<u>6,251,970</u>	<u>4,190,945</u>	<u>3,907,587</u>
Total assets and deferred outflows of resources	<u>100,902,260</u>	<u>94,256,618</u>	<u>85,382,135</u>
Current liabilities outstanding	9,112,733	9,500,551	8,659,332
Other liabilities	29,157,704	28,829,272	29,961,411
Deferred inflows of resources	<u>7,650,181</u>	<u>4,897,650</u>	<u>2,873,114</u>
Total liabilities and deferred inflows of resources	<u>45,920,618</u>	<u>43,227,473</u>	<u>41,493,857</u>
Net Position:			
Investment in capital assets, net	57,283,517	53,233,547	50,552,402
Restricted	4,213,917	4,551,080	139,465
Unrestricted	<u>(6,515,792)</u>	<u>(6,755,482)</u>	<u>(6,803,589)</u>
Total net position	<u>\$ 54,981,642</u>	<u>\$ 51,029,145</u>	<u>\$ 43,888,278</u>

Restricted net position is subject to external restrictions on how they must be used. Bristol Community College's restricted net position is for scholarships, student loans, and federal and state grants. The remaining unrestricted net position may be used to meet the College's obligations.

**BRISTOL COMMUNITY COLLEGE**  
 (an Agency of the Commonwealth of Massachusetts)

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

**June 30, 2019 and 2018**

**Financial Analysis - Continued**

**Condensed Schedule of Revenues, Expenses  
and Changes in Net Position**

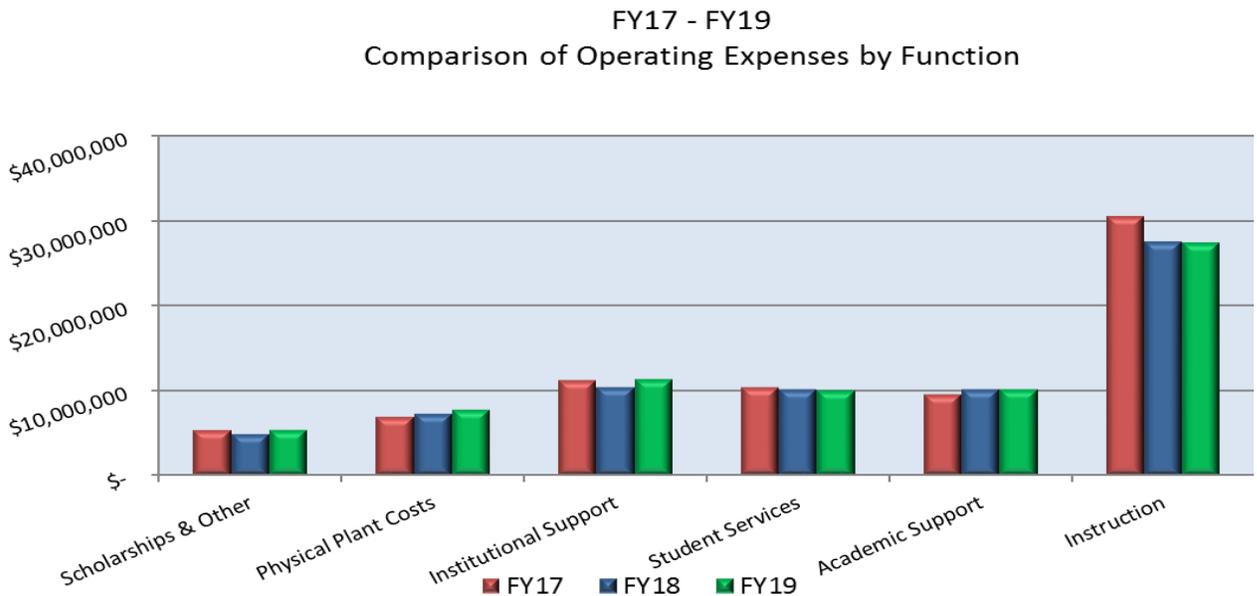
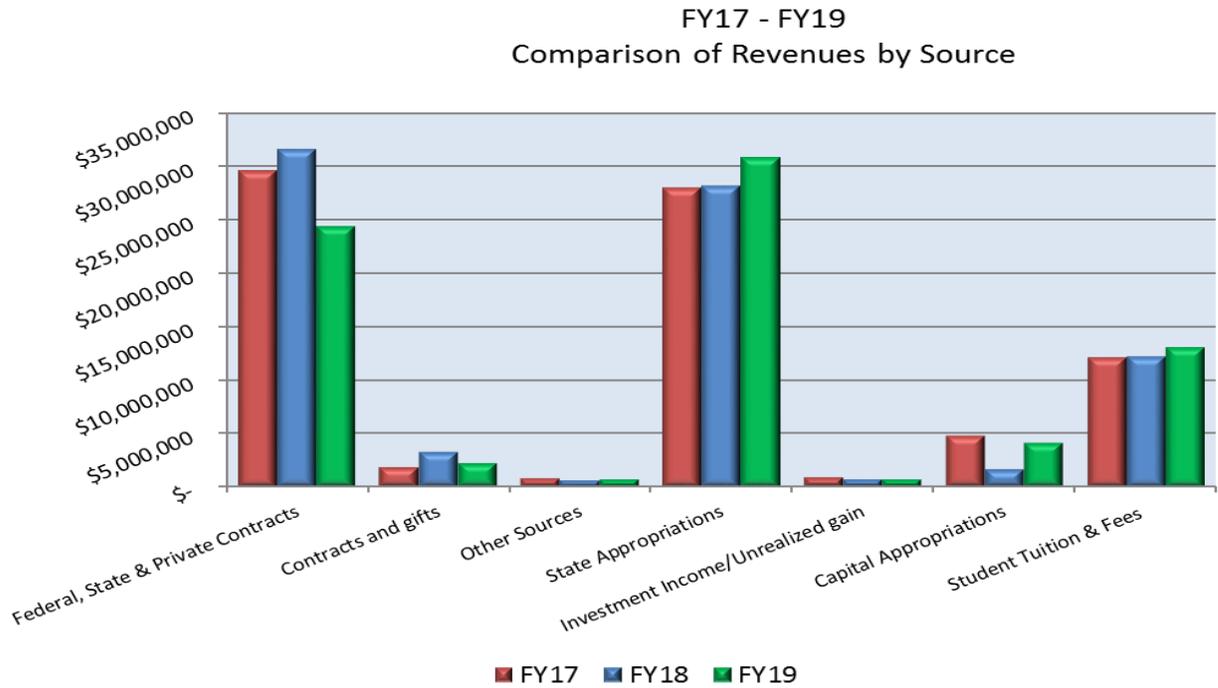
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues:			
Student tuition and fees	\$ 28,854,826	\$ 29,893,118	\$ 30,843,219
Less scholarship discounts and allowances	<u>(15,733,308)</u>	<u>(17,638,451)</u>	<u>(18,688,102)</u>
Student tuition and fees, net	13,121,518	12,254,667	12,155,117
Operating grants and contracts	24,395,376	31,523,960	29,531,093
Other sources	<u>787,376</u>	<u>714,145</u>	<u>850,227</u>
Total operating revenues	38,304,270	44,492,772	42,536,437
Operating expenses	<u>72,369,058</u>	<u>71,447,841</u>	<u>74,235,449</u>
Net operating loss	<u>(34,064,788)</u>	<u>(26,955,069)</u>	<u>(31,699,012)</u>
Non-operating revenues:			
State appropriations	30,831,968	28,139,954	27,928,331
Investment income and unrealized gains and los	2,260,253	787,676	963,123
Gifts and contributions	<u>775,446</u>	<u>3,388,665</u>	<u>1,948,030</u>
Total non-operating revenues	33,867,667	32,316,295	30,839,484
Gain (loss) before other revenues, expenses, gains, or losses	(197,121)	5,361,226	(859,528)
Capital appropriations	<u>4,149,618</u>	<u>1,779,641</u>	<u>4,875,855</u>
Increase (decrease) in net position	3,952,497	7,140,867	4,016,327
Net position, beginning of the year	<u>51,029,145</u>	<u>43,888,278</u>	<u>39,871,951</u>
Net position, end of the year	\$ <u><u>54,981,642</u></u>	\$ <u><u>51,029,145</u></u>	\$ <u><u>43,888,278</u></u> \$

# BRISTOL COMMUNITY COLLEGE

(an Agency of the Commonwealth of Massachusetts)

## Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019 and 2018



# BRISTOL COMMUNITY COLLEGE

(an Agency of the Commonwealth of Massachusetts)

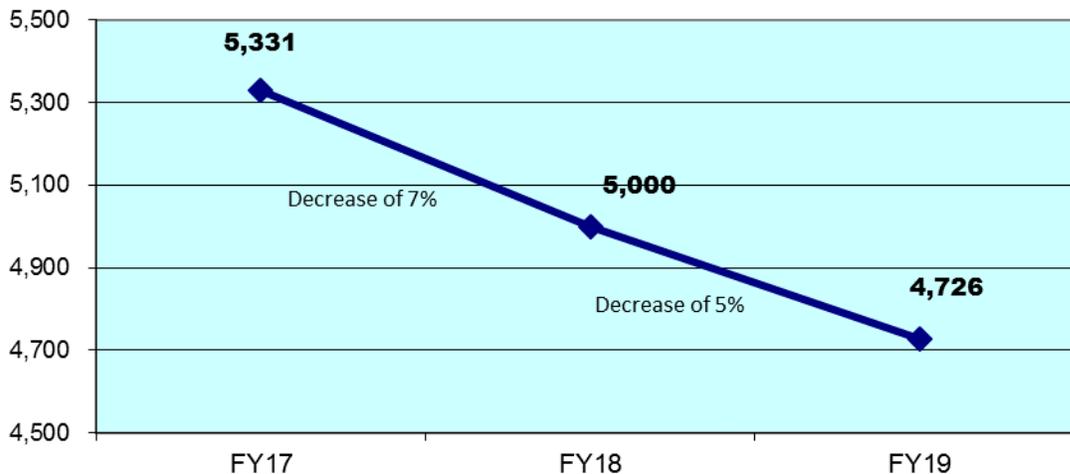
## Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2019 and 2018

### Financial Analysis - Continued

The College continues to examine revenue diversification and cost containment due to financial pressure from increased cost of compensation and benefits, and the need to continue investing in technology to support teaching and learning. Student tuition and fees, state appropriations, and federal financial aid remain the primary sources of funding for the College. Gross student tuition and fees in Fiscal Year 2019 decreased by approximately 3.5% from Fiscal Year 2018 tuition and fees due an approximate 5% decrease in enrollment credits and a slight fee increase of \$5.00 per credit. The enrollment decrease was a trend shared by most Massachusetts Community Colleges. State appropriations increased 9.6% from Fiscal Year 2019 to 2018, the majority of this increase was due to a change in how the Commonwealth distributed its Department of Elementary and Secondary Education (DESE) distributed its grants to the College. In previous years, it was funded through a grant, and in FY2019 it was funded via a state appropriation. This change in DESE funding increased the College's state appropriation by approximately \$1.7 million. The careful use of revenues generated by tuition and fees, and state appropriations, ensures that the mission statement of the College was followed and that students would continue to receive a high quality of education and services.

Student FTE



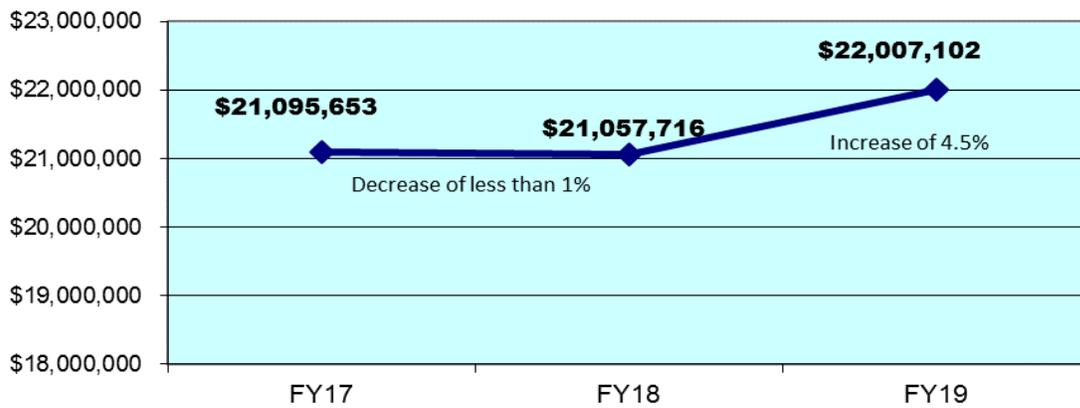
**BRISTOL COMMUNITY COLLEGE**  
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**Management's Discussion and Analysis (Unaudited) - Continued**

**June 30, 2019 and 2018**

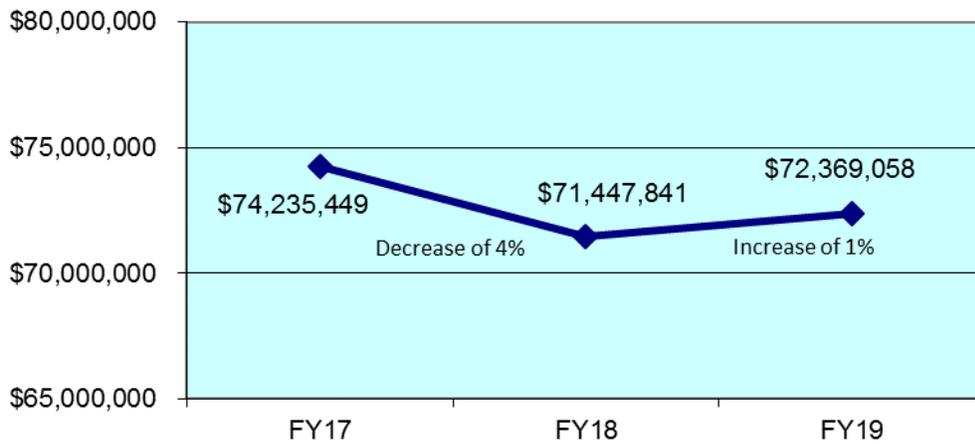
**Financial Analysis - Continued**

**Unrestricted State Appropriation**



Operating expenses increased slightly during the same time frame. This is primarily due contractual obligations and expansion into a new facility at the Taunton Campus. In Fiscal Year 2017, operating expenses increased 3.3 % from 2016.

**Operating Expenses**



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

**June 30, 2019 and 2018**

**Loss from Operations**

It is the nature of public higher education institutions to incur a loss from operations because the state appropriation is presented as non operating income. The Commonwealth's Board of Higher Education establishes tuition charges. The College sets fees and other charges. The College, with the purpose of balancing educational and operating needs with tuition and fee revenue, approves the budgets to mitigate losses after appropriations.

**State 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 details the Commonwealth's unrestricted appropriations received by the College for the fiscal years ended June 30, 2019, 2018, and 2017.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Gross Commonwealth unrestricted appropriations:	\$ 22,007,102	\$ 21,057,716	\$ 21,095,653
Plus fringe benefits*	7,770,203	7,289,928	6,989,529
Less tuition remitted	<u>\$ (447,577)</u>	<u>\$ (429,918)</u>	<u>\$ (441,711)</u>
Net Commonwealth support	<u>\$ 29,329,728</u>	<u>\$ 27,917,726</u>	<u>\$ 27,643,471</u>

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

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

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

**June 30, 2019 and 2018**

**Capital Assets and the Debts of the College**

Capital Assets: Bristol Community College's investment in capital assets, net of related liabilities, as of June 30, 2019 and 2018, amounts to \$57,575,644 and \$53,233,547 respectively, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and furnishings and equipment. Capital assets increased during the year ended June 30, 2019 by 8.1% or \$4,342,097. This was primarily the result of the increase in funds from the Commonwealth's Division of Capital Management (DCAMM). Capital assets increased for year ended June 30, 2018 by 5.3% or \$2,681,145. This was primarily the result of several new computer labs and roof repairs being completed in fiscal year 2018. Capital assets increased during the year ended June 30, 2017 by 8.5% or \$3,970,335. This was primarily the result of the increased addition of the new John J Sbrega Health and Science Building. All capital asset purchases are pre-approved by the Board of Trustees and are included in the College's Operating Budget submitted to the Board of Higher Education and the Commonwealth's Fiscal Affairs Division. Additional information about Bristol Community College's capital assets can be found in note 5 on pages 34-35 of this report.

In fiscal year 2017, the college opened a 50,000 square foot Health and Science Building. This building is a multiple award winning zero net energy building. It is certified as LEED Platinum. This building contains new facilities for allied health programs including nursing and dental hygiene. It also included six new science labs.

**Economic Factors and Next Year's Tuition and Student Fee Rates**

In Fiscal Year 2019, the Commonwealth continued to experience economic growth. The College's Unrestricted State Appropriation increased \$1,412,002 in Fiscal Year 2019 primarily due to the 1.7 million in state appropriated funding for the College's DESE grants. Initial projections for Fiscal Year 2020 are flat revenue projections for the Commonwealth. Also, due to a decline in high school class sizes, the enrollment for both Bristol Community College as well as other Massachusetts public colleges continued to experience a decline.

**Request for Information**

This financial report is designed to provide a general overview of Bristol Community College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, Bristol Community College, 777 Elsbree Street, Fall River, Massachusetts 02720.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Statements of Net Position**

**June 30, 2019 and 2018**

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30,

Assets and Deferred Outflows of Resources

	Primary Government		Component Unit	
	2019 College	2018 College	2019 Foundation	2018 Foundation
<b>Current Assets:</b>				
Cash and equivalents (Note 2)	\$ 10,997,629	\$ 11,418,978	\$ 743,276	\$ 1,075,099
Cash held by State Treasurer (Note 3)	4,640,377	3,843,938	-	-
Investments (Note 2)	17,056,020	16,326,348	2,658,183	463,545
Accounts receivable, net (Note 4)	4,234,243	3,937,009	55,751	12,203
Contributions receivable, current portion (Note 5)	-	-	313,738	326,363
Other current assets	<u>146,377</u>	<u>105,853</u>	<u>33,788</u>	<u>38,665</u>
<b>Total Current Assets</b>	<u>37,074,646</u>	<u>35,632,126</u>	<u>3,804,736</u>	<u>1,915,875</u>
<b>Non-Current Assets:</b>				
Cash and equivalents - restricted (Note 2)	-	1,200,000	-	-
Investments (Note 2)	-	-	11,037,933	12,386,181
Contributions receivable, net of current portion (Note 5)	-	-	600,000	93,189
Capital assets, net of accumulated depreciation (Note 6)	<u>57,575,644</u>	<u>53,233,547</u>	<u>4,156,727</u>	<u>4,338,736</u>
<b>Total Non-Current Assets</b>	<u>57,575,644</u>	<u>54,433,547</u>	<u>15,794,660</u>	<u>16,818,106</u>
<b>Total Assets</b>	<u>94,650,290</u>	<u>90,065,673</u>	<u>19,599,396</u>	<u>18,733,981</u>
<b>Deferred Outflows of Resources:</b>				
Pension related, net (Note 8)	2,587,237	2,742,349	-	-
OPEB related, net (Note 9)	<u>3,664,733</u>	<u>1,448,596</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>6,251,970</u>	<u>4,190,945</u>	<u>-</u>	<u>-</u>
 <b>Total Assets and Deferred Outflows of Resources</b>	 <u>\$ 100,902,260</u>	 <u>\$ 94,256,618</u>	 <u>\$ 19,599,396</u>	 <u>\$ 18,733,981</u>

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

**Liabilities, Deferred Inflows of Resources and Net Position**

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>2019 College</u>	2018 College	<u>2019 Foundation</u>	2018 Foundation
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities (Note 3)	\$ 1,602,165	\$ 1,695,736	\$ 28,643	\$ 111,071
Accrued payroll (Note 3)	2,495,221	2,652,139	-	-
Compensated absences (Note 7)	2,278,363	2,585,544	-	-
Workers' compensation (Note 7)	60,026	47,087	-	-
Students' deposits and unearned revenues	2,465,902	2,417,495	-	-
Funds held for others	155,661	132,550	-	-
Unearned rental income	-	-	80,697	96,748
Current portion of capital lease (Note 7)	75,395	-	-	-
Current portion of mortgage payable (Note 13)	-	-	135,370	128,429
<b>Total Current Liabilities</b>	<u>9,132,733</u>	<u>9,530,551</u>	<u>244,710</u>	<u>336,248</u>
<b>Non-Current Liabilities:</b>				
Compensated absences (Note 7)	833,056	866,248	-	-
Workers' compensation (Note 7)	155,120	167,924	-	-
Capital lease, net of current portion (Note 7)	216,732	-	-	-
Mortgage payable, net of current portion (Note 13)	-	-	2,571,167	2,705,752
Net pension liability (Note 8)	10,140,807	9,438,049	-	-
Net OPEB liability (Note 9)	17,811,989	18,357,051	-	-
<b>Total Non-Current Liabilities</b>	<u>29,157,704</u>	<u>28,829,272</u>	<u>2,571,167</u>	<u>2,705,752</u>
<b>Total Liabilities</b>	<u>38,290,437</u>	<u>38,359,823</u>	<u>2,815,877</u>	<u>3,042,000</u>
<b>Deferred Inflows of Resources:</b>				
Pension related, net (Note 8)	2,075,078	2,712,827	-	-
OPEB related, net (Note 9)	5,555,103	2,154,823	-	-
<b>Total Deferred Inflows of Resources</b>	<u>7,630,181</u>	<u>4,867,650</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	57,283,517	53,233,547	1,450,190	1,504,555
Restricted (Note 10):				
Nonexpendable	-	-	6,548,707	6,434,526
Expendable	4,213,917	4,551,080	6,936,989	5,881,598
Unrestricted (Note 11)	(6,515,792)	(6,755,482)	1,847,633	1,871,302
<b>Total Net Position</b>	<u>54,981,642</u>	<u>51,029,145</u>	<u>16,783,519</u>	<u>15,691,981</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 100,902,260</u>	<u>\$ 94,256,618</u>	<u>\$ 19,599,396</u>	<u>\$ 18,733,981</u>

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

**Statements of Revenues, Expenses and Changes in Net Position**

**For the Years Ended June 30,**

	<b>Primary Government</b>		<b>Component Unit</b>	
	<b>2019 College</b>	2018 College	<b>2019 Foundation</b>	2018 Foundation
<b>Operating Revenues:</b>				
Tuition and fees	\$ 28,854,826	\$ 29,893,118	\$ -	\$ -
Less: scholarship allowances	<u>(15,733,308)</u>	<u>(17,638,451)</u>	<u>-</u>	<u>-</u>
Net student tuition and fees	<b>13,121,518</b>	12,254,667	-	-
Federal grants and contracts	<b>22,458,119</b>	23,603,397	-	-
State grants and contracts	<b>1,671,390</b>	3,074,494	-	-
Private grants and contracts	<b>265,867</b>	4,846,069	-	-
Other sources	<u><b>787,376</b></u>	<u>714,145</u>	<u><b>1,331,695</b></u>	<u>1,305,668</u>
<b>Total Operating Revenues</b>	<u><b>38,304,270</b></u>	<u>44,492,772</u>	<u><b>1,331,695</b></u>	<u>1,305,668</u>
<b>Operating Expenses (Note 14):</b>				
Instruction	<b>27,468,384</b>	27,694,729	-	-
Academic support	<b>10,244,155</b>	10,570,705	-	-
Student services	<b>10,036,677</b>	10,311,726	-	-
Scholarships and fellowships	<b>5,390,208</b>	4,998,747	<b>123,264</b>	133,367
Operation and maintenance of plant	<b>5,172,555</b>	5,059,906	-	-
Institutional support	<b>11,455,521</b>	10,554,097	<b>82,116</b>	105,306
Depreciation	<u><b>2,601,558</b></u>	<u>2,257,931</u>	<u><b>182,951</b></u>	<u>182,117</u>
<b>Total Operating Expenses</b>	<u><b>72,369,058</b></u>	<u>71,447,841</u>	<u><b>388,331</b></u>	<u>420,790</u>
<b>Net Operating Income (Loss)</b>	<u><b>(34,064,788)</b></u>	<u>(26,955,069)</u>	<u><b>943,364</b></u>	<u>884,878</u>
<b>Non-Operating Revenues:</b>				
State appropriations, net (Note 16)	<b>30,831,968</b>	28,139,954	-	-
Contributions to College	<b>2,260,253</b>	3,388,665	<b>(2,260,253)</b>	(3,388,665)
Gifts and contributions	<b>-</b>	-	<b>1,341,984</b>	321,858
Net investment income	<u><b>775,446</b></u>	<u>787,676</u>	<u><b>1,066,443</b></u>	<u>722,196</u>
<b>Total Net Non-Operating Revenues</b>	<u><b>33,867,667</b></u>	<u>32,316,295</u>	<u><b>148,174</b></u>	<u>(2,344,611)</u>
<b>Changes in Net Position Before Other Revenues</b>	<b>(197,121)</b>	5,361,226	<b>1,091,538</b>	(1,459,733)
<b>Other Revenues:</b>				
Capital appropriations (Note 7)	<u><b>4,149,618</b></u>	<u>1,779,641</u>	<u>-</u>	<u>-</u>
<b>Changes in Net Position</b>	<b>3,952,497</b>	7,140,867	<b>1,091,538</b>	(1,459,733)
Net Position, Beginning of Year	<u><b>51,029,145</b></u>	<u>43,888,278</u>	<u><b>15,691,981</b></u>	<u>17,151,714</u>
<b>Net Position, End of Year</b>	<u><b>\$ 54,981,642</b></u>	<u>\$ 51,029,145</u>	<u><b>\$ 16,783,519</b></u>	<u>\$ 15,691,981</u>

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

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

**Statements of Cash Flows**

**For the Years Ended June 30,**

	<b>College</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities:</b>		
Tuition and student fees	\$ 12,757,770	\$ 11,571,070
Grants and contracts	24,212,198	31,544,418
Payments to suppliers	(12,126,044)	(10,984,365)
Payments to employees	(43,945,893)	(44,260,328)
Payments to students	(5,390,208)	(4,998,747)
Income from other sources	777,376	704,145
Net Cash Applied to Operating Activities	(23,714,801)	(16,423,807)
<b>Cash Flows from Non-Capital Financing Activities:</b>		
State appropriations	23,509,342	21,279,944
Tuition remitted to state	(447,577)	(429,918)
Gifts and grants received for other than capital purposes	2,260,253	3,388,665
Funds held for others	24,009	18,773
Net Cash Provided by Non-Capital Financing Activities	25,346,027	24,257,464
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital appropriations	3,268,161	1,548,152
Principal payments on capital leases	(73,663)	-
Purchases of capital assets	(5,696,408)	(4,707,587)
Net Cash Applied to Capital and Related Financing Activities	(2,501,910)	(3,159,435)
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(729,672)	(908,432)
Proceeds from sales and maturities of investments	660,068	665,643
Interest on Investments	115,378	25,728
Net Cash Provided by (Applied to) Investing Activities	45,774	(217,061)
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>(824,910)</b>	<b>4,457,161</b>
Cash and Equivalents, Beginning of Year	16,462,916	12,005,755
<b>Cash and Equivalents, End of Year</b>	<b>\$ 15,638,006</b>	<b>\$ 16,462,916</b>

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

**Statements of Cash Flows - Continued**

**For the Years Ended June 30,**

	<b>College</b>	
	<b>2019</b>	<b>2018</b>
<b>Reconciliation of Net Operating Loss to Net Cash</b>		
<b>Applied to Operating Activities:</b>		
Net operating loss	\$ (34,064,788)	\$ (26,955,069)
Adjustments to reconcile net loss to net cash applied to operating activities:		
Depreciation	2,601,558	2,257,931
Fringe benefits provided by the State	7,770,203	7,289,928
Bad debts	307,201	307,283
Changes in assets and liabilities:		
Accounts receivable	(604,435)	(727,565)
Other current assets	(40,524)	(27,800)
Accounts payable, accrued liabilities and accrued payroll	(250,489)	1,003,547
Accrued compensated absences and workers' compensation	(340,238)	(290,957)
Students' deposits and unearned revenues	47,509	64,425
Net pension activity	220,121	(78,888)
Net OPEB activity	639,081	733,358
Net Cash Applied to Operating Activities	\$ (23,714,801)	\$ (16,423,807)
<b>Summary of Cash and Equivalents, End of Year:</b>		
Cash and equivalents	\$ 10,997,629	\$12,618,978
Cash held by State Treasurer	4,640,377	3,843,938
<b>Total</b>	<b>\$ 15,638,006</b>	<b>\$ 16,462,916</b>
<b>Non-Cash Transactions:</b>		
Fringe benefits provided by the State	\$ 7,770,203	\$ 7,289,928
Capital improvements provided by capital appropriations	\$ 881,457	\$ 231,489
Capital improvements provided by capital lease	\$ 365,790	\$ -

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

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies**

*Organization*

Bristol Community College (the “College”) is a state-supported comprehensive two-year college that offers a quality education leading to associate degrees in the arts and sciences, as well as one-year certificate programs. With campuses located in Fall River, Massachusetts and New Bedford, 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’s mission is to provide educational, occupational, and cultural opportunities for an academically, economically, and culturally diverse population. The College also offers, through the Center for Business and Industry, noncredit courses, as well as community service programs. The College is accredited by the New England Commission of Higher Education.

*Basis of Presentation*

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (“GASB”). Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue, as soon as all eligibility requirements have been met.

The College’s policy is to define operating activities in the statements of revenues, expenses and changes in net position as those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the College’s operating and capital appropriations from the Commonwealth of Massachusetts (the “Commonwealth”), net investment income, gifts, and interest expense.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Basis of Presentation - continued*

Bristol Community College Foundation (the “Foundation”) is a legally separate tax-exempt component unit of Bristol Community 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 the activities of the College by the donors. Because these 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 Foundation is a not-for-profit corporation established in August 1980. The Foundation was established to promote and support the furtherance of the educational and cultural mission of Bristol Community College. The Foundation is located at the College’s Fall River campus. The Foundation is considered a component unit of the College because of the nature and significance of its relationship with the College and is therefore discretely presented in the College’s financial statements.

During the years ended June 30, 2019 and 2018, the Foundation distributed \$2,260,253 and \$3,388,665 respectively, to the College for both restricted and unrestricted purposes.

In reliance on the guidance issued by the Massachusetts Board of Higher Education, the College and its discretely presented component unit have classified the prior matching contributions from the Commonwealth of Massachusetts to the Endowment Incentive Program in accordance with either the donor’s original intent or the previously issued guidance. Accordingly, these amounts may be classified as restricted nonexpendable, restricted expendable, or unrestricted.

The complete financial statements for the Foundation can be obtained from Bristol Community College Foundation, 777 Elsbree Street, Fall River, MA 02720.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Net Position*

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

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

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

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

**Unrestricted:** All other categories of net position. Unrestricted net position may be designated by actions of the College's Board of Trustees.

The College has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

*Trust Funds*

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

*Cash and Equivalents*

The College considers all highly liquid debt instruments purchased with an original maturity date of three months or less, and cash and deposits held by agencies of the state on behalf of the College to be cash equivalents.

The Foundation considers all highly liquid debt instruments purchased with a maturity date of three months or less when purchased to be cash and equivalents. Money market accounts held with investment portfolios are cash equivalents. Cash and equivalents are report as current or non-current assets depending on the current restrictions and designations of funds.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Investments*

Investments in marketable securities are stated at fair value. The College has no donor-restricted endowments.

*Capital Assets*

Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment, and art collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the state's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. Interest costs on debt related to capital assets are capitalized during the construction period. College capital assets, with the exception of land, art sculptures and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("SERS") and the additions to/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.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Postemployment 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, and OPEB expense, information about the fiduciary net position of the State Retiree's Benefit Trust ("SRBT") and additions to/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.

*Other Fringe Benefits*

The College participates in the Commonwealth's Fringe Benefit programs, including health insurance, unemployment, pension, workers' compensation, and certain postretirement 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. Accrued vacation is the amount earned by all eligible employees through June 30, 2019 and 2018. The accrued sick leave balance represents 20% of amounts earned by those employees with 10 or more years of state service at June 30, 2019 and 2018. Upon retirement, these employees are entitled to receive payment for this accrued balance.

*Allowance for Doubtful Accounts*

Accounts receivable are periodically evaluated for collectability based on past history with students. Provisions for losses on loans receivable of the College are determined on the basis of loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral, and current economic conditions. Based on a periodic review of its receivables, the Foundation has determined that all receivables are materially collectible and therefore an allowance for uncollectible amounts at June 30, 2019 and 2018 is unnecessary.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*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.

*Students' Deposits and Unearned Revenue*

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred and recorded as revenues when earned.

*Student Tuition and 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, students and are generally reflected as expenses.

*Tax Status*

The College is an agency of the Commonwealth of Massachusetts and is therefore generally 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 revenues and expenses 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 determining the value of accounts receivable, net pension and OPEB liabilities, and estimating depreciation, amortization and recoverability of long-lived assets.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*New Governmental Accounting Pronouncements*

GASB Statement 84 – *Fiduciary Activities* is effective for periods beginning after December 15, 2018. The objective of this Statement is to establish criteria for identifying fiduciary activities. Activity meeting the established criteria would then be presented in a statement of fiduciary net position and a statement of changes in fiduciary net position. Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds and custodial funds would be reported, as applicable, according to this Statement. Information of component units of a primary government would be combined and shown in the aggregate with the fiduciary funds of the primary government. Under this Statement, a liability could be recognized to the beneficiaries in a fiduciary fund if the government has been compelled to disburse fiduciary resources. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 87 – *Leases* is effective for periods beginning after December 15, 2019. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Standard. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 90 – *Majority Equity Interests, an amendment of GASB Statements 14 and 61* is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve the consistency of reporting a government's majority equity interest in a legally separate organization. A majority equity interest should be recognized using the equity method if the government's holding of the equity interest represents an investment. Management has not completed its review of the requirements of this standard and its applicability.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 1 - **Summary of Significant Accounting Policies - Continued**

*New Governmental Accounting Pronouncements - continued*

GASB Statement 91 – Conduit Debt Obligations is effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to improve the consistency of reporting conduit debt. This Statement requires government entities that issue conduit debt, but are not the obligors, not to recognize the liability unless it is more likely than not that the government issuer will service the debt. Management has not completed its review of the requirements of this standard and its applicability.

Note 2 - **Cash and Investments**

*Overall Deposits and Investments Descriptions*

Deposits and investments consist of the following at June 30,:

	2019	2018
Cash in banks	\$ 10,997,629	\$ 12,618,978
Investments:		
Certificates of deposit	3,515,246	3,520,292
Bond mutual funds	6,273,567	5,749,232
Stock mutual funds	7,075,911	6,929,702
Money market funds	191,296	127,122
Total investments	17,056,020	16,326,348
Total cash in banks and investments	\$ 28,053,649	\$ 28,945,326

Custodial Risk

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits might not be recovered. Deposits are made in domestic banks that are federally insured with supplemental insurance for those accounts exceeding the federally insured limits. The College's bank balances at June 30, 2019 and 2018 were approximately \$11,338,000 and \$13,061,000, respectively, and were not exposed to custodial credit risk as uninsured and uncollateralized.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 2 - **Cash and Investments - Continued**

*Custodial Risk - continued*

Total cash deposited with one financial institution, including sweep and checking accounts, aggregates approximately \$5,705,000 and \$8,750,000 or 50% and 69% at June 30, 2019 and 2018, respectively, of total cash and equivalents. These deposits are secured by an irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Pittsburgh up to an aggregate amount of \$9,000,000 providing a scope of coverage substantially the same as that provided by federal deposit insurance and thus not exposed to custodial credit risk.

*Concentration of Credit Risk*

There was no concentration of credit risk at June 30, 2019. Certificates of deposits are made in domestic banks that are federally insured with supplemental insurance for those accounts exceeding the federally insured limits.

*Investment Policy*

In accordance with Chapter 15A of the Massachusetts General Laws, the Board of Trustees has adopted an investment policy that applies to locally held funds that are not appropriated by the state legislature or derived from federal allocations. The principle objectives of the investment policy are: (1) preservation of capital and safety of principal, (2) minimizing price volatility, (3) liquidity, (4) return on investment, and (5) diversification. Permissible deposits and investments are as follows:

***Cash:*** Domestic banks, federal savings and loan institutions, and credit unions that are federally insured and Massachusetts banks with supplemental insurance for those accounts exceeding the federally insured limits to a maximum of \$1,000,000. Accounts are allowed to go slightly above insured rates for accrued interest.

***Investments:*** Obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities, corporate obligations that are - rated A or better by Standard and Poor's Corporation, or A or better by Moody's Investors Services; commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, or guaranteed through a letter of credit arrangement with a major financial institution, repurchase agreements, mutual funds and equity securities.

**BRISTOL COMMUNITY COLLEGE**  
 (an Agency of the Commonwealth of Massachusetts)

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 2 - **Cash and Investments - Continued**

*Deposits, Investments and Maturities*

The College's investments and maturities inferring risk at June 30, consist of:

<u>Investment type</u>	<u>Fair value</u>	<u>2019 Investments</u>			
		<u>Investment maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
<b>Debt securities:</b>					
Certificates of deposit	\$ 3,515,246	\$ 3,515,246	\$ -	\$ -	\$ -
Bond mutual funds	<u>6,273,567</u>	<u>-</u>	<u>-</u>	<u>6,273,567</u>	<u>-</u>
	9,788,813	<u>\$ 3,515,246</u>	<u>\$ -</u>	<u>\$ 6,273,567</u>	<u>\$ -</u>
<b>Other investments:</b>					
Cash in bank	10,997,629				
Stock mutual funds	7,075,911				
Money market funds	<u>191,296</u>				
Total	<u>\$ 28,053,649</u>				

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 2 - **Cash and Investments - Continued**

*Deposits, Investments and Maturities - continued*

Investment type	Fair value	2018 Investments			
		Investment maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
Debt securities:					
Certificates of deposit	\$ 3,520,292	\$ 3,520,292	\$ -	\$ -	\$ -
Bond mutual funds	5,749,232	79,841	950,505	4,718,886	-
	9,269,524	<u>\$ 3,600,133</u>	<u>\$ 950,505</u>	<u>\$ 4,718,886</u>	<u>\$ -</u>
Other investments:					
Cash in bank	12,618,978				
Stock mutual funds	6,929,702				
Money market funds	127,122				
Total	<u>\$ 28,945,326</u>				

The credit quality ratings of the College's debt investments are unrated for the years ended June 30, 2019 and 2018. The bond mutual funds are unrated as they represent funds placed with a private investment company.

*Fair Value Hierarchy*

The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted market prices for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, directly or indirectly. Level 3 inputs are unobservable inputs. The highest priority is assigned to Level 1 inputs and the lowest to Level 3 inputs. If the fair value is measured using inputs from more than one level of the hierarchy, the measurement is considered to be based on the lowest priority input level that is significant to the entire measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of unobservable inputs.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 2 - **Cash and Investments - Continued**

*Fair Value Hierarchy - continued*

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets at fair value on a recurring basis.

Following is a description of the valuation methodologies used for assets measured at fair value. With the adoption of GASB Statement 72, there have been no changes in the methodologies used to measure fair value.

*Registered investment companies:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Board of Trustees are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Board of Trustees are deemed to be actively traded.

*Certificates of Deposit:* Valued at the initial investment cost plus accrued interest.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 2 - **Cash and Investments - Continued**

*Fair Value Hierarchy - continued*

The following tables set forth, by level, the College's Investments:

	June 30, 2019				
	NAV per share	Level 1	Level 2	Level 3	Total
Registered investment companies	\$ -	\$ 13,540,774	\$ -	\$ -	\$ 13,540,774
Certificates of deposit	<u>-</u>	<u>-</u>	<u>3,515,246</u>	<u>-</u>	<u>3,515,246</u>
Total marketable securities at fair value	<u>\$ -</u>	<u>\$ 13,540,774</u>	<u>\$ 3,515,246</u>	<u>\$ -</u>	<u>\$ 17,056,020</u>

	June 30, 2018				
	NAV per share	Level 1	Level 2	Level 3	Total
Registered investment companies	\$ -	\$ 12,806,056	\$ -	\$ -	\$ 12,806,056
Certificates of deposit	<u>-</u>	<u>3,520,292</u>	<u>-</u>	<u>-</u>	<u>3,520,292</u>
Total marketable securities at fair value	<u>\$ -</u>	<u>\$ 16,326,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,326,348</u>

*Other Matters*

The College does not have foreign currency investments, securities lending transactions or derivative investments.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 2 - **Cash and Investments - Continued**

*Foundation Investment Policy*

The investment objectives for the Foundation's endowment and quasi-endowment assets are to provide income to support current operations and to achieve growth of principal and income over time to preserve or increase purchasing power. Based upon historical evidence, equity investments have produced substantially greater returns net of inflation. As a long-term guideline, equity investments will constitute approximately 65% of endowment assets, with an acceptable range of 55% to 65%, and up to 25% of which may be invested in international stocks. Fixed-income investments may include short-term money market securities, which have historically produced the lowest return of inflation. Such investments, however, shall be kept at the minimum levels that the Finance Committee considers necessary to meet foreseeable short-term liquidity requirements. The largest percentage of fixed-income investments shall be invested in portfolios of high-quality corporate bonds and U.S. Treasury securities. These investments may be made through a number of separately managed portfolios offered by professional managers.

The majority of the Foundation's endowed funds are invested together in the Foundation's master investment accounts. Total investment return for the year is allocated annually to each fund based upon its weighted average value as a percentage of total fund balance.

The Foundation has a policy of appropriating for distribution to meet current financial needs without expending more than 4% of the 3-year average market value of all endowments. Certain other endowed funds may be subject to other restrictions including those directed by the donor.

The Foundation's endowment net assets are those funds, that either by donor restriction or Board designation, are intended to be invested long-term in order to earn income and to fund programs and awards over a long period or in perpetuity.

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

**June 30, 2019 and 2018**

Note 2 - **Cash and Investments - Continued**

*Investments of the Foundation*

The Foundation's investments consist of the following at June 30,:

	<b>2019</b>	2018
Beneficial interest in trusts	\$ <b>790,269</b>	\$ 771,727
Equity securities and funds	<b>9,720,693</b>	9,156,240
Corporate bonds	<b>1,957,841</b>	1,921,893
Other	<b>156,908</b>	111,799
Federal obligations	<b>1,070,405</b>	888,067
Total investments	<b>\$ 13,696,116</b>	\$ 12,849,726

Note 3 - **Cash Held by State Treasurer**

Accounts payable and accrued salaries to be funded from state-appropriated funds totaled approximately \$740,000 and \$1,144,000 at June 30, 2019 and 2018, respectively. The College has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently used to pay for such liabilities. Cash held by State Treasurer also included \$3.9 million and \$2.7 million of College funds sent to the State Treasurer to be used in accordance with the Massachusetts Life Sciences Grant, as of June 30, 2019 and 2018, respectively.

Note 4 - **Accounts Receivable**

Accounts receivable include the following at June 30,:

	<b>2019</b>	2018
Student accounts receivable	\$ <b>3,109,752</b>	\$ 2,926,851
Grants receivable	<b>1,220,688</b>	1,171,182
Other receivables	<b>556,634</b>	422,962
	<b>4,887,074</b>	4,520,995
Less: allowance for doubtful accounts	<b>(652,831)</b>	(583,986)
	<b>\$ 4,234,243</b>	\$ 3,937,009

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

**June 30, 2019 and 2018**

Note 5 - **Contributions Receivable**

Contributions receivable of the Foundation are all considered collectable and are as follows at June 30,:

	<u>2019</u>	<u>2018</u>
Amounts due in:		
Less than one year	\$ <b>313,738</b>	\$ 326,363
One to five years	<u>600,000</u>	<u>93,189</u>
	<u>\$ <b>913,738</b></u>	<u>\$ 419,552</u>

As of June 30, 2019 and 2018, the Foundation considers discounts on pledges receivable due in one to five years to be immaterial. As of June 30, 2019, approximately 88% of the pledges receivable are from one foundation.

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

**June 30, 2019 and 2018**

Note 6 - **Capital Assets**

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

		2019					
		Estimated lives (in years)	Beginning balance	Additions	Retirements	Reclassifications	Ending balance
<b>Non-depreciable:</b>							
	Land		\$ 35,825	\$ -	\$ -	\$ -	\$ 35,825
	Art sculpture		98,200	-	-	-	98,200
	Construction in progress		1,563,241	1,031,747	-	(1,487,281)	1,107,707
	<b>Total non-depreciable</b>		1,697,266	1,031,747	-	(1,487,281)	1,241,732
<b>Depreciable:</b>							
	Land improvements	20	3,237,079	106,592	-	-	3,343,671
	Building, including improvements	20-40	87,385,822	5,253,861	-	1,487,281	94,126,964
	Furnishings and equipment	3-10	2,619,179	551,455	-	-	3,170,634
	Leasehold improvements	5	471,658	-	-	-	471,658
	<b>Total depreciable</b>		93,713,738	5,911,908	-	1,487,281	101,112,927
<b>Less: accumulated depreciation:</b>							
	Land improvements		(1,551,655)	(156,694)	-	-	(1,708,349)
	Building, including improvements		(37,997,250)	(2,215,262)	-	-	(40,212,512)
	Furnishings and equipment		(2,156,894)	(229,602)	-	-	(2,386,496)
	Leasehold improvements		(471,658)	-	-	-	(471,658)
	<b>Total accumulated depreciation</b>		(42,177,457)	(2,601,558)	-	-	(44,779,015)
	<b>Capital assets, net</b>		\$ 53,233,547	\$ 4,342,097	\$ -	\$ -	\$ 57,575,644

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 6 - **Capital Assets - Continued**

		2018					
		Estimated lives (in years)	Beginning balance	Additions	Retirements	Reclassifications	Ending balance
Non-depreciable:							
	Land		\$ 35,825	\$ -	\$ -	\$ -	\$ 35,825
	Art sculpture		98,200	-	-	-	98,200
	Construction in progress		887,253	1,559,382	-	(883,394)	1,563,241
	Total non-depreciable		1,021,278	1,559,382	-	(883,394)	1,697,266
Depreciable:							
	Land improvements	20	3,084,469	152,610	-	-	3,237,079
	Building, including improvements	20-40	83,275,344	3,227,084	-	883,394	87,385,822
	Furnishings and equipment	3-10	2,694,179	-	(75,000)	-	2,619,179
	Leasehold improvements	5	471,658	-	-	-	471,658
	Total depreciable		89,525,650	3,379,694	(75,000)	883,394	93,713,738
Less: accumulated depreciation:							
	Land improvements		(1,393,616)	(158,039)	-	-	(1,551,655)
	Building, including improvements		(36,088,650)	(1,908,600)	-	-	(37,997,250)
	Furnishings and equipment		(2,040,602)	(191,292)	75,000	-	(2,156,894)
	Leasehold improvements		(471,658)	-	-	-	(471,658)
	Total accumulated depreciation		(39,994,526)	(2,257,931)	75,000	-	(42,177,457)
	Capital assets, net		\$ 50,552,402	\$ 2,681,145	\$ -	\$ -	\$ 53,233,547

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

**June 30, 2019 and 2018**

Note 6 - **Capital Assets - Continued**

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

	2019					Ending balance
	Estimated lives (in years)	Beginning balance	Additions	Retirements	Reclassifications	
<b>Non-depreciable:</b>						
Land		\$ 940,700	\$ -	\$ -	\$ -	\$ 940,700
Construction in progress		508,353	942	-	-	509,295
Art sculpture		18,000	-	-	-	18,000
<b>Total non-depreciable</b>		<b>1,467,053</b>	<b>942</b>	<b>-</b>	<b>-</b>	<b>1,467,995</b>
<b>Depreciable:</b>						
Land improvements	20	14,813	-	-	-	14,813
Building, including improvements	20-40	4,555,264	-	-	-	4,555,264
<b>Total depreciable</b>		<b>4,570,077</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,570,077</b>
<b>Less: accumulated depreciation:</b>						
Land improvements		(6,666)	(740)	-	-	(7,406)
Building, including improvements		(1,691,728)	(182,211)	-	-	(1,873,939)
<b>Total accumulated depreciation</b>		<b>(1,698,394)</b>	<b>(182,951)</b>	<b>-</b>	<b>-</b>	<b>(1,881,345)</b>
<b>Capital assets, net</b>		<b>\$ 4,338,736</b>	<b>\$ (182,009)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,156,727</b>

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

**June 30, 2019 and 2018**

Note 6 - **Capital Assets - Continued**

		2018					
		Estimated lives (in years)	Beginning balance	Additions	Retirements	Reclassifications	Ending balance
Non-depreciable:							
	Land		\$ 940,700	\$ -	\$ -	\$ -	\$ 940,700
	Construction in Progress		98,445	409,908			508,353
	Art sculpture		18,000	-	-	-	18,000
	Total non-depreciable		1,057,145	409,908	-	-	1,467,053
Depreciable:							
	Land improvements	20	14,813	-	-	-	14,813
	Building, including improvements	20-40	4,305,032	250,232	-	-	4,555,264
	Total depreciable		4,319,845	250,232	-	-	4,570,077
Less: accumulated depreciation:							
	Land improvements		(5,926)	(740)	-	-	(6,666)
	Building, including improvements		(1,510,351)	(181,377)	-	-	(1,691,728)
	Total accumulated depreciation		(1,516,277)	(182,117)	-	-	(1,698,394)
	Capital assets, net		<u>\$ 3,860,713</u>	<u>\$ 478,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,338,736</u>

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

**June 30, 2019 and 2018**

Note 7 - **Long-Term Liabilities**

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

	2019				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Compensated absences	\$ 3,451,792	\$ -	\$ (340,373)	\$ 3,111,419	\$2,278,363
Workers' compensation	215,011	135	-	215,146	60,026
Capital lease obligation	-	365,790	(73,663)	292,127	75,395
Net pension liability	9,438,049	702,758	-	10,140,807	-
Net OPEB liability	18,357,051	-	(545,062)	17,811,989	-
<b>Total long-term liabilities</b>	<b>\$31,461,903</b>	<b>\$1,068,683</b>	<b>\$ (959,098)</b>	<b>\$ 31,571,488</b>	<b>\$2,413,784</b>

	2018				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Compensated absences	\$ 3,731,668	\$ -	\$ (279,876)	\$ 3,451,792	\$2,585,544
Workers' compensation	226,092	-	(11,081)	215,011	47,087
Net pension liability	10,561,888	-	(1,123,839)	9,438,049	-
Net OPEB liability	18,792,033	-	(434,982)	18,357,051	-
<b>Total long-term liabilities</b>	<b>\$33,311,681</b>	<b>\$ -</b>	<b>\$(1,849,778)</b>	<b>\$ 31,461,903</b>	<b>\$2,632,631</b>

**Capital Lease Obligation**

The College leases LED lights under a capital lease maturing in April 2024. The College entered into a contract with Ascentium Capital and KS Bank in March 2018 to finance the project which was completed in five phases providing new lighting for ten buildings. The total cost of the project was \$383,941 with monthly payments totaling \$6,792.

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

**June 30, 2019 and 2018**

Note 7 - **Long-Term Liabilities - Continued**

*Capital Lease Obligation - continued*

Future annual lease payments subsequent to June 30, 2019 are as follows:

	Years Ending		
	<u>June 30,</u>		
	2020	\$	81,499
	2021		81,499
	2022		81,499
	2023		<u>61,126</u>
Total minimum lease payments			305,623
Less interest			<u>(13,496)</u>
		<u>\$</u>	<u>292,127</u>

Note 8 - **Pensions**

*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 is available online from the Office of State Comptroller’s website.

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

*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 State 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 are not eligible to retire prior to 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.

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

*Contributions - continued*

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

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

The Commonwealth does not require the College to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees paid from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to approximately \$2,686,000, \$2,463,000 and \$2,652,000 for the years ended June 30, 2019, 2018 and 2017, respectively.

For employees covered by SERS but not paid from state appropriations, the College is required to contribute at an actuarially determined rate. The rate was 12.06%, 11.78% and 9.95% of annual covered payroll for the fiscal years ended June 30, 2019, 2018 and 2017, respectively. The College contributed \$531,717, \$700,937 and \$575,354 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year. Annual covered payroll was approximately 67%, 65% and 62% of total related payroll for fiscal years end 2019, 2018 and 2017, respectively.

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

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

At June 30, 2019 and 2018, the College reported a liability of \$10,140,807 and \$9,438,049, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2019, the reporting date, was measured as of June 30, 2018, 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, 2018 rolled forward to June 30, 2018. The net pension liability as of June 30, 2018, the reporting date, was measured as of June 30, 2017, 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, 2017 rolled forward to June 30, 2017.

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 fiscal years 2019 and 2018. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2019 and 2018 relative to total contributions of all participating employers for the fiscal year. At June 30, 2019 and 2018, the College's proportion was 0.077% and 0.074%, respectively.

For the years ended June 30, 2019 and 2018, the College recognized pension expense of \$751,835, and \$622,052, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

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

	<u>2019</u>	<u>2018</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 531,717	\$ 700,937
Differences between expected and actual experience	321,580	364,913
Changes in proportions from Commonwealth	27,349	32,326
Changes in plan actuarial assumptions	1,027,708	982,173
Changes in proportions due to internal allocations	<u>678,883</u>	<u>662,000</u>
Total	<u>\$ 2,587,237</u>	<u>\$ 2,742,349</u>
<u>Deferred Inflows of Resources Related to Pension</u>		
Differences between expected and actual experience	\$ 206,670	\$ 256,785
Differences between projected and actual earnings on pension plan investments	352,484	112,454
Changes in proportions from Commonwealth	1,928	3,364
Changes in proportions due to internal allocations	<u>1,513,996</u>	<u>2,340,224</u>
Total	<u>\$ 2,075,078</u>	<u>\$ 2,712,827</u>

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

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

The College's contributions of \$531,717 and \$700,937 made during the fiscal years ending 2019 and 2018, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the succeeding year. 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 <u>June 30,</u>	
2020	\$ 437,455
2021	92,508
2022	(345,310)
2023	(179,132)
2024	<u>(25,079)</u>
	<u>\$ (19,558)</u>

*Actuarial Assumptions*

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

Measurement date	<b>June 30, 2019</b>	June 30, 2018
Inflation on the first \$13,000 of allowance	<b>3.00%</b>	3.00%
Salary increases	<b>4.00% to 9.00%</b>	4.00% to 9.00%
Investment rate of return	<b>7.35%</b>	7.50%
Investment rate credited to annuity savings fund	<b>3.50%</b>	3.50%

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

*Actuarial Assumptions - continued*

For measurement dates June 30, 2018 and 2017, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females
- Disability - reflects RP-2000 Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year.

The 2019 pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 2018 and rolled forward to June 30, 2018. The 2018 pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 2017 and rolled forward to June 30, 2017

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:

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

*Actuarial Assumptions - continued*

**2019**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	39.0%	5.0%
Portfolio Completion Strategies	13.0%	3.7%
Core Fixed Income	12.0%	0.9%
Private Equity	12.0%	6.6%
Real Estate	10.0%	3.8%
Value Added Fixed Income	10.0%	3.8%
Timberland/Natural Resources	<u>4.0%</u>	3.4%
	100.0%	

**2018**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	40.0%	5.0%
Portfolio Completion Strategies	13.0%	3.6%
Core Fixed Income	12.0%	1.1%
Private Equity	11.0%	6.6%
Real Estate	10.0%	3.6%
Value Added Fixed Income	10.0%	3.8%
Timberland/Natural Resources	4.0%	3.2%
Hedge Funds	<u>0.0%</u>	3.6%
	100.0%	

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

**June 30, 2019 and 2018**

Note 8 - **Pensions - Continued**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.35% and 7.50% at June 30, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate 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.

<b><u>June 30, 2019</u></b>		
Current		
1.00% Decrease (6.35%)	Discount Rate (7.35%)	1.00% Increase (8.35%)
\$ 13,668,113	\$ 10,140,807	\$ 7,126,860
<b><u>June 30, 2018</u></b>		
Current		
1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
\$ 12,854,320	\$ 9,438,049	\$ 6,686,234

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB**

*Plan Description*

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

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

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

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

*Benefits Provided*

Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

*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, 2018, and as of the valuation date (January 1, 2018), participants contributed 0% to 20% 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.

Effective beginning in fiscal year 2014, by statute, the Commonwealth is required to allocate, to the SRBT, a portion of revenue received under the Master Settlement Agreement with tobacco companies, increasing from 10% in fiscal year 2014 to 100% by fiscal year 2023. In fiscal years 2018 and 2017, 30% and 10%, respectively, of tobacco settlement proceeds or approximately \$73 million and \$25 million was allocated to the SRBT. The percentage of proceeds to be transferred to the SRBT in fiscal years 2018 and 2017 was set at 30% and 10%, respectively, overriding existing statute.

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 amongst 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 8.79% and 8.92% of annual covered payroll for the fiscal years ended June 30, 2019 and 2018, respectively. The College contributed \$387,725 and \$530,693 for the fiscal year ended June 30, 2019 and 2018, respectively, equal to 100% of the required contribution for the year.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

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

At June 30, 2019 and 2018 the College reported a liability of \$17,811,989 and \$18,357,051, 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, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018 and 2017, 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 2018 and 2017. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2018 and 2017 relative to total contributions of all participating employers for the fiscal year. At June 30, 2019 and 2018 the College's proportion was 0.119% and 0.105%, respectively.

For the year ended June 30, 2019 and 2018, the College recognized OPEB expense of \$1,143,377 and \$1,292,836. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

<u>Deferred Outflows of Resources Related to OPEB</u>	<u>2019</u>	<u>2018</u>
Contributions subsequent to the measurement date	\$ 387,725	\$ 530,693
Differences between expected and actual experience	216,343	-
Changes in proportion from Commonwealth	57,243	38,419
Changes in proportion due to internal allocation	<u>3,003,422</u>	<u>879,484</u>
Total deferred outflows related to OPEB	<u>\$ 3,664,733</u>	<u>\$ 1,448,596</u>

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

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

Deferred Inflows of Resources Related to OPEB

Net differences between projected and actual earnings on OPEB plan investments	\$	44,477	\$	33,492
Differences between expected and actual experience		38,019		42,206
Changes in OPEB plan actuarial assumptions		<u>5,472,607</u>		<u>2,079,125</u>
Total deferred inflows related to OPEB	\$	<u>5,555,103</u>	\$	<u>2,154,823</u>

The College's contribution of \$387,725 and \$530,693 made during the fiscal year 2019 and 2018, respectively, subsequent to the measurement date will be recognized as a reduction of the net OPEB liability each of the succeeding years.

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

Years Ending <u>June 30,</u>	
2020	\$ (512,213)
2021	(512,213)
2022	(512,213)
2023	(396,827)
2024	<u>(344,629)</u>
	<u>\$ (2,278,095)</u>

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

*Actuarial Assumptions*

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

Measurement date	June 30, 2018	June 30, 2017
Inflation	3.00%	3.00%
Salary increases	4.0% per year	4.5% per year
Investment rate of return	7.35%, net of OPEB plan investment expense, including inflation	7.5%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	8.0%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 then decreasing 0.25% each year to an ultimate rate of 5.0% in 2025 for Medical; 5.0% for EGWP; 5.0% for administrative costs	8.5%, decreasing by 0.5% each year to an ultimate rate of 5.0% in 2024 for Medical; 5.0% for EGWP; 5.0% for administrative costs

The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

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

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

*Actuarial Assumptions - continued*

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 80% 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:

	<u>Retirement Age</u>	
	<u>Under 65</u>	<u>Age 65+</u>
Indemnity	40.0%	85.0%
POS/PPO	50.0%	0.0%
HMO	10.0%	15.0%

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

*Actuarial Assumptions - continued*

The actuarial assumptions used in the January 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2016 and 2015 through December 31, 2017 and 2016, depending upon the criteria being evaluated.

As a result of this actuarial experience study, the mortality assumption was adjusted in the January 1, 2017 and 2016 actuarial valuations to more closely reflect actual experience as a result of the recent experience study completed by the Public Employee Retirement Administration Commission ("PERAC").

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2018, are the same as discussed in the Pension footnote number 9.

*Discount Rate*

The discount rate used to measure the total OPEB liability for 2019 and 2018 was 3.95% and 3.63%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.87% and 3.58%) 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 2025 and 2023 for the fiscal years 2019 and 2018, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.35% and 7.50%, respectively per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

*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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

		<u>June 30, 2019</u>	
	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.95%	3.95%	4.95%
<hr/>			
Net OPEB Liability	\$ 21,032,903	\$ 17,811,989	\$ 15,236,916
		<u>June 30, 2018</u>	
	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.63%	3.63%	4.63%
<hr/>			
Net OPEB Liability	\$ 21,791,288	\$ 18,357,051	\$ 15,626,565

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 9 - **OPEB - Continued**

*Sensitivity of the College's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates*

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>2019</b>		
1.00% Decrease (B)	Current Healthcare Cost Trend Rate (A)	1.00% Increase (C)
<b>\$ 14,798,688</b>	<b>\$ 17,811,989</b>	<b>\$ 21,745,717</b>
<b>2018</b>		
1.00% Decrease (B)	Current Healthcare Cost Trend Rate (A)	1.00% Increase (C)
\$ 15,188,125	\$ 18,357,051	\$ 22,527,166

- (A) - Current healthcare cost trend rate, as disclosed on page 52
- (B) - 1-percentage decrease in current healthcare cost trend rate, as disclosed on page 52
- (C) - 1-percentage increase in current healthcare cost trend rate, as disclosed on page 52

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 10 - **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. All restricted-expendable funds are to be used for academic programs.

The Foundation's restricted - nonexpendable and expendable net assets consist of investments to be utilized for various scholarships and program support.

Note 11 - **Net Assets Without Restriction**

The Foundation's net assets without restriction are composed of the following at June 30,:

	2019	2018
Net assets without restriction designated by the Foundation's Board of Directors for the following purposes:		
Margaret Jackson Art Center and Visual Arts Fund	\$ 365,926	\$ 354,254
President's Merit Scholarship	106,719	50,669
Undesignated	1,374,988	1,466,379
Total net assets without restriction	\$ 1,847,633	\$ 1,871,302

Note 12 - **Commitments and Contingencies**

**Related Party Transactions**

On March 30, 2007, the College entered into a revocable license agreement with the Foundation for use of a building and related premises located in Attleboro, Massachusetts, to be used for additional classroom and instructional space and such other related purposes consistent with that of a community college. The license, which expired on March 30, 2016, is automatically renewed for one year unless notice is given by either party not less than thirty days prior to the then scheduled expiration date. Total costs under this license agreement were approximately \$284,000 for the years ended June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, the College had made payments of approximately \$284,000 and \$213,000, respectively, related to this license agreement. The Foundation has a mortgage payable on this property of \$2,706,537 as of June 30, 2019.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 12 - **Commitments and Contingencies - Continued**

*Related Party Transactions - continued*

During May 2019, the College entered into a lease agreement with the Foundation for use of campus space in New Bedford. Commitments under the agreement are to remit a base annual rental fee for a period of 10 years in monthly installments of approximately \$46,000.

*Litigations*

In May 2017, the College filed a notice of appeal of a jury trial verdict which, in October 2016, awarded the plaintiff, of a discrimination suit, \$2.5 million. The College filed an appeal of this ruling in August 2018. In the event that the verdict is upheld, or another judgement or settlement is reached, the College intends to submit the full amount of any judgement or settlement to the Commonwealth Office of the Comptroller for payment pursuant to 815 CMR 5.00.

There are various lawsuits pending or threatened against the College that arose from the ordinary course of operations, other than the one previously described. In the opinion of management, no litigation is now pending or threatened, which would materially affect the College's financial position.

*Federal, State, and Private Grants and Contracts*

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

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This 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%. The College is obligated to accept 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.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 12 - **Commitments and Contingencies - Continued**

*Risk Management*

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.

Note 13 - **Lease Commitments**

The College has leases for academic space to provide student access in Taunton, New Bedford and Fall River. Total occupancy costs for the years ended June 30, 2019 and 2018 were approximately \$1,163,000 and \$1,041,000, respectively.

Future annual lease payments subsequent to June 30, 2019 are as follows:

Years Ending <u>June 30,</u>	
2020	\$ 1,665,581
2021	1,322,341
2022	1,345,189
2023	1,368,721
2024	1,392,960
Thereafter	<u>3,980,474</u>
	<u>\$ 11,075,266</u>

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 14 - **Operating Expenses**

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

	2019	2018
Compensation and benefits	\$ 52,078,142	\$ 52,358,209
Supplies and services	12,299,150	11,832,954
Depreciation	2,601,558	2,257,931
Scholarships and fellowships	5,390,208	4,998,747
	\$ 72,369,058	\$ 71,447,841

Note 15 - **Other Fringe Benefits**

The College participates in the Commonwealth's Fringe Benefit programs, including active employee and postemployment 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, and 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.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 15 - **Other Fringe Benefits - Continued**

*Group Insurance Commission - continued*

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 and their survivors and dependents. During the fiscal years ended June 30, 2019 and 2018, 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 pretax 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 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 obligation for any future pay-out.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 16 - **State Appropriation**

	2019	2018
Direct unrestricted appropriations:	<b>\$ 22,007,102</b>	\$ 21,057,716
Add: fringe benefits for benefited employees on the state payroll	<b>7,770,203</b>	7,289,928
Less: day school tuition remitted to the state and included in tuition and fee revenue	<b>(447,577)</b>	(429,918)
Total unrestricted appropriations	<b>29,329,728</b>	27,917,726
Restricted appropriations	<b>1,502,240</b>	222,228
Capital appropriations	<b>4,149,618</b>	1,779,641
Total appropriations	<b>\$ 34,981,586</b>	\$ 29,919,595

Note 17 - **Massachusetts Management Accounting and Reporting System**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth colleges and universities to report activities 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*.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Financial Statements - Continued**

**June 30, 2019 and 2018**

Note 17 - **Massachusetts Management Accounting and Reporting System - Continued**

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

	<u>2019</u>	<u>2018</u>
Revenue per MMARS	\$ 26,157,792	\$ 21,684,899
Revenue per College	<u>27,386,982</u>	<u>23,456,338</u>
Difference	<u>\$ (1,229,190)</u>	<u>\$ (1,771,439)</u>

The difference for the year ended June 30, 2019 relates to a combination of factors including funding by the state for tuition waivers totaling approximately \$600,300 and funding by the College for payroll, facility improvements and other items of approximately \$628,900.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

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

Year ended	<b>June 30, 2019</b>	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	<b>June 30, 2018</b>	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	<b>January 1, 2018</b>	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	<b>0.077%</b>	0.074%	0.077%	0.104%	0.087%
Proportionate share of the collective net pension liability	<b>\$ 10,140,807</b>	\$ 9,438,049	\$ 10,561,888	\$ 11,807,041	\$ 6,491,611
College's covered-employee payroll	<b>\$ 5,950,229</b>	\$ 5,782,451	\$ 5,818,335	\$ 6,250,090	\$ 6,846,015
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<b>170.43%</b>	163.22%	181.53%	188.91%	94.82%
Plan fiduciary net position as a percentage of the total pension liability	<b>67.91%</b>	67.21%	63.48%	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.*

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

**Schedules of Contributions (Unaudited) - Pension**

**For the Years Ended June 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ <b>531,717</b>	\$ 700,937	\$ 575,354	\$ 550,021	\$ 649,384
Contributions in relation to the contractually required contribution	<u><b>531,717</b></u>	<u>700,937</u>	<u>575,354</u>	<u>550,021</u>	<u>649,384</u>
Contribution excess	<u><b>\$ -</b></u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ <b>4,408,930</b>	\$ 5,950,229	\$ 5,782,451	\$ 5,818,335	\$ 6,250,090
Contribution as a percentage of covered-employee payroll	<b>12.06%</b>	11.78%	9.95%	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.*

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Required Supplementary Information - Pension (Unaudited)**

**June 30, 2019 and 2018**

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

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.

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Notes to the Required Supplementary Information - Pension (Unaudited) -  
Continued**

**June 30, 2019 and 2018**

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

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)

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Schedules of Proportionate Share of Net OPEB Liability (Unaudited)**

**Massachusetts State Retirees' Benefit Trust**

Year ended	June 30, 2019	June 30, 2018
Measurement date	June 30, 2018	June 30, 2017
Valuation date	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.119%	0.105%
Proportionate share of the collective net OPEB liability	\$ 17,811,989	\$ 18,357,051
College's covered payroll	\$ 5,950,229	\$ 5,782,451
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	299.35%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	7.38%	5.39%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years

*See accompanying notes to the required supplementary information.*

**BRISTOL COMMUNITY COLLEGE**  
**(an Agency of the Commonwealth of Massachusetts)**

**Schedules of Contributions - OPEB (Unaudited)**

**Massachusetts State Retirees' Benefit Trust**

**For the Year Ended June 30,**

	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 387,725	\$ 530,693
Contributions in relation to the statutorily required contribution	<u>(387,725)</u>	<u>(530,693)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 4,408,930	\$ 5,950,229
Contribution as a percentage of covered payroll	8.79%	8.92%

Notes:

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

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

*See accompanying notes to the required supplementary information.*

**BRISTOL COMMUNITY COLLEGE**  
(an Agency of the Commonwealth of Massachusetts)

**Notes to the Required Supplementary Information - OPEB (Unaudited)**

**June 30, 2019 and 2018**

Note 1 - **Change in Plan Assumptions**

**Fiscal year June 30, 2019**

Assumptions:

*Change in Trend on Future Costs*

The healthcare trend rate decreased from 8.5% to 8.0%, which impact 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 3.95% (based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

**Fiscal year June 30, 2018**

Assumptions:

*Change in Discount Rate*

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

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



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

To the Board of Trustees of  
Bristol Community College  
Fall River, Massachusetts

We have audited, in accordance with the 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 Bristol Community College (an Agency of the Commonwealth of Massachusetts) (the "College") which comprise the statements of net position as of June 30, 2019, and the related statements of revenues and expenses, changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 16, 2019. Our report includes a reference to other auditors who audited the financial statements of Bristol Community College Foundation, as described in our report on the College's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit 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 the 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants  
Braintree, Massachusetts**

October 16, 2019