

**BERKSHIRE HILLS REGIONAL
SCHOOL DISTRICT**

Annual Financial Statements

For the Year Ended June 30, 2018

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Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

INDEPENDENT AUDITORS' REPORT

To the School Committee
Berkshire Hills Regional School District

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Berkshire Hills Regional School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Berkshire Hills Regional School District, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

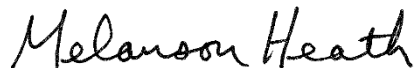
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB Schedules appearing on pages 44 to 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the School District's basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2019, on our consideration of the School District'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 School District'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 School District's internal control over financial reporting and compliance.



February 19, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Berkshire Hills Regional School District (the School District), we offer readers this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2018.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The statement of net position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information

presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs.

Notes to financial statements. The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of liabilities and deferred inflows exceeded assets and deferred outflows by \$(45,849,449) (i.e., net position), a decrease of \$(2,352,959) in comparison to the (restated) prior year.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$3,829,385, an increase of \$92,689 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,363,666, an increase of \$61,123 in comparison with the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>NET POSITION</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 11,416,039	\$ 11,796,210
Capital assets	<u>22,525,974</u>	<u>23,148,000</u>
Total assets	33,942,013	34,944,210
Deferred outflows of resources	833,935	1,042,050
Other liabilities	1,864,372	1,539,389
Long-term liabilities outstanding	<u>75,055,094</u>	<u>30,162,167</u>
Total liabilities	76,919,466	31,701,556
Deferred inflows of resources	3,705,931	123,511
Net assets:		
Invested in capital assets, net	11,691,228	12,205,000
Restricted	1,907,609	1,987,295
Unrestricted	<u>(59,448,286)</u>	<u>(10,031,102)</u>
Total net position	<u>\$ (45,849,449)</u>	<u>\$ 4,161,193</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(45,849,449), a decrease of \$(2,352,959) in comparison with the (restated) prior year.

By far the largest portion of net position, \$11,691,228 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,907,609 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(59,448,286), caused primarily by recording the unfunded OPEB and pension liabilities.

CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,431,521	\$ 1,579,903
Operating grants and contributions	6,548,241	6,750,682
General revenues:		
Assessments to member towns	21,269,425	20,505,943
Grants and contributions not restricted to specific programs	4,015,486	3,923,405
Investment income	43,561	25,086
Miscellaneous	146,798	35,855
Total Revenues	<u>33,455,032</u>	<u>32,820,874</u>
Expenses:		
Administration and benefits	2,110,537	1,927,999
Instruction	22,358,541	21,291,763
Other school services	3,779,919	3,543,750
Operation and maintenance	2,783,556	2,538,712
Fixed charges	188,316	188,961
Intergovernmental	194,852	-
Interest expense	266,589	351,573
Special education	4,125,681	3,486,254
Total expenses	<u>35,807,991</u>	<u>33,329,012</u>
Change in net position	(2,352,959)	(508,138)
Net position - beginning of year as restated	<u>(43,496,490)</u>	<u>4,669,331</u>
Net position - end of year	<u>\$ (45,849,449)</u>	<u>\$ 4,161,193</u>

Fiscal year 2017 amounts reported above were not restated as the School District applied GASB 75 prospectively.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$(2,352,959). Key elements of this change are as follows:

- General fund increase of \$172,375 which is further explained in the governmental funds section below.
- Non-major fund expenditures in excess of revenues and other sources by \$(79,686).
- Capital additions of \$122,403 were budgeted as expenses and funded through grants and appropriations. On the government-wide basis, this results in revenue being generated in excess of expenditures, since the "expenses" are actually being added to capital assets.
- Excess of principal debt expense (included in the budget) over depreciation expense and disposals (not budgeted for) of \$685,571 and amortization of bond premium of \$220,291.

- Increase in (restated) net OPEB obligation and net pension liability net of deferrals of \$(2,706,959) neither of which is due and payable in the current period and, therefore, not reported in governmental funds.
- Current year amortization of state (MSBA) reimbursements of school building projects of \$(811,489).
- Other accrual adjustments of \$44,535.

D. FINANCIAL ANALYSIS OF FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,829,385, an increase of \$92,689 in comparison with the prior year. Key elements of this change are as follows:

- General fund increase of \$172,375 which is further explained below.
- Non-major fund expenditures in excess of revenues and other sources by \$(79,686).

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,363,666, while total fund balance was \$1,921,776. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Total 2018 General Fund Expenditures</u>
Unassigned fund balance	\$ 1,363,666	\$ 1,302,543	\$ 61,123	4.9%
Total fund balance	\$ 1,921,776	\$ 1,749,401	\$ 172,375	6.9%

The fund balance of the general fund changed by \$172,375 during the current fiscal year. Key factors in this change are as follows:

- Actual revenues were more than the current year budget by \$258,374.
- Expenditures were less than anticipated by \$492,619.
- Expenditures of prior year encumbrances of \$(111,840).

- Current year encumbrances of \$63,092.
- Use of excess and deficiency of \$(335,018).
- Refund due to member towns accrual of \$(194,852).

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the totals of the original budget and the final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets at year-end amounted to \$22,525,974 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and machinery and equipment.

Major capital asset events during the current fiscal year were as follows:

- Current year depreciation expense - \$(739,876).
- Purchase of various equipment - \$122,403.
- Loss on disposition of assets - \$(4,553).

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, total long-term debt (bonds payable, unamortized bond premium and long term note payable) outstanding was \$10,834,746, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term loans and notes can be found in the footnotes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Berkshire Hills Regional School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ms. Sharon Harrison
Business Manager
Berkshire Hills Regional School District
50 Main Street
Stockbridge, MA 01262

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental <u>Activities</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 5,589,808
Intergovernmental receivables	5,818,792
Inventory	7,439
Noncurrent:	
Capital assets, net of accumulated depreciation	21,781,974
Land	744,000
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>833,935</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	34,775,948
LIABILITIES	
Current:	
Warrants payable	174,913
Accrued payroll and withholdings	1,398,097
Accrued interest payable	96,510
Intergovernmental payable	194,852
Current portion of long-term liabilities:	
Bonds payable	1,600,291
Note payable	124,000
Noncurrent:	
Bonds payable, net of current portion	8,986,455
Note payable, net of current portion	124,000
Net pension liability	1,783,857
Total OPEB liability	62,279,006
Compensated absences	157,485
DEFERRED INFLOWS OF RESOURCES	
Related to OPEB	2,950,519
Related to pensions	<u>755,412</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	80,625,397
NET POSITION	
Invested in capital assets, net of related debt	11,691,228
Restricted for:	
Grants and other statutory restrictions	1,900,170
Permanent nonexpendable funds	7,439
Unrestricted	<u>(59,448,286)</u>
TOTAL NET POSITION	\$ <u>(45,849,449)</u>

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Administration and benefits	\$ 2,110,537	\$ 61,274	\$ 231,015	\$ (1,818,248)
Instruction	22,358,541	957,322	4,982,231	(16,418,988)
Other school services	3,779,919	396,967	473,469	(2,909,483)
Operation and maintenance	2,783,556	15,958	281,887	(2,485,711)
Fixed charges	188,316	-	-	(188,316)
Intergovernmental	194,852	-	-	(194,852)
Interest expense	266,589	-	-	(266,589)
Special education	<u>4,125,681</u>	<u>-</u>	<u>579,639</u>	<u>(3,546,042)</u>
Total Governmental Activities	<u>\$ 35,807,991</u>	<u>\$ 1,431,521</u>	<u>\$ 6,548,241</u>	(27,828,229)
		General Revenues:		
				21,269,425
				4,015,486
				43,561
				<u>146,798</u>
				25,475,270
				(2,352,959)
		Net Assets:		
				<u>(43,496,490)</u>
				<u>\$ (45,849,449)</u>

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ 3,678,375	\$ 1,911,433	\$ 5,589,808
Intergovernmental receivables	5,818,792	-	5,818,792
Inventory	-	7,439	7,439
TOTAL ASSETS	<u>\$ 9,497,167</u>	<u>\$ 1,918,872</u>	<u>\$ 11,416,039</u>
LIABILITIES			
Warrants payable	\$ 163,650	\$ 11,263	\$ 174,913
Accrued payroll	1,256,356	-	1,256,356
Payroll withholdings	141,741	-	141,741
Intergovernmental payable	<u>194,852</u>	<u>-</u>	<u>194,852</u>
TOTAL LIABILITIES	1,756,599	11,263	1,767,862
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	5,818,792	-	5,818,792
FUND BALANCES			
Non spendable	-	7,439	7,439
Restricted	-	1,919,713	1,919,713
Assigned	558,110	-	558,110
Unassigned	<u>1,363,666</u>	<u>(19,543)</u>	<u>1,344,123</u>
TOTAL FUND BALANCES	<u>1,921,776</u>	<u>1,907,609</u>	<u>3,829,385</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,497,167</u>	<u>\$ 1,918,872</u>	<u>\$ 11,416,039</u>

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND
 BALANCES TO NET POSITION OF GOVERNMENTAL
 ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2018

Total Governmental Fund Balances	\$	3,829,385
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 	22,525,974	
<ul style="list-style-type: none"> • Accrual of receivable from Massachusetts School Building Authority, which is deferred in the governmental funds. 	5,818,792	
<ul style="list-style-type: none"> • Long-term liabilities, including bonds payable, net pension liability, and total OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds. 	(77,769,605)	
<ul style="list-style-type: none"> • Other 	<u>(253,995)</u>	
Net Position of Governmental Activities	\$	<u><u>(45,849,449)</u></u>

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Assessments to member towns	\$ 21,269,425	\$ -	\$ 21,269,425
Charges for services	-	1,431,521	1,431,521
Intergovernmental	6,710,228	2,907,358	9,617,586
Investment income	43,561	-	43,561
Miscellaneous	<u>146,798</u>	<u>-</u>	<u>146,798</u>
Total Revenues	28,170,012	4,338,879	32,508,891
Expenditures:			
Current:			
Administration and benefits	1,275,681	67,994	1,343,675
Instruction	11,030,058	2,652,571	13,682,629
Other school services	2,531,973	733,573	3,265,546
Operation and maintenance	2,002,863	46,631	2,049,494
Fixed charges	188,316	-	188,316
Employee benefits	7,547,906	-	7,547,906
Intergovernmental	194,852	-	194,852
Special education	1,295,644	917,614	2,213,258
Debt service	<u>1,930,526</u>	<u>-</u>	<u>1,930,526</u>
Total Expenditures	<u>27,997,819</u>	<u>4,418,383</u>	<u>32,416,202</u>
Excess (deficiency) of revenues over expenditures	172,193	(79,504)	92,689
Other Financing Sources (Uses):			
Transfers in	182	-	182
Transfers out	<u>-</u>	<u>(182)</u>	<u>(182)</u>
Total Other Financing Sources (Uses):	<u>182</u>	<u>(182)</u>	<u>-</u>
Change in fund balance	172,375	(79,686)	92,689
Fund Balance at Beginning of Year	<u>1,749,401</u>	<u>1,987,295</u>	<u>3,736,696</u>
Fund Balance at End of Year	<u>\$ 1,921,776</u>	<u>\$ 1,907,609</u>	<u>\$ 3,829,385</u>

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Changes in Fund Balances - Total Governmental Funds	\$	92,689																								
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Capital outlay purchases</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">122,403</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">(739,876)</td> </tr> <tr> <td>Loss on disposal</td> <td></td> <td style="text-align: right;">(4,553)</td> </tr> </table> • Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures, and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in deferred revenue. (811,489) • The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Repayment of debt</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">1,430,000</td> </tr> <tr> <td>Amortization of bond premium</td> <td></td> <td style="text-align: right;">220,291</td> </tr> </table> • Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Net pension liability and related deferred outflows and inflows of resources</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">76,646</td> </tr> <tr> <td>Total OPEB liability and related deferred outflows and inflows of resources</td> <td></td> <td style="text-align: right;">(2,783,605)</td> </tr> <tr> <td>Other</td> <td></td> <td></td> </tr> </table> • Other differences 44,535 			Capital outlay purchases		122,403	Depreciation		(739,876)	Loss on disposal		(4,553)	Repayment of debt		1,430,000	Amortization of bond premium		220,291	Net pension liability and related deferred outflows and inflows of resources		76,646	Total OPEB liability and related deferred outflows and inflows of resources		(2,783,605)	Other		
Capital outlay purchases		122,403																								
Depreciation		(739,876)																								
Loss on disposal		(4,553)																								
Repayment of debt		1,430,000																								
Amortization of bond premium		220,291																								
Net pension liability and related deferred outflows and inflows of resources		76,646																								
Total OPEB liability and related deferred outflows and inflows of resources		(2,783,605)																								
Other																										
Change in Net Position of Governmental Activities	\$	<u>(2,352,959)</u>																								

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Transfers In:				
Assessments to member towns	\$ 21,269,425	\$ 21,269,425	\$ 21,269,425	\$ -
Intergovernmental	4,706,642	4,706,642	4,826,975	120,333
Investment income	7,500	7,500	43,561	36,061
Miscellaneous	45,000	45,000	146,798	101,798
Transfers In	-	-	182	182
Total Revenues and Transfers In	26,028,567	26,028,567	26,286,941	258,374
Expenditures and Transfers Out:				
Administration and benefits	1,808,800	1,803,190	1,262,544	540,646
Instruction	10,388,744	11,005,010	11,047,336	(42,326)
Other school services	2,476,247	2,531,340	2,529,475	1,865
Operation and maintenance	2,032,585	1,999,640	1,967,022	32,618
Fixed charges	194,688	188,321	188,316	5
Employee benefits	5,888,520	5,661,882	5,664,653	(2,771)
Debt service	1,949,000	1,930,526	1,930,526	-
Special education	1,625,000	1,243,201	1,281,094	(37,893)
Transfer out	1	475	-	475
Total Expenditures and Transfers Out	26,363,585	26,363,585	25,870,966	492,619
Excess of revenues and transfers in over expenditures and transfers out	(335,018)	(335,018)	415,975	750,993
Other Financing Sources/Uses:				
Use of Excess and Deficiency:				
Operating budget	335,018	335,018	335,018	-
Total Other Financing Sources/Uses	335,018	335,018	335,018	-
	\$ -	\$ -	\$ 750,993	\$ 750,993

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ -	\$ 198,151
Funds held by by Community Foundation	<u>304,839</u>	<u>-</u>
Total Assets	304,839	198,151
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	15,050	-
Student activity funds	<u>-</u>	<u>198,151</u>
Total Liabilities	<u>15,050</u>	<u>198,151</u>
<u>NET POSITION</u>		
Total net position held in trust	\$ <u><u>289,789</u></u>	\$ <u><u>-</u></u>

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

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment income	\$ 5,625
Contributions	3,125
Miscellaneous	<u>2,750</u>
Total additions	11,500
Deductions:	
Administration	2,578
Scholarships	<u>12,350</u>
Net (decrease)	(3,428)
Net position:	
Beginning of year	<u>293,217</u>
End of year	<u>\$ 289,789</u>

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

Berkshire Hills Regional School District

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Berkshire Hills Regional School District (the School District) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The government is a municipal corporation governed by an elected School Committee. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2018, it was determined that no entities met the required GASB-39 criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Member assessments and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include member assessments.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Typically, revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The government reports the following major governmental fund:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in a permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

- The *agency funds* account for fiduciary assets held by the School District in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type is included under investment income.

E. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	15
Land and improvements	20
Vehicles, equipment and furnishings	5 – 10

F. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

H. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The School District reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

I. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and

expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

The School Committee annually determines the amount to be raised (after deducting the amount of anticipated revenue the School District expects to receive) to maintain and operate the School District during the next fiscal year. The School District then calculates the assessments to each Town based on its approved budget and seeks an appropriation in the amount of that assessment from each Town's annual town meeting. After assessments are appropriated by each Town that are consistent with the School Committee's budget (either its initial budget or a budget revised to be consistent with the Town's appropriations), the School District Treasurer certifies the assessments to the Treasurers of the Towns.

Formal budgetary integration is employed as a management control device during the year for the general fund. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

B. Budgetary Basis

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 28,170,012	\$ 27,997,819
Other financing sources/uses (GAAP basis)	182	-
Reverse prior year appropriation carry- forwards from expenditures	-	(111,840)
Add end of year appropriation carryforwards to expenditures	-	63,092
Reverse accrual of member refunds	-	(194,852)
Reverse the effect of non-budgeted State contributions for teachers retirement	<u>(1,883,253)</u>	<u>(1,883,253)</u>
Budgetary basis	<u>\$ 26,286,941</u>	<u>\$ 25,870,966</u>

D. Assessments of Member Towns

Most capital and operating costs of the School District in excess of each town's net minimum contribution are apportioned to the member towns on the basis of their respective pupil enrollments in the School District on October 1 of the preceding year. Certain costs, such as transportation and debt service, are outside of the net school spending requirements established by the Commonwealth. These costs are apportioned to the member towns based on either the above percentage or on a member-specific basis. For the year ended June 30, 2018, the assessments were calculated as follows:

	<u>Minimum Contribution</u>	<u>Contribution Outside Net Sch. Spending</u>	<u>Total Operating Assessments</u>	<u>Capital Assessment</u>	<u>Total Assessment</u>
Great Barrington	\$ 6,895,406	\$ 7,849,777	\$ 14,745,183	\$ 584,214	\$ 15,329,397
Stockbridge	1,350,322	1,601,307	2,951,629	119,176	3,070,805
West Stockbridge	<u>1,329,198</u>	<u>1,433,349</u>	<u>2,762,547</u>	<u>106,676</u>	<u>2,869,223</u>
Total	<u>\$ 9,574,926</u>	<u>\$ 10,884,433</u>	<u>\$ 20,459,359</u>	<u>\$ 810,066</u>	<u>\$ 21,269,425</u>

E. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2018:

FY18 Special Education Grant	\$ 10,571
Safe & Supportive Schools Grant	<u>8,972</u>
	<u>\$ 19,543</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. Massachusetts General Law Chapter 44, section 55, limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty per cent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The School District manages custodial credit risk by the diversification and choice of depository. The School District does not have a deposit policy for custodial credit risk.

As of June 30, 2018, none of the School District's bank balance of \$5,915,761 was exposed to custodial credit risk as uninsured and/or uncollateralized.

4. Intergovernmental Receivables

The balance reported primarily represents reimbursements from the Massachusetts School Building Authority for debt incurred by the School District to fund a middle / high school building project in prior years. The reimbursement from MSBA will be received in annual installments of approximately \$1 million through fiscal year 2024.

5. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 884,980	\$ -	\$ -	\$ 884,980
Buildings and improvements	32,425,706	-	-	32,425,706
Machinery, equipment, and furnishings	<u>6,415,730</u>	<u>122,403</u>	<u>(39,681)</u>	<u>6,498,452</u>
Total capital assets, being depreciated	39,726,416	122,403	(39,681)	39,809,138
Less accumulated depreciation for:				
Land improvements	(884,980)	-	-	(884,980)
Buildings and improvements	(10,335,531)	(631,477)	-	(10,967,008)
Machinery, equipment, and furnishings	<u>(6,101,905)</u>	<u>(108,399)</u>	<u>35,128</u>	<u>(6,175,176)</u>
Total accumulated depreciation	<u>(17,322,416)</u>	<u>(739,876)</u>	<u>35,128</u>	<u>(18,027,164)</u>
Total capital assets, being depreciated	22,404,000	(617,473)	(4,553)	21,781,974
Capital assets, not being depreciated:				
Land	<u>744,000</u>	<u>-</u>	<u>-</u>	<u>744,000</u>
Total capital assets, not being depreciated	<u>744,000</u>	<u>-</u>	<u>-</u>	<u>744,000</u>
Total capital assets, net	<u>\$ 23,148,000</u>	<u>\$ (617,473)</u>	<u>\$ (4,553)</u>	<u>\$ 22,525,974</u>

Depreciation expense was charged to functions of the School District as follows:

Governmental Activities:

Administration	\$ 4,665
Instruction	705,886
Other school services	3,208
Operation and maintenance	<u>26,117</u>
Total depreciation expense - governmental activities	\$ <u>739,876</u>

6. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the School District that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions in accordance with GASB Statement No. 68 are more formally discussed in the corresponding pension notes.

7. Funds Held by Community Foundation

In fiscal year 2018, the District established two scholarship accounts with the Berkshire Taconic Community Foundation (the Foundation). While this account functions as a conventional investment account, depositing or distributing funds at the District's request, the agreement creating the account confers certain rights over the funds to the Foundation. Specifically the agreement states that title to the monies rests with the Foundation and that requests for distribution may not be binding on the Foundation; however, the Foundation typically has not exercised these rights.

8. Warrants Payable

Warrants payable represent 2018 expenditures paid by July 15, 2018.

9. Intergovernmental Payable

Massachusetts General Laws allow regional school districts to retain a maximum of 5% of the subsequent year's budget as unrestricted surplus (Excess and Deficiency). Any excess amount is to be returned to the member units.

The School District's balance represents refunds due to member towns for excess General Fund surplus as of June 30, 2018. This balance will be refunded to member towns in fiscal year 2019 through reduced assessments.

10. Long-Term Debt

A. General Obligation Debt

The School District issues general obligation bonds and long-term notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Bond Outstanding as of June 30, 2018</u>	<u>Unamortized Bond Premium</u>	<u>Amount Outstanding as of June 30, 2018</u>
Bonds payable:					
School building renovation	10/15/23	2.17	\$ <u>9,265,000</u>	\$ <u>1,321,746</u>	\$ <u>10,586,746</u>
Total Governmental Activities			\$ <u><u>9,265,000</u></u>	\$ <u><u>1,321,746</u></u>	\$ <u><u>10,586,746</u></u>

<u>Long-term notes payable</u>	<u>Intended Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of June 30, 2018</u>
Various capital projects*	2020	2.35%	\$ <u>248,000</u>
Total note payable			\$ <u><u>248,000</u></u>

* This borrowing is a short-term note intended to finance these purchases over a period of time. This is being accomplished by rolling over the short-term note for lesser amounts each year. The interest rate reported is the interest rate for the short-term note issued in fiscal year 2018 and due in fiscal year 2019.

B. Future Debt Service

The annual payments to retire the general obligation bond outstanding and related bond premium as of June 30, 2018 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,600,291	\$ 428,750	\$ 2,029,041
2020	1,670,291	358,000	2,028,291
2021	1,735,291	283,875	2,019,166
2022	1,810,291	206,250	2,016,541
2023	1,875,291	125,125	2,000,416
2024 - 2028	<u>1,895,291</u>	<u>41,875</u>	<u>1,937,166</u>
Total	\$ <u><u>10,586,746</u></u>	\$ <u><u>1,443,875</u></u>	\$ <u><u>12,030,621</u></u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Total Balance July 1, 2017	Additions	Reductions	Total Balance June 30, 2018	Less Current Portion	Long-Term Portion June 30, 2018
<u>Governmental Activities</u>						
Bonds payable	\$ 10,575,000	\$ -	\$ (1,310,000)	\$ 9,265,000	\$ (1,380,000)	\$ 7,885,000
Unamortized bond premium	1,542,037	-	(220,291)	1,321,746	(220,291)	1,101,455
Total bonds payable	12,117,037	-	(1,530,291)	10,586,746	(1,600,291)	8,986,455
Long term note payable	368,000	-	(120,000)	248,000	(124,000)	124,000
Net pension liability	2,700,519	-	(916,662)	1,783,857	-	1,783,857
Net OPEB obligation	14,788,237	47,490,769	-	62,279,006	-	62,279,006
Compensated absences	188,374	-	(30,889)	157,485	-	157,485
Totals	\$ 30,162,167	\$ 47,490,769	\$ (2,597,842)	\$ 75,055,094	\$ (1,724,291)	\$ 73,330,803

11. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the School District that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

12. Governmental Funds – Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The School District implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2018:

Non-spendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be

maintained intact. This fund balance classification includes nonmajor governmental fund reserve for food service inventory.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds.

Assigned - Represents amounts that are constrained by the School District's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various School District departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period and surplus (E&D) to be used in the subsequent year's budget.

Unassigned - Represents amounts that are available to be spent in future periods and deficit funds.

Following is a breakdown of the School District's fund balances at June 30, 2018:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable			
Reserved for inventory	\$ -	\$ 7,439	\$ 7,439
Total Non-spendable	-	7,439	7,439
Restricted			
Special revenue funds	-	1,919,713	1,919,713
Total Restricted	-	1,919,713	1,919,713
Assigned			
Encumbrances	63,092	-	63,092
Reserved for expenditures	495,018	-	495,018
Total Assigned	558,110	-	558,110
Unassigned			
Deficit funds	-	(19,543)	(19,543)
General fund	1,363,666	-	1,363,666
Total Unassigned	1,363,666	(19,543)	1,344,123
Total Fund Balance	\$ 1,921,776	\$ 1,907,609	\$ 3,829,385

13. Commitments and Contingencies

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be School District expects such amounts, if any, to be immaterial.

Outstanding Legal Issues - There are several pending legal issues in which the School District is involved. The School District's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Berkshire Health Group - The School District is a member of the Berkshire Health Group (the Group), a Massachusetts Municipal Joint Purchase Health Insurance Trust organized under Chapter 32B Section 12 of the Massachusetts General Laws to purchase and provide health care coverage for its members. As of June 30, 2018, there were 12 participating municipal entities.

Any participating governmental unit may withdraw from the Group at its discretion upon written notification to the Board at least 90 days prior to the anniversary date of health care coverage contracts purchased by the Group. The Board may terminate a participating governmental unit by a two-thirds vote of all Board members if the unit is in arrears for any payment due to the Group. There is no liability for premiums and expenses following the effective date of the withdrawal or termination of a participating governmental unit except for its (1) proportional share of any deficits in self-funded plans, (2) open premium expense and (3) any subsequent expense to cover its subscribers remaining (where required by law) on plans after withdrawal or termination.

A participating governmental unit's proportionate share of a deficit in the self-funded plans shall be the deficiency certified as of as of June 30 in the fiscal year of withdrawal or termination multiplied by the quotient as defined in the agreement. A withdrawn or terminated participating governmental unit shall not be entitled to any share of any surplus in the Trust. All surpluses or deficits of the Group are shared on a proportional and collective basis by non-terminating members. It is at the sole discretion of the Group's Board whether any surplus is to be distributed to the participating governmental units through rate reduction. In the case of a deficit, additional revenue may be raised from each participating governmental unit.

Based on the audited results of operations of the Berkshire Health Group for the fiscal year ended June 30, 2018, after accruing \$2.2 million for incurred but unreported claims, the Group has an accumulated surplus of \$16 million.

14. Berkshire County Retirement System

The School District follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

A. Plan Description

Substantially all employees of the School District (except teachers and administrators) are members of the Berkshire County Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at Berkshire County Retirement System, 29 Dunham Hall, Pittsfield, MA 01201.

Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town/City employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4, have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants

perform the duties of the Group position for at least 12 months immediately prior to retirement.

If a participant was a member prior to April 1, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 – December 31, 1983	7%
January 1, 1984 – June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the Contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The School District's contribution to the System for the year ended June 30, 2018 as \$634,720, which was equal to its annual required contribution.

B. Summary of Significant Accounting Policies

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 System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the School District reported a liability of \$1,783,857 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, 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 December 31, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the School District's proportion was 6.9 percent, which was a 0.11 percent increase from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the School District recognized pension expense of \$559,000. In addition, the School District reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 49
Net difference between projected and actual investment earnings	-	706
Changes in assumptions	767	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>67</u>	<u>-</u>
Total	<u>\$ 834</u>	<u>\$ 755</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 182
2020	176
2021	(122)
2022	<u>(157)</u>
Total	<u>\$ 79</u>

D. Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not explicitly assumed
Salary increases	4.25% for Group 1, 4.75% for Group 4
Investment rate of return	7.25%

Pre-retirement rates for mortality were based on RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) and post-retirement rates for mortality were based on RP-2000 Health Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct).

A full experience study has not been performed specifically for this system as the results may not be credible due to the size of the system. An experience study for local systems was completed in 2002 in which data

for 30 local systems was accumulated and reviewed. However, gains and losses by source are analyzed in each actuarial valuation to determine whether the demographic assumptions continue to be reasonable.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of long-term expected rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap Equities	14.50%	1.09%
Small/Mid Cap Equities	3.50%	0.27%
International Equities	16.00%	1.25%
Emergency International Equities	6.00%	0.56%
Core Bonds	5.00%	0.19%
20+ Year Treasury STRIPS	2.00%	0.07%
15 Year Duration Treasuries	0.00%	0.00%
TIPS	5.00%	0.19%
High-Yield Bonds	1.50%	0.08%
Bank Loans	2.50%	0.14%
EMD (External)	1.00%	0.05%
EMD (Local Currency)	0.00%	0.13%
Distressed Debt	3.00%	0.26%
Other Credit Opportunities	2.00%	0.13%
Private Equity	11.00%	1.05%
Real Estate (Core)	10.00%	6.70%
Timber/Natural Resources	4.00%	0.25%
Hedge Funds	13.00%	0.83%
Portfolio Completion Strategies	<u>0.00%</u>	n/a
Total	<u>100.00%</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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.

F. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the School District’s proportionate share of the net pension liability/(asset) 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 (amounts in thousands):

1%	Current	
Decrease	Discount	1% Increase
<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
\$3,961	\$1,784	(\$136)

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

15. Massachusetts Teachers’ Retirement System (MTRS)

A. Plan Description

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No.67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers’ Retirement Board (MTRB), which consists of seven members — two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the

Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

B. Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establish 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 on the basis of 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, and group creditable service and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' 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 MTRS 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.

C. Contributions

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

<u>Membership Date</u>	<u>% 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
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

D. Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

- (a) 7.5% investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase per year on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011.
- Mortality rates were as follows:
 - Pre-retirement – reflects RP-2014 White Collar Employee table projected generationally with Scale MP-2016 (gender distinct).
 - Post-retirement – reflects RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).
 - Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 set forward 4 years.

Investment assets of the MTRS 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, 2017 are summarized in the following table:

<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%
Timber/natural resources	4.0%	3.2%
Hedge funds	0.0%	3.6%
Total	<u>100.0%</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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 contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease to <u>6.5%</u>	Current Discount Rate <u>7.5%</u>	1% Increase to <u>8.5%</u>
\$28,424,300	\$22,885,391	\$18,193,400

G. Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)* and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

H. School District Proportions

In fiscal year 2017 (the most recent measurement period), the School District's proportionate share of the MTRS' collective net pension liability was approximately \$35 million based on a proportionate share of 0.1524%. As required by GASB 68, the School District has recognized its portion of the Commonwealth's contribution of approximately \$1.9 million as both a revenue and expenditure in general fund, and its portion of the collective pension expense of approximately \$3.6 million as both a revenue and expense in the governmental activities.

16. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2018.

A. General Information about the OPEB Plan

Plan Description

The School District provides post-employment healthcare benefits for retired employees through the School District's plan. The School District provides health insurance coverage through Berkshire Health Group. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The School District provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the School District and meet the eligibility criteria will receive these benefits.

Plan Membership

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	190
Active employees	<u>242</u>
Total	<u><u>432</u></u>

B. Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6%
Salary increases	3.5%, average, including inflation
Discount rate	3.87%

The discount rate was based on the Bond Buyer 20-Bond GO index at June 30, 2018.

Mortality rates were based on RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB and RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB.

C. Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

D. Total OPEB Liability

The District's total OPEB liability of \$62.2 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

E. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at beginning of year	\$ 62,445,920
Changes for the year:	
Service cost	2,222,462
Interest	2,284,284
Changes in assumptions	(2,950,519)
Benefit payments	<u>(1,723,141)</u>
Net Changes	<u>(166,914)</u>
Balances at end of year	<u>\$ 62,279,006</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

F. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease <u>(2.87%)</u>	Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
\$73,378,488	\$62,279,006	\$53,496,100

G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (7% Year 1 Decreasing to <u>2.8%</u>)	Current Healthcare Cost Trend Rates (8% Year 1 Decreasing to <u>3.8%</u>)	1% Increase (9% Year 1 Decreasing to <u>4.8%</u>)
\$42,001,475	\$62,279,006	\$76,368,968

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized an OPEB expense of \$3,965,366. At June 30, 2018, the School District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ <u>2,950,519</u>
Total	\$ <u><u>2,950,519</u></u>

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

Year ended June 30:	
2019	\$ 541,380
2020	541,380
2021	541,380
2022	541,380
2023	<u>784,999</u>
Total	\$ <u>2,950,519</u>

17. Beginning Net Position Restatement

The beginning (July 1,2017) net position of the School District has been restated as follows:

<u>Government-Wide Financial Statements</u>	<u>Governmental Activities</u>
As previously reported	\$ 4,161,193
Implement GASB 75 for OPEB	<u>(47,657,683)</u>
As restated	\$ <u>(43,496,490)</u>

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (GASB 68)

JUNE 30, 2018

(Unaudited)

(Amounts expressed in thousands)

Berkshire County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
6/30/2018	12/31/2017	6.90%	\$1,784	\$3,014	59.19%	90.40%
6/30/2017	12/31/2016	6.79%	\$2,700	\$2,873	93.98%	84.06%
6/30/2016	12/31/2015	6.77%	\$2,865	\$2,864	100.03%	82.25%
6/30/2015	12/31/2014	6.38%	\$1,675	\$2,571	65.15%	88.13%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the School District</u>	<u>Total Net Pension Liability Associated with the School District</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
6/30/2018	6/30/2017	0.152427%	-	\$34,883	\$34,883	\$10,351	-	54.25%
6/30/2017	6/30/2016	0.154719%	-	\$34,592	\$34,592	\$10,177	-	44.62%
6/30/2016	6/30/2015	0.158584%	-	\$32,493	\$32,493	\$10,052	-	55.38%
6/30/2015	6/30/2014	0.162137%	-	\$25,774	\$25,774	\$9,941	-	61.64%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2018

(Unaudited)

(Amounts expressed in thousands)

Berkshire County Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
6/30/2018	12/31/2017	\$635	\$635	-	\$3,014	21.1%
6/30/2017	12/31/2016	\$596	\$596	-	\$2,873	20.8%
6/30/2016	12/31/2015	\$567	\$567	-	\$2,864	19.8%
6/30/2015	12/31/2014	\$510	\$510	-	\$2,571	19.8%

Massachusetts Teachers' Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Contractually Required Contribution Provided by <u>Commonwealth</u>	Contributions in Relation to the Contractually Required <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
6/30/2018	6/30/2017	\$1,883	\$1,883	-	\$10,351	18.19%
6/30/2017	6/30/2016	\$1,740	\$1,740	-	\$10,177	17.10%
6/30/2016	6/30/2015	\$1,621	\$1,621	-	\$10,052	16.13%
6/30/2015	6/30/2014	\$1,520	\$1,520	-	\$9,941	15.29%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY AND CONTRIBUTIONS (GASB 75)
(Unaudited)
(Amounts expressed in thousands)

Changes in Total OPEB Liability

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 2,223
Interest on unfunded liability - time value of \$	2,284
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(2,951)
Benefit payments, including refunds of member contributions	<u>(1,723)</u>
Net change in total OPEB liability	(167)
Total OPEB liability - beginning	<u>62,446</u>
Total OPEB liability - ending	<u>\$ 62,279</u>

Schedule of Contributions

	<u>2018</u>
Actuarially determined contribution	\$ 4,482
Contributions in relation to the actuarially determined contribution	<u>(1,723)</u>
Contribution deficiency (excess)	<u>\$ 2,759</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the School District's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT
 COMBINING NON-MAJOR GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018

Special Revenue Funds:	Fund Balance Beginning of Year	Revenue			Other Financing Sources/Uses		Fund Balance End of Year
		Charges for Services	Federal/State	Other	Transfers In (Out)	Expenditures	
Food Services Revolving	\$ 9,604	\$ 163,504	\$ 226,697	\$ -	\$ -	\$ 394,102	\$ 5,703
Athletic Revolving	28,831	68,374	-	-	-	53,655	43,550
Flexible Spending Revolving	24,253	61,274	-	-	(2,693)	65,625	17,209
Future Farmers Revolving	375,739	19,338	-	-	-	-	395,077
Elementary Rental Revolving	4,625	6,375	-	-	-	-	11,000
Middle School Rental Revolving	6,750	1,600	-	-	-	-	8,350
High School Rental Revolving	1,922	800	-	-	-	-	2,722
Donations Revolving	23,277	-	-	38,944	-	37,905	24,316
Custodial Revolving	-	7,183	-	-	-	7,658	(475)
Collaborative Revolving	67,029	142,751	-	-	-	94,131	115,649
Circuit Breaker Revolving	364,952	-	348,792	-	-	364,953	348,791
E-Rate Revolving	-	-	45,591	-	-	45,591	-
Wellness Revolving	11,275	3,000	-	-	-	1,500	12,775
Tax Shelter Annuity Revolving	518	-	-	-	2,693	1,269	1,942
Regional Transportation Revolving	157,568	-	50,060	-	-	157,568	50,060
School Choice Revolving	198,883	-	1,184,831	-	-	1,049,993	333,721
Tuition Revolving	503,535	957,322	-	-	-	963,897	496,960
Tridian Art Revolving	3,969	-	-	-	-	-	3,969
Title I FY15	-	-	-	-	-	-	-
Title I FY17	13,218	-	28,085	-	-	41,303	-
Title I FY18	-	-	160,284	-	-	151,004	9,280
Sped IDEA B FY17	114,244	-	14,581	-	-	128,825	-
Sped IDEA B FY18	-	-	388,024	-	-	398,595	(10,571)
Title II Teacher Quality FY17	-	-	15,432	-	-	15,432	-
Title II Teacher Quality FY18	-	-	33,582	-	-	31,442	2,140
Early Childhood Sped FY18	-	-	14,081	-	-	14,081	-
Radar Grant FY18	-	-	1,000	-	-	-	1,000
21st Century Enhanced FY18	-	-	10,395	-	-	8,947	1,448
Twenty First Century FY18	-	-	174,400	-	-	178,260	(3,860)
Twenty First Century Summer FY18	-	-	60,000	-	-	60,000	-
21st Century	-	-	1,700	-	-	579	1,121
Stars Residency FY18	-	-	8,900	-	-	8,900	-
BCREB FY18	-	-	3,000	-	-	3,000	-
Big Yellow School Bus FY18	-	-	200	-	-	200	-

See Independent Auditors' Report.

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	Fund Balance Beginning of Year	Revenue			Other Financing Sources/Uses		Fund Balance End of Year
		Charges for Services	Federal/State	Other	Intrafund Transfers	Expenditures	
Early Education Parent-Child Home	-	-	27,500	-	-	27,500	-
Safe and Supportive Schools	-	-	1,000	-	-	9,972	(8,972)
W.E.B. Dubois Edu Series	-	-	5,862	-	-	5,862	-
Berkshire Taconic FY16	182	-	-	-	(182)	-	-
Berkshire Taconic FY17	513	-	-	-	-	513	-
Berkshire Taconic FY18	-	-	4,410	-	-	4,410	-
Service Learning grant FY18	-	-	14,000	-	-	14,000	-
Perkins grant FY17	5,238	-	1,191	-	-	6,429	-
Perkins grant FY18	-	-	7,370	-	-	7,289	81
Service Learning - Summer - FY18	-	-	22,410	-	-	22,410	-
Shared Services / CIG	69,737	-	-	-	-	25,114	44,623
SPED Enhancement FY17	1,433	-	9,036	-	-	10,469	-
21st Century - enhanced - summer FY18	-	-	6,000	-	-	6,000	-
Total Non-Major Governmental Funds	\$ 1,987,295	\$ 1,431,521	\$ 2,868,414	\$ 38,944	\$ (182)	\$ 4,418,383	\$ 1,907,609

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