

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

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

JUNE 30, 2021

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

Financial Statements

June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Massasoit Community College
Brockton, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 our 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented major component unit of Massasoit Community College as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



**Certified Public Accountants
Braintree, Massachusetts**

October 20, 2021

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

Management’s Discussion and Analysis (Unaudited)

June 30, 2021, 2020 and 2019

The following discussion and analysis provides management’s view of the financial position of Massasoit Community College (the “College”) as of June 30, 2021, 2020 and 2019 and the results of operations for the years then ended. This analysis should be read in conjunction with the College’s financial statements and notes thereto which are also presented in this document.

Massasoit Community College is a comprehensive public two-year institution of higher learning with approximately 5,665 students enrolled for credit for the Fall of 2020, with 105 full-time and 580 part-time faculty members on campuses in Brockton, Canton, and Middleborough, Massachusetts. The College offers associate degree programs in arts, sciences, and applied sciences, one-year and short-term certificates for a range of occupations and interests, and contributes to its service area through community education, workforce development, theater and conference event programs.

Financial Highlights

At June 30, 2021, 2020 and 2019, the College’s assets and deferred outflows were \$85,891,899, \$75,069,305, and \$73,687,811 and its liabilities and deferred inflows were \$52,445,820, \$54,587,251, and \$59,781,570. The result net position is summarized into the following categories:

	June 30		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net investment in capital assets	\$ 31,912,553	\$ 32,209,400	\$ 29,280,153
Restricted, expendable	2,717,063	2,320,433	4,911,964
Unrestricted	<u>(1,563,537)</u>	<u>(14,047,779)</u>	<u>(20,285,876)</u>
Total net position	<u>\$ 33,066,079</u>	<u>\$ 20,482,054</u>	<u>\$ 13,906,241</u>

The Primary Reserve Ratio provides a snapshot of financial strength and flexibility by indicating how long the institution can operate using available expendable reserves without relying on additional new assets generated by operations. The Primary Reserve Ratio for fiscal year 2021, was 4.5 %, 2020 (16.0) % and (21.0) % in 2019. This Primary Reserve Ratio was negatively impacted by the adoption of GASB 75, Financial Reporting for Postemployment Benefits Other Than Pensions and GASB 68 Accounting for Pensions.

The Return on Net Position Ratio determines whether an institution has financially improved since the previous year by measuring total economic return. This ratio is 57.0% for 2021, 43.2 % for 2020 and 31.4 % in 2019.

The Net Operating Revenue Ratio indicates whether total operating activities result in a surplus or a deficit. The net operating revenue ratio was 15.6% for the year ended June 30, 2021, 4.7% for fiscal year 2020 and 3.5% for fiscal year 2019.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

The Viability Ratio measures the availability of expendable net position to cover debt. This ratio was also negatively impacted by the adoption of GASB 68 and GASB 75. The Viability Ratio for fiscal year 2021 was 50.8%, 2020 (157.2) %, and 2019 (204.7) %.

Overall, the College's operating revenues declined approximately \$4.1 million. The majority of the decline was in the net tuition revenue and federal grants this past fiscal year. Revenues from net tuition and fees declined by approximately \$3.3 million or 14%. The College's investment portfolio yielded a net gain of approximately \$3.2 million. Operating expenditures increased \$932,000 or 1%.

Overview of the Financial Statements

Massasoit Community College's financial statements are comprised of two primary components: 1) the financial statements and 2) the notes to the financial statements.

The Financial Statements – The financial statements are designed to provide readers with a broad overview of Massasoit Community College's finances and are comprised of three basic statements.

These statements are prepared in accordance with Government Accounting Standards Board (GASB) principles. These principles establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the institution as a whole. Previously, financial statements focused on individual fund groups rather than on the College as a whole. A description of the financial statements follows:

The *Statements of Net Position* presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. GASB 39, adopted as of July 1, 2003 requires the Foundation's net position be included in the College's Statements of Net Position.

The *Statements of Revenues, Expenses, and Changes in Net Position* presents 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 giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. the payment for the accrued compensated absences, or the receipt of amounts due from students and others for services rendered). GASB 39 requires the Foundation's revenues and expenditures are included in the College's Statements of Revenues, Expenses and Changes in Net Position.

The *Statements of Cash Flows* is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services.) The

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Governmental Accounting Standards Board (GASB) Statements 34 and 35 require this method to be used. In accordance with GASB 39, the Foundation is not required to present the Statements of Cash Flows.

The financial statements can be found on pages 15-17 of this report.

The College reports its activity as a business-type activity using the economic resources measurement focus and full accrual basis of accounting. The College is a part 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.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide information regarding both the accounting policies and procedures the College has adopted as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 18-55 of this report.

Financial Analysis of the College

As noted earlier, net position may serve over time as a useful indicator of Massasoit Community College's financial position. In the case of the College, assets and deferred outflows exceeded liabilities and deferred inflows as of June 30, 2021 by \$33,066,079, 2020 by \$20,482,054 and \$13,906,241 in 2019.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Condensed Statements of Net Position

	June 30		
	2021	2020	2019
Assets and Deferred Outflows of Resources:			
Current Assets	\$ 44,798,576	\$ 33,388,973	\$ 33,537,024
Non-current Assets	37,954,302	38,681,005	36,166,229
Deferred Outflows of Resources	<u>3,139,021</u>	<u>2,999,327</u>	<u>3,984,558</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 85,891,899</u>	<u>\$ 75,069,305</u>	<u>\$ 73,687,811</u>
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 13,484,701	\$ 12,956,822	\$ 15,732,140
Non-current Liabilities	24,636,749	28,547,411	36,058,134
Deferred Inflows of Resources	<u>14,704,370</u>	<u>13,083,018</u>	<u>7,991,296</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 52,825,820</u>	<u>\$ 54,587,251</u>	<u>\$ 59,781,570</u>
Net Position:			
Net investment in capital assets	\$ 31,912,553	\$ 32,209,400	\$ 29,280,153
Restricted-expendable	2,717,063	2,320,433	4,911,964
Unrestricted	<u>(1,563,537)</u>	<u>(14,047,779)</u>	<u>(20,285,876)</u>
Total Net Position	<u>\$ 33,066,079</u>	<u>\$ 20,482,054</u>	<u>\$ 13,906,241</u>

By far the largest portion of Massasoit Community College's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt, including capital leases, used to acquire those assets that are still outstanding. Massasoit Community College uses these capital assets to provide services to students, faculty and administration; consequently, these assets are *not* available for future spending. Although Massasoit Community College's investment in its capital assets is reported net of related debt and accumulated depreciation, 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. The College has a capital reserve fund for future repair and replacement of capital assets and in recent years has added to the capital reserve with available funds after year-end.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Condensed Statements of Revenues and Expenses

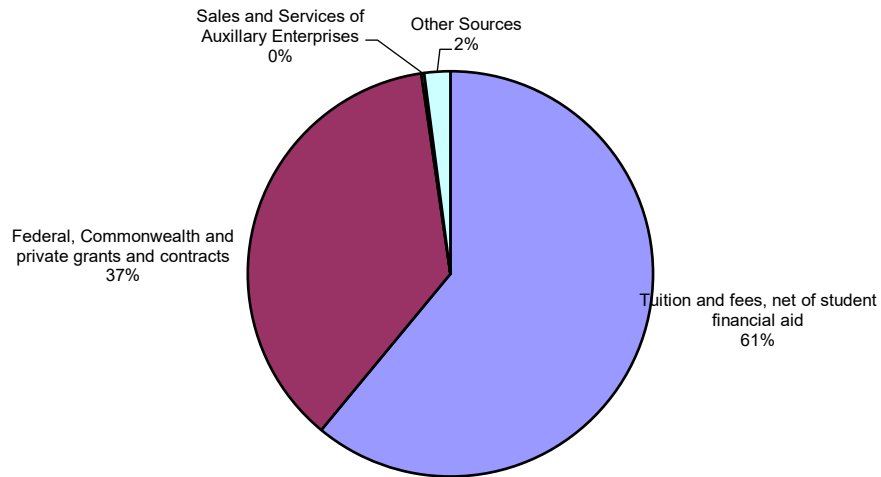
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues:			
Tuition and fees, net	\$ 20,496,022	\$ 23,843,545	\$ 24,901,048
Operating grants and contracts	12,330,985	13,368,972	14,971,476
Other	774,301	480,090	767,180
Total Operating Revenues	<u>33,601,308</u>	<u>37,692,607</u>	<u>40,639,704</u>
Operating Expenses	<u>69,486,781</u>	<u>68,554,441</u>	<u>69,588,682</u>
Net Operating Loss	<u>(35,885,473)</u>	<u>(30,861,834)</u>	<u>(28,948,978)</u>
Non-Operating Revenues (Expenses):			
Net appropriations	33,734,521	32,248,612	30,764,897
Federal grants revenue	10,236,248	1,533,187	-
Other	2,905,420	182,488	609,540
Total Non-Operating Revenues	<u>46,876,189</u>	<u>33,964,287</u>	<u>31,374,437</u>
Income (Loss) Before Capital Appropriations	10,990,716	3,102,453	2,425,459
Capital Appropriations	<u>1,593,309</u>	<u>3,473,360</u>	<u>1,259,260</u>
Increase (Decrease) in Net Position	<u>\$ 12,584,025</u>	<u>\$ 6,575,813</u>	<u>\$ 3,684,719</u>

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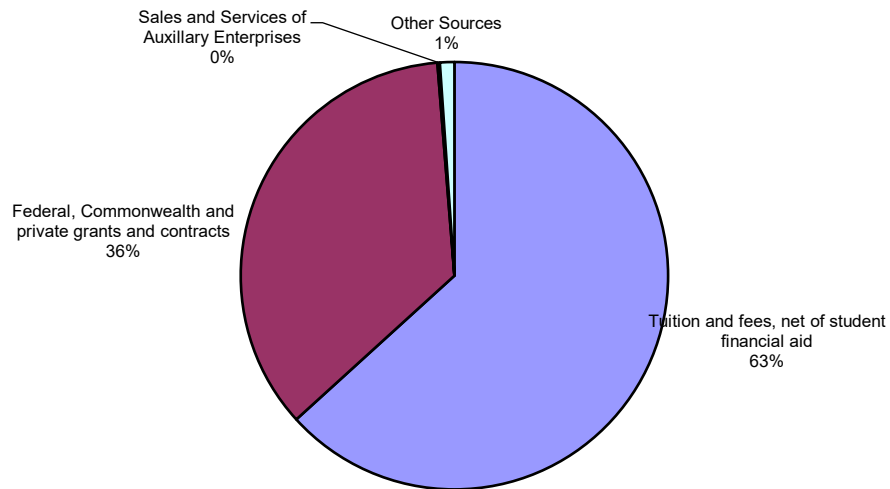
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Operating Revenue by Source FY21



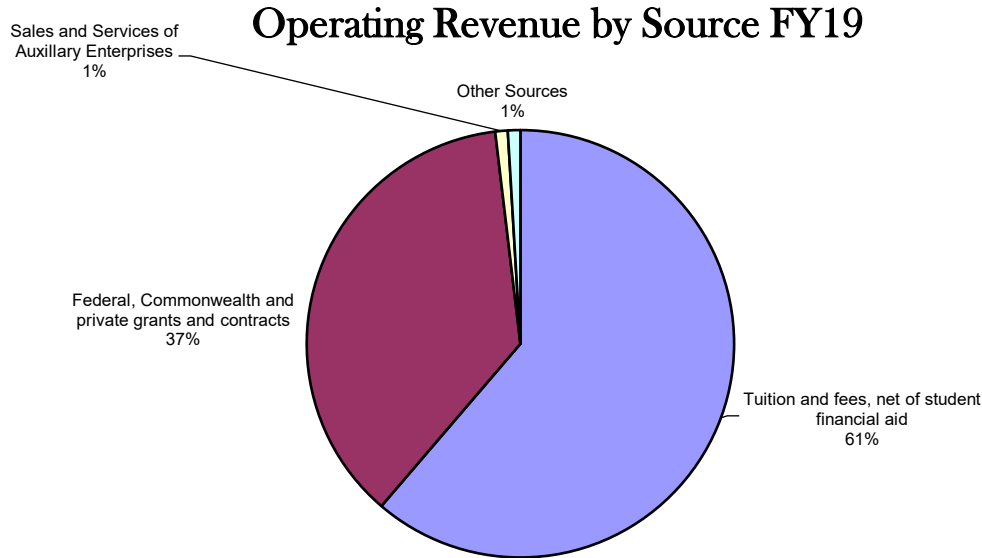
Operating Revenue by Source FY20



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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019



Tuition and fees received by Massasoit Community College included the following for the year ended June 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tuition	\$ 3,810,275	\$ 4,298,492	\$ 4,603,669
General college fees	18,376,531	20,699,235	21,310,103
Technology fees	805,569	944,321	1,012,956
Course fees	409,450	701,531	555,011
Other tuition and fees	<u>733,412</u>	<u>632,023</u>	<u>490,653</u>
	<u>\$ 24,135,237</u>	<u>\$ 27,275,602</u>	<u>\$ 27,972,392</u>

Highlights of operating revenue activity for the year include:

- Tuition and fees decreased by approximately \$3.1 million, in total, compared to the previous year. Enrollment has decreased by 12.8% in billable credits.
- Federal, Commonwealth, local, private grants and contracts decreased this fiscal year. The net decrease was due to the reduction in federal Pell awards. The Federal CARES Act and HEERF Funds for COVID-19 are reflected in the Non-Operating section of the Statement of Revenue and Expenses.
- A gain of \$3.2 million in investment income during the year ended June 30, 2021 was due to ending the year favorably from market conditions, increasing the market value of the portfolio.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Major grants and contracts received by Massasoit Community College for the year included the following:

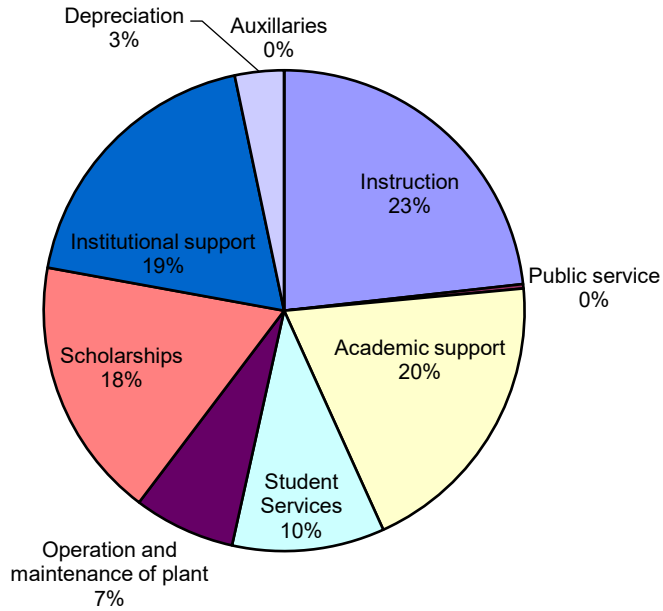
- Two Adult Basic Education grants received for a total of \$372,686. These grant awards saw an increase of \$78,342 over the prior year.
- The Federal Perkins Vocational and Technical Education grants received a total of \$515,194. This included two new awards to the college.
- A Federal TRIO grant received \$318,751 from the U.S. Department of Education. The previous fiscal year's amount was \$351,569.
- A Gateway to College Program brought in \$678,675 compared to \$538,796 last year. This is an increase of \$139,849.
- The College received two awards for the STEM Starter Academy Grant receiving a total of \$235,923 for the current fiscal year and \$275,662 for FY2020.
- MA Skills Grants were awarded again this year, receiving a total of \$245,631 for this fiscal year. This grant will provide computer science equipment for enhanced networking capabilities.
- The National Science Foundation for S-STEM received \$70,507 for this fiscal year. This grant will allow financial assistance to the STEM Scholars program that seeks to build a diverse pipeline of STEM professionals.
- EEC Career Pathways received \$330,000 this fiscal year. This grant promotes professional development opportunities for early childhood education and out-of-school time workforce.
- Workforce Training Grant received \$103,607 in this fiscal year which was a decrease of \$132,641 over the prior fiscal year.
- Commonwealth Corp grant received \$46,040. This grant has a focus also on Diesel technology.
- Dual Enrollment Grants saw an increase of \$522,268 due to increases from the GEER and HEERF related funds, totaling \$649,432 this fiscal year.
- Other grants that received funding during this fiscal year included MAICEI grant for \$49,520, TRAIN awards of \$74,206, Department of Developmental Services for \$19,006. Additional smaller grants totaling, \$18,063 were received this fiscal year.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Operating Expenses by Source FY21

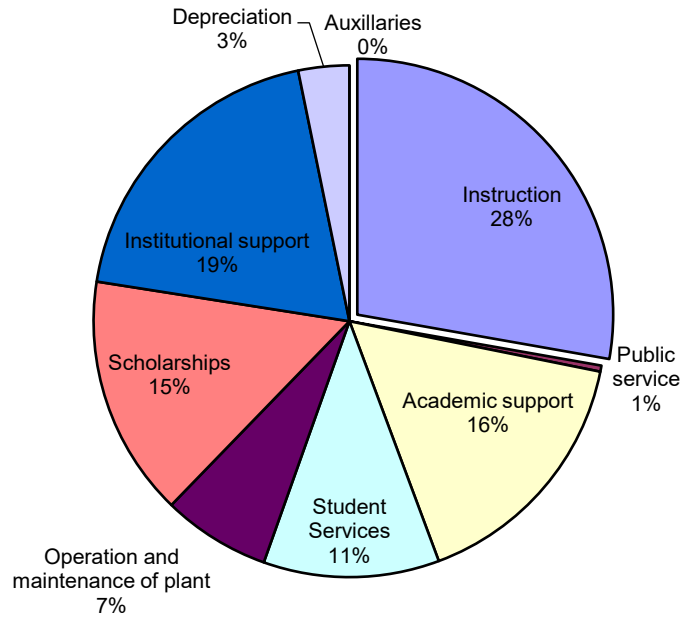


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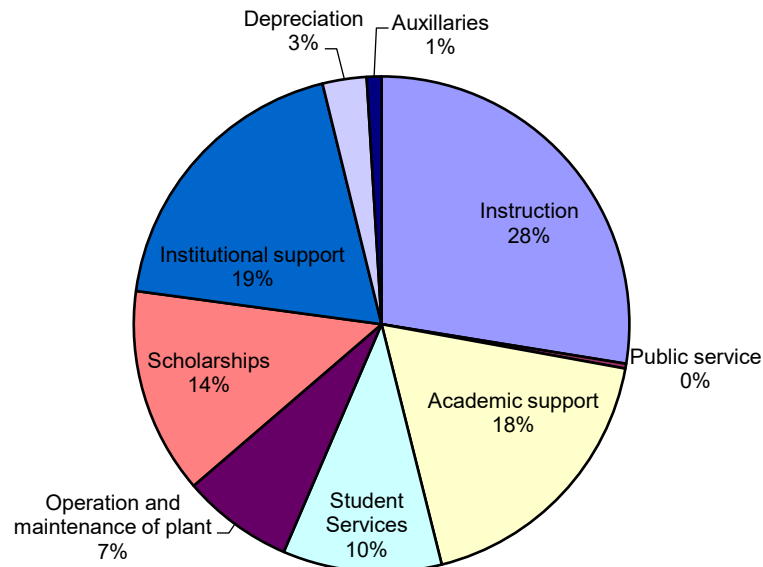
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Operating Expenses by Source FY20



Operating Expenses by Source FY19



MASSASOIT COMMUNITY COLLEGE

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

Highlights of operating expense activity include:

- This fiscal year the overall operating expenditures increased by \$932,340 or 1%. This fiscal year the impact of GASB 75 for OPEB and GASB 68 for Pensions, resulted in a net credit of \$2,509,775. Scholarships and fellowships increased due to the Federal CARES/HEERF funding for students to help with COVID-19 related expenses. Expenditure savings in general operating funds due to the COVID-19 pandemic were realized throughout each expenditure category. Depreciation of our fixed assets increased this fiscal year by \$101,615.
- The state appropriation continues to cover more of the payroll resulting in a 30% lower fringe chargeback. Additionally, related fringes for fiscal year 2021, at the rate of 38.32%, were charged for the locally funded payroll, the fringe rate has been increasing each fiscal year with FY20 at 37.91%, compared to 36.62% in fiscal year 2019.
- Accruals for compensated absences and workers compensation have increased expenses by \$726,672 for operational departments during this fiscal year.
- Capital projects include parking lot renovations, campus hardscape and stair replacement, accessibility hardscape improvements, fire alarm upgrades, HVAC rooftop units, and the Student Center plumbing relocation project.

For non-operating revenues and expenses, the Commonwealth's unrestricted appropriation, including fringe benefits, net of tuition remissions, and special appropriation increased by 4.6% increase. Gains from investments totaled \$3,185,119. The income that was recognized from the Federal CARES/HEERF funds was \$10,236,248. The non-operating expense included interest expense from the Clean Renewable Energy Bond repayment, and the Clean Energy Investment Program debt service payments for Phase I, Phase II and Phase III, totaling \$279,699.

Loss from Operations

Due to the nature of public higher education, institutions incur a loss from operations. The Commonwealth's Department of Higher Education sets the tuition rate. The College sets fees and other charges. Commonwealth appropriations to the College help to offset the loss from operations not made up by tuition and fees. The College, with the purpose of balancing educational and operational needs with tuition and fee revenue, approves budgets to mitigate losses after Commonwealth appropriations.

Capital Assets and Debts of the College

Capital Assets

The College's Investment in Capital Assets as of June 30, 2021, 2020 and 2019 amounts to \$37,954,302, \$38,681,005, and \$36,166,229 respectively, net of accumulated depreciation. This investment in capital assets includes, land, building, (including improvements), furnishings and equipment, (including the cost of capital leases) and books.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021, 2020 and 2019

All capital asset purchases are pre-approved by the Board of Trustees and included in the College's capital spending plan submitted to the Department of Higher Education and the Commonwealth's Fiscal Affairs Division. Additional information about Massasoit Community College's capital assets can be found in Note 5 on pages 31-32 of this report.

Long-Term Debt

Massasoit Community College long-term debt consists of the accruals for compensated absences, workmen's compensation, net pension liability, OPEB liability and for the long-term portion of bond and notes payable debt service obligations due to the Commonwealth. The accrual for compensated absences consists of the long-term portion of sick and vacation pay related to employees on the College's payroll.

Economic Factors and Next Year's Enrollment

The seasonally adjusted unemployment rate for the Commonwealth of Massachusetts within which the College primarily draws students has decreased to 5.0% as the economy starts to open up from the global COVID-19 pandemic. The prior years were 17.7% in June 2020, 3.0% in 2019 according to the US Bureau of Labor Statistics. This year the COVID-19 pandemic has had a major impact on enrollment. The college had mostly remote classes during the fiscal year.

The College recognized another year of decreasing enrollment and fiscal year 2022 is projected to decrease, in billable credit hours. This is a direct result of the COVID-19 pandemic. The following chart illustrates the College's recent enrollment figures:

	<u>Credits</u>
Fiscal 2019	130,674
Fiscal 2020	125,780
Fiscal 2021	109,585
Fiscal 2022 (projected)	94,314

Requests for Information

This financial report is designed to provide a general overview of Massasoit 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, Massasoit Community College, at One Massasoit Boulevard, Brockton, Massachusetts 02302.

MASSASOIT COMMUNITY COLLEGE
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Statements of Net Position
June 30, 2021 and 2020

Assets and Deferred Outflows of Resources

	Primary <u>Government</u> 2021 <u>College</u>	Primary <u>Government</u> 2020 <u>College</u>	Component <u>Unit</u> 2021 <u>Foundation</u>	Component <u>Unit</u> 2020 <u>Foundation</u>
Current Assets:				
Cash and equivalents	\$ 11,184,275	\$ 10,515,720	\$ 1,036,918	\$ 880,801
Deposits held by state treasurer	485,097	2,279,547	-	-
Cash held by state treasurer	3,949,989	2,648,187	-	-
Investments	22,427,359	12,526,307	1,094,381	687,861
Accounts receivable, net	6,324,734	5,021,814	57,018	-
Other current assets	427,122	397,398	-	-
Total Current Assets	<u>44,798,576</u>	<u>33,388,973</u>	<u>2,188,317</u>	<u>1,568,662</u>
Non-Current Asset:				
Capital assets, net	<u>37,954,302</u>	<u>38,681,005</u>	<u>673,891</u>	<u>673,891</u>
Total Assets	<u>82,752,878</u>	<u>72,069,978</u>	<u>2,862,208</u>	<u>2,242,553</u>
Deferred Outflows of Resources:				
Deferred outflows of resources related to pension	1,428,957	1,494,657	-	-
Deferred outflows of resources related to OPEB	<u>1,710,064</u>	<u>1,504,670</u>	-	-
Total Deferred Outflows of Resources	<u>3,139,021</u>	<u>2,999,327</u>	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 85,891,899</u>	<u>\$ 75,069,305</u>	<u>\$ 2,862,208</u>	<u>\$ 2,242,553</u>

Liabilities Deferred Inflows of Resources and Net Position

Current Liabilities:				
Accounts payable	\$ 3,028,327	\$ 1,426,312	\$ 254,768	\$ 14,000
Accrued payroll	2,256,389	2,854,364	-	-
Accrued compensated absences	2,829,748	2,627,085	-	-
Accrued workers' compensation benefits	90,199	92,878	-	-
Current portion of notes payable	445,915	429,856	-	-
Student deposits and unearned revenues	<u>4,834,123</u>	<u>5,526,327</u>	<u>16,300</u>	<u>-</u>
Total Current Liabilities	<u>13,484,701</u>	<u>12,956,822</u>	<u>271,068</u>	<u>14,000</u>
Non-Current Liabilities:				
Accrued compensated absences	1,325,740	1,032,376	-	-
Accrued workers' compensation	650,763	417,439	-	-
Notes payable, net of current portion	5,595,834	6,041,749	-	-
Net pension liability	7,462,248	7,297,962	-	-
Net OPEB liability	<u>9,602,164</u>	<u>13,757,885</u>	<u>-</u>	<u>-</u>
Total Non-Current Liabilities	<u>24,636,749</u>	<u>28,547,411</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>38,121,450</u>	<u>41,504,233</u>	<u>271,068</u>	<u>14,000</u>
Deferred Inflows of Resources:				
Deferred inflows of resources related to pension	3,174,032	3,803,150	-	-
Deferred inflows of resources related to OPEB	<u>11,530,338</u>	<u>9,279,868</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>14,704,370</u>	<u>13,083,018</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	31,912,553	32,209,400	673,891	673,891
Restricted-expendable	2,717,063	2,320,433	1,058,199	842,021
Unrestricted	<u>(1,563,537)</u>	<u>(14,047,779)</u>	<u>859,050</u>	<u>712,641</u>
Total Net Position	<u>33,066,079</u>	<u>20,482,054</u>	<u>2,591,140</u>	<u>2,228,553</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 85,891,899</u>	<u>\$ 75,069,305</u>	<u>\$ 2,862,208</u>	<u>\$ 2,242,553</u>

See accompanying notes to the financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,

	<u>Primary Government</u>	<u>Primary Government</u>	<u>Component Unit</u>	<u>Component Unit</u>
	<u>2021 College</u>	<u>2020 College</u>	<u>2021 Foundation</u>	<u>2020 Foundation</u>
Operating Revenues:				
Tuition and fees	\$ 24,135,237	\$ 27,275,602	\$ -	\$ -
Less: scholarships and fellowships	<u>3,639,215</u>	<u>3,432,057</u>	<u>-</u>	<u>-</u>
Net tuition and fees	20,496,022	23,843,545	-	-
Federal grants and contracts	7,430,437	9,684,971	-	-
State grants and contracts	4,453,958	3,218,665	-	-
Private grants and contracts	446,590	465,336	-	-
Gifts and contributions	-	-	615,486	418,377
Auxiliary enterprises	78,013	70,353	-	-
Other operating revenues	<u>696,288</u>	<u>409,737</u>	<u>78,000</u>	<u>102,983</u>
Total Operating Revenues	<u>33,601,308</u>	<u>37,692,607</u>	<u>693,486</u>	<u>521,360</u>
Operating Expenses:				
Educational and general:				
Instruction	16,228,262	19,040,262	-	-
Scholarships and fellowships	12,264,251	10,441,196	409,242	179,785
Academic support	13,766,411	11,081,251	-	-
Student services	7,156,676	7,617,162	-	-
Institutional support	12,788,857	13,233,464	109,311	103,307
Public service	204,308	264,866	-	-
Operation and maintenance of plant	4,771,566	4,661,021	-	-
Depreciation	2,306,450	2,204,835	-	-
Auxiliary enterprises	<u>-</u>	<u>10,384</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>69,486,781</u>	<u>68,554,441</u>	<u>518,553</u>	<u>283,092</u>
Net Operating Income (Loss)	<u>(35,885,473)</u>	<u>(30,861,834)</u>	<u>174,933</u>	<u>238,268</u>
Non-Operating Revenues (Expenses):				
State appropriations, net	33,803,081	32,248,612	-	-
Federal grants revenue	10,236,248	1,533,187	-	-
Investment income, net	3,185,119	479,866	187,654	35,081
Interest expense	<u>(279,698)</u>	<u>(297,378)</u>	<u>-</u>	<u>-</u>
Net Non-Operating Revenues	<u>46,944,750</u>	<u>33,964,287</u>	<u>187,654</u>	<u>35,081</u>
Increase in Net Position Before Capital Appropriations	<u>11,059,277</u>	<u>3,102,453</u>	<u>362,587</u>	<u>273,349</u>
Capital Appropriations	<u>1,524,748</u>	<u>3,473,360</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>\$ 12,584,025</u>	<u>\$ 6,575,813</u>	<u>\$ 362,587</u>	<u>\$ 273,349</u>
Net Position, at Beginning of Year	<u>20,482,054</u>	<u>13,906,241</u>	<u>2,228,553</u>	<u>1,955,204</u>
Net Position, at End of Year	<u>\$ 33,066,079</u>	<u>\$ 20,482,054</u>	<u>\$ 2,591,140</u>	<u>\$ 2,228,553</u>

See accompanying notes to the financial statements.

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

Statements of Cash Flows

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
	<u>College</u>	<u>College</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 20,732,746	\$ 25,194,786
Grants and contracts	10,131,819	14,287,856
Payments to employees	(48,299,970)	(47,607,583)
Payments to suppliers and vendors	1,367,983	(5,082,596)
Payments to students	(12,264,251)	(10,441,196)
Auxiliary enterprises receipts	78,013	70,353
Other operating receipts	<u>663,606</u>	<u>1,665,518</u>
Net Cash Applied to Operating Activities	<u>(27,590,054)</u>	<u>(21,912,862)</u>
Cash Flows from Non-Capital Financing Activities:		
State appropriations	25,594,933	22,791,923
Federal grants	10,236,248	1,533,187
Tuition remitted to state	<u>(584,733)</u>	<u>(665,839)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>35,246,448</u>	<u>23,659,271</u>
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	(54,999)	(1,246,251)
Principal payment on notes payable	(429,856)	(414,471)
Interest paid on notes payable	<u>(279,699)</u>	<u>(297,378)</u>
Net Cash Applied to Capital Financing Activities	<u>(764,554)</u>	<u>(1,958,100)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(10,424,882)	(144,513)
Sale of investments	3,494,571	-
Interest on investments	<u>214,378</u>	<u>479,866</u>
Net Cash (Applied to) Provided by Investing Activities	<u>(6,715,933)</u>	<u>335,353</u>
Net Increase in Cash and Equivalents	175,907	123,662
Cash and Equivalents, Beginning of Year	<u>15,443,454</u>	<u>15,319,792</u>
Cash and Equivalents, End of Year	<u>\$ 15,619,361</u>	<u>\$ 15,443,454</u>
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Net operating loss	\$ (35,885,473)	\$ (29,328,647)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation	2,306,450	2,204,835
Bad debts	16,539	423,067
Fringe benefits provided by the state	8,792,881	8,589,341
Net pension activity	(399,132)	40,151
Net OPEB activity	(2,110,645)	(1,041,412)
Changes in assets and liabilities:		
Accounts receivable	(1,319,459)	25,092
Other current assets	(29,724)	(31,933)
Accounts payable	1,602,015	(4,785,797)
Accrued payroll	(597,974)	312,481
Accrued compensated absences and workers' compensation	726,672	135,400
Student deposits and unearned revenues	<u>(692,204)</u>	<u>1,544,560</u>
Net Cash Applied to Operating Activities	<u>\$ (27,590,054)</u>	<u>\$ (21,912,862)</u>
Reconciliation of Cash and Equivalents Balance to the Statements of Net Position:		
Cash and equivalents	\$ 11,184,275	\$10,515,720
Cash held by state treasurer	485,097	2,279,547
Deposits held by state treasurer	<u>3,949,989</u>	<u>2,648,187</u>
Cash and equivalents, end of year	<u>\$ 15,619,361</u>	<u>\$ 15,443,454</u>
Non-Cash Transactions:		
Capital assets acquired through capital appropriations	<u>\$ 1,524,748</u>	<u>\$ 3,473,360</u>
Fringe benefits provided by the state	<u>\$ 8,792,881</u>	<u>\$ 8,589,341</u>
Unrealized gain on investments	<u>\$ 3,185,119</u>	<u>\$ 479,866</u>

See accompanying notes to the financial statements.

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2021 and 2020

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

Organization

Massasoit Community College (the "College") is a state-supported comprehensive two-year community college that offers a quality education leading to associate degrees in arts and sciences, as well as one-year certificate programs. The College's primary campus is located in Brockton, Massachusetts and has additional locations in Canton and Middleborough, Massachusetts, and is accredited by the New England Commission of Higher Education. The College provides instruction and training in a variety of liberal arts, allied health, and business fields of study and through the Division of Continuing Education, credit and non-credit courses as well as community service programs.

COVID-19

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

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

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

For the years ended June 30, 2021 and 2020, the College also expended \$380,069 and \$0, respectively, of ARPA institutional award that is reflected as unearned revenues.

Management believes that the College will meet these spending requirement in fiscal year 2022.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

COVID-19 – Continued

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

	Student Aid Award	Institutional Award	Strengthening Institution Program	Total
CARES	\$ 1,790,687	\$ 1,790,686	\$ 178,351	\$ 3,759,724
CRRSAA	1,790,687	5,888,470	322,351	8,001,508
ARPA	6,799,843	6,598,446	587,418	13,985,707
Total	\$ 10,381,217	\$ 14,277,602	\$ 1,088,120	\$ 25,746,939

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

For the Year Ended June 30, 2021

	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total
CARES	\$ 388,177	\$ 1,660,009	\$ 178,351	\$ 2,226,537
CRRSAA	1,790,687	5,888,470	322,351	8,001,508
ARPA	4,163	4,040	-	8,203
Total	\$ 2,183,027	\$ 7,552,519	\$ 500,702	\$ 10,236,248

For the Year Ended June 30, 2020

	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total
CARES	\$ 1,402,510	\$ 130,677	\$ -	\$ 1,533,187
CRRSAA	-	-	-	-
ARPA	-	-	-	-
Total	\$ 1,402,510	\$ 130,677	\$ -	\$ 1,533,187

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Basis of Presentation and Accounting

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”).

The Massasoit Community College Foundation, Inc. (the “Foundation”), a component unit of the College, was formed on April 15, 1976 to render financial assistance and support to educational programs and development of the College. The Foundation is legally separate from the College, and the College is not financially accountable for the Foundation. The Foundation has been included in these financial statements because of the nature and significance of its relationship with the College. A complete copy of the Foundation’s financial statements can be obtained from the Foundation’s administrative office in Canton, Massachusetts.

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

The College has determined that it functions as a business-type activity as defined by GASB. The effect of interfund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management’s discussion and analysis, basic financial statements including the College’s discretely presented component unit and required supplementary information. The College presents statements of net position, revenues and expenses, changes in net position, and cash flows on a combined College-wide basis.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Basis of Presentation and Accounting - Continued

The College's policy for defining operating activities in the statements of revenues and expenses are those that generally result from exchange transactions such as payments received for services and for the purchase of goods and services. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include the College's operating and capital appropriations from the Commonwealth of Massachusetts (the "Commonwealth"), net investment income and interest expense.

The College's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements.

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, reduced by the outstanding principal balances of borrowings that are 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 ("Board of Trustees").

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

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 monies held by agencies of the state on behalf of the College, to be cash equivalents.

Allowance for Doubtful Accounts

Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

Investments

Investments in marketable securities are stated at fair value. The College has no donor-restricted endowments at June 30, 2021 and 2020.

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 market 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 priority 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 on the lowest priority input that is significant to the entire measurement.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment, and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair 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 and then depreciated over the life of the project. Library materials are no longer capitalized and amortized. College capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The College does not have collections of historical treasures, works of art or other items that are inexhaustible by their nature and are of immeasurable intrinsic value, thus not requiring capitalization or depreciation in accordance with GASB guidelines.

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

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.

Post-Employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retirees' 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Fringe Benefits

The College participates in the Commonwealth's Fringe Benefit programs, including health insurance, unemployment, pension, workers' compensation benefits and certain post-employment benefits. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the College. 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.

Compensated Absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, 2021 and 2020. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more unearned years of Commonwealth service at June 30, 2021 and 2020. Upon retirement, these employees are entitled to receive payment for this accrued balance.

Student Deposits and Unearned Revenues

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are recorded as revenue as the related services are provided. Grants and other advance payments are recognized as revenue in accordance with the underlying agreement. Grants, including CARES institutional portion, and other advance payments are recognized as revenue in accordance with the underlying agreement.

Student Fees

Student tuition and fees are presented net of scholarships and fellowships applied to students' accounts. Certain other scholarships are paid directly to, or refunded to, the 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

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 revenue and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, net position classification, determining net pension and OPEB liabilities.

New Governmental Accounting Pronouncements

GASB Statement 87 – *Leases* is effective for periods beginning after June 15, 2021. Implementation of this 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.

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

GASB Statement 91 – *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to improve the consistency of reporting conduit debt. This statement requires government entities that issue conduit debt, but are not the obligors, not to recognize the liability unless it is more likely than not that the government issuer will service the debt.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

New Governmental Accounting Pronouncements – Continued

GASB Statement 92 – *Omnibus 2020* is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 93 – *Replacement of Interbank Offered Rates* is effective for reporting periods beginning after June 15, 2021. The objective of this statement is to provide government entities relief with replacing or amending financial instruments for the purpose of replacing LIBOR, which is expected to cease to exist in December 2021. Before the implementation of this standard, hedge accounting terminates if material terms are amended.

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

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

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

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Deposits held by the State Treasurer**

Custodial Credit Risk

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the College would not be able to recover its balance in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The College has a formal deposit policy for custodial credit risk whereby deposits in the bank in excess of the insured amount are collateralized by a third party. As of June 30, 2021 and 2020, the Colleges bank balances were approximately \$12,255,000 and \$10,094,000, respectively. As of June 30, 2021 and 2020, uninsured bank balances with collateral held by a pledging bank was approximately \$11,200,000 and \$9,844,000.

Accounts payable, accrued payroll and capital projects to be funded from state-appropriated funds totaled \$3,949,989 and \$2,648,187 at June 30, 2021 and 2020, 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 for these liabilities.

Accounts payable and accrued salaries to be funded by cash forwarded by the College to, and held by, the State Treasurer for payment of so-called "non-appropriated" liabilities at June 30, 2021 and 2020 through MMARS were recorded in the sum of \$485,097 and \$2,279,547, respectively.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 3 - **Accounts Receivable**

The accounts receivable balance is comprised of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Student accounts receivable	\$6,884,652	\$7,797,042
Grants receivable	3,419,509	1,220,343
Other receivables	<u>447,095</u>	<u>414,412</u>
	10,751,256	9,431,797
Less: allowance for doubtful accounts	<u>(4,426,522)</u>	<u>(4,409,983)</u>
	<u>\$ 6,324,734</u>	<u>\$ 5,021,814</u>

Note 4 - **Investments**

College

At June 30, 2021 and 2020, the entire balance of investments are insured, registered, or held by the College's agent in the College's name. The College currently follows investment policies largely defined by the Commonwealth of Massachusetts, as well as internal College investment policies. The policies do not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. Investments of the College are stated at fair market value and consist of the following at June 30, 2021 and 2020:

Investment <u>Type</u>	<u>2021</u> <u>Investment Maturities (in Years)</u>				
	<u>Fair</u> <u>Value</u>	<u>Less</u> <u>Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More</u> <u>Than 10</u>
<u>Debt Securities:</u>					
Bond mutual fund	\$ 3,189,673	\$ 413,829	\$2,775,844	\$ -	\$ -
U.S. Agencies	2,655,922	530,952	2,124,970	-	-
Certificates of deposit	<u>1,045,735</u>	<u>1,045,735</u>	-	-	-
	6,891,330	<u>\$ 1,990,516</u>	<u>\$4,900,814</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Investment:</u>					
Corporate equity securities	<u>15,536,029</u>				
Total	<u>\$ 22,427,359</u>				

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Investments - continued**

College - continued

Investment Type	<u>2020</u>				
	<u>Investment Maturities (in Years)</u>				
	<u>Fair</u>	<u>Less</u>			<u>More</u>
	<u>Value</u>	<u>Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Than 10</u>
<u>Debt Securities:</u>					
Bond mutual fund	\$ 1,640,016	\$ 383,681	\$1,256,335	\$ -	\$ -
U.S. Agencies	\$ 1,606,851	-	1,606,851	-	-
Certificates of deposit	<u>1,039,364</u>	<u>1,039,364</u>	<u>-</u>	<u>-</u>	<u>-</u>
	4,286,231	<u>\$ 1,423,045</u>	<u>\$2,863,186</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Investment:</u>					
Corporate equity securities	<u>8,240,076</u>				
Total	<u>\$ 12,526,307</u>				

The U.S. Agencies' balance received an AGCY rating from Moody's in terms of credit risk quality ratings and the bond mutual funds and certificated of deposit are unrated as of June 30, 2021 and 2020.

The College also has four certificates of deposit ("CD") with different financial institutions. For the years ended June 30, 2021 and 2020, the CD's generate interest at varying rates from 0.20% to 0.50% and 0.35% to 1.80%, respectively, and all have an original maturity of 12 months from the date of purchase.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Corporate Equity Securities and Mutual Funds: Valued at quoted market value of the shares held at fiscal year-end.

U.S. Agencies: Valued at the initial investment plus accrued interest.

Certificates of Deposit: Valued at the initial investment plus accrued interest, but not traded on an active market.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Investments - continued**

College - continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future 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.

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

	June 20, 2021			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Mutual funds	\$ 3,189,673	\$ -	\$ -	\$ 3,189,673
Corporate equity securities	15,536,029	-	-	15,536,029
U.S. Agencies	2,655,922	-	-	2,655,922
Certificates of deposit	-	1,045,735	-	1,045,735
Total marketable securities at fair value	\$ 21,381,624	\$ 1,045,735	\$ -	\$ 22,427,359
	June 20, 2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Mutual funds	\$ 2,862,164	\$ -	\$ -	\$ 2,862,164
Corporate equity securities	7,017,928	-	-	7,017,928
U.S. Agencies	1,606,851	-	-	1,606,851
Certificates of deposit	-	1,039,364	-	1,039,364
Total marketable securities at fair value	\$ 11,486,943	\$ 1,039,364	\$ -	\$ 12,526,307

Foundation

Investments of the Foundation are stated at fair value and consist of the following at June 30,:

	2021	2020
Mutual funds	\$ 446,278	550,676
Equity securities	648,103	137,185
	\$ 1,094,381	\$ 687,861

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 5 - **Capital Assets**

Capital assets consist of the following at June 30, 2021:

	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciated:						
Land	-	<u>\$ 2,851,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,851,717</u>
Capital assets, depreciated:						
Buildings and improvements	10-40	83,975,072	1,524,747	-	-	85,499,819
Furnishings and equipment	5	12,274,425	55,000	-	-	12,329,425
Educational resource materials	5	<u>96,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,295</u>
Total depreciable assets		<u>96,345,792</u>	<u>1,579,747</u>	<u>-</u>	<u>-</u>	<u>97,925,539</u>
Total capital assets		<u>99,197,509</u>	<u>1,579,747</u>	<u>-</u>	<u>-</u>	<u>100,777,256</u>
Less: accumulated depreciation:						
Buildings and improvements		48,679,863	2,173,325	-	-	50,853,188
Furnishings and equipment		11,740,346	133,125	-	-	11,873,471
Educational resource materials		<u>96,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,295</u>
Total accumulated depreciation		<u>60,516,504</u>	<u>2,306,450</u>	<u>-</u>	<u>-</u>	<u>62,822,954</u>
Capital assets, net		<u>\$ 38,681,005</u>	<u>\$ (726,703)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,954,302</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 5 - Capital Assets

Capital assets consist of the following at June 30, 2020:

	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciated:						
Land	-	\$ 2,851,717	\$ -	\$ -	\$ -	\$ 2,851,717
Capital assets, depreciated:						
Buildings and improvements	10-40	79,432,626	4,542,446		-	83,975,072
Furnishings and equipment	5	12,097,260	177,165		-	12,274,425
Educational resource materials	5	96,295	-		-	96,295
Total depreciable assets		<u>91,626,181</u>	<u>4,719,611</u>	<u>-</u>	<u>-</u>	<u>96,345,792</u>
Total capital assets		<u>94,477,898</u>	<u>4,719,611</u>	<u>-</u>	<u>-</u>	<u>99,197,509</u>
Less: accumulated depreciation:						
Buildings and improvements		46,511,640	2,168,223	-	-	48,679,863
Furnishings and equipment		11,703,734	36,612	-	-	11,740,346
Educational resource materials		96,295	-	-	-	96,295
Total accumulated depreciation		<u>58,311,669</u>	<u>2,204,835</u>	<u>-</u>	<u>-</u>	<u>60,516,504</u>
Capital assets, net		<u>\$ 36,166,229</u>	<u>\$ 2,514,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,681,005</u>

Note 6 - Long-Term Liabilities

Long-term liabilities at June 30, 2021 consist of:

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes payable	\$6,471,605	\$ -	\$429,856	\$ 6,041,749	\$ 445,915
Other long-term liabilities:					
Compensated absences	3,659,461	496,027	-	4,155,488	2,829,748
Workers' compensation	510,317	230,645	-	740,962	90,199
Net pension liability	7,297,962	164,286	-	7,462,248	-
Net OPEB liability	<u>13,757,885</u>	<u>-</u>	<u>4,155,721</u>	<u>9,602,164</u>	<u>-</u>
Total long-term liabilities	<u>\$ 31,697,230</u>	<u>\$ 890,958</u>	<u>\$ 4,585,577</u>	<u>\$ 28,002,611</u>	<u>\$ 3,365,862</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 6 - **Long-Term Liabilities – Continued**

Long-term liabilities at June 30, 2020 consisted of:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes payable	\$ 6,886,077	\$ -	\$ 414,472	\$ 6,471,605	\$ 429,856
Other long-term liabilities:					
Compensated absences	3,566,940	92,521	-	3,659,461	2,627,085
Workers' compensation	467,438	42,879	-	510,317	92,878
Net pension liability	8,824,467	-	1,526,505	7,297,962	-
Net OPEB Liability	<u>19,309,594</u>	<u>-</u>	<u>5,551,709</u>	<u>13,757,885</u>	<u>-</u>
Total long-term liabilities	<u>\$ 39,054,516</u>	<u>\$ 135,400</u>	<u>\$ 7,492,686</u>	<u>\$ 31,697,230</u>	<u>\$ 3,149,819</u>

Notes Payable

The following is a summary of the College's notes payable for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Note payable, Century Bank. Original amount of debt issued - \$1,075,742. Principal of \$63,279 is payable annually and interest is payable semiannually at 3.5%	\$379,672	\$ 442,950
Note payable, Division of Capital Asset Management and Maintenance ("DCAMM"). Original amount of debt issued - \$1,367,790. Principal and interest of \$105,150 is payable semi- annually with interest charged at 4.5%	832,025	896,819

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 6 - **Long-Term Liabilities – Continued**

Notes Payable - Continued

Note payable, DCAMM. Original amount of debt issued - \$4,439,479. Principal and interest of \$341,290 is payable semi-annually with interest charged at 4.5%

	\$ 3,112,079	3,304,661
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Note payable, DCAMM. Original amount of debt issued - \$2,480,203. Principal and interest of \$184,117 is payable semi-annually with interest charged at 4.1%

	<u>1,717,973</u>	<u>1,827,175</u>
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Notes payable	<u>\$ 6,041,749</u>	<u>\$ 6,471,605</u>
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Maturities of principal and interest subsequent to June 30, 2021 are as follows:

Fiscal Years <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 445,915	\$ 261,395
2023	462,679	242,386
2024	480,179	222,665
2025	498,446	202,127
2026	517,516	180,812
2027-2031	2,651,125	567,184
2032-2033	<u>985,889</u>	<u>64,926</u>
	<u>\$ 6,041,749</u>	<u>\$ 1,741,495</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 6 - **Long-Term Liabilities – Continued**

Leases

The College leases various equipment under operating lease agreements. The following summarizes future minimum payments under non-cancelable leases subsequent to June 30, 2021:

<u>Fiscal Years</u> <u>Ending June 30,</u>	<u>Operating</u> <u>Leases</u>
2022	\$ 277,251
2023	277,251
2024	<u>48,823</u>
	<u>\$ 603,325</u>

Rent expense for operating leases was \$332,961 and \$391,496 for the years ended June 30, 2021 and 2020, respectively.

Note 7 - **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 on-line from the Office of State Comptroller's website.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 7 - **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 Massachusetts State Legislature (the “Legislature”).

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

Contributions

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

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

<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

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 7 - **Pensions – Continued**

Contributions

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 amount to \$3,543,258, \$3,408,620, and \$2,663,760 for the year ended June 30, 2021, 2020 and 2019, respectively.

For employees covered by SERS but not paid from state appropriations, the College is required to contribute at an actuarially determined rate; the rate was 14.66%, 14.08% and 12.06% of annual covered payroll for the fiscal year ended June 30, 2021, 2020 and 2019, respectively. The College contributed \$352,582, \$469,998, and \$496,607 for the fiscal year ended June 30, 2021, 2020 and 2019, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2021 and 2020, the College reported a liability of \$7,462,248 and \$7,297,962, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2021, the reporting date, was measured as of June 30, 2020, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. The net pension liability as of June 30, 2020, the reporting date, was measured as of June 30, 2019, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019.

The College's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the College for the fiscal years 2021 and 2020. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2021 and 2020 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the College's proportion was 0.043% and 0.050% respectively.

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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 7 - **Pensions – Continued**

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

For the year ended June 30, 2021, the College recognized pension income of \$46,549. For the year ended June 30, 2020, the College recognized pension expense of \$510,150. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

<u>Deferred Outflows of Resources Related to Pension</u>	<u>2021</u>	<u>2020</u>
Difference between expected and actual experience	\$ 237,438	\$ 242,367
Net differences between projected and actual earnings on pension plan investments	410,203	-
Change in pension plan actuarial assumptions	423,098	540,957
Changes in proportion from Commonwealth	5,636	12,885
Changes in proportion due to internal allocation	-	228,450
Contributions subsequent to the measurement date	<u>352,582</u>	<u>469,998</u>
Total deferred outflows of resources related to pension	<u>\$ 1,428,957</u>	<u>\$ 1,494,657</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 7 - **Pensions – Continued**

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

<u>Deferred Inflows of Related to Pension</u>	<u>2021</u>	<u>2020</u>
Net differences between projected and actual investment earnings on pension plan investments	\$ -	\$ 108,859
Difference between expected and actual experience	48,286	94,914
Changes in proportion from Commonwealth	18,188	371
Changes in proportion due to internal allocation	<u>3,107,558</u>	<u>3,599,006</u>
Total deferred inflows of resources related to pension	<u>\$ 3,174,032</u>	<u>\$ 3,803,150</u>

The College's contributions of \$352,582 and \$469,998 made during the fiscal years ending 2021 and 2020, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as decreases in pension expense as follows:

Years Ending <u>June 30,</u>	
2022	\$ (523,914)
2023	(429,622)
2024	(417,001)
2025	(522,455)
2026	<u>(204,665)</u>
	<u>\$ (2,097,657)</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 7 - **Pensions – Continued**

Actuarial Assumptions

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

Measurement date	June 30, 2020	June 30, 2019
Inflation on the first \$13,000 of allowance	3.00%	3.00%
Salary increases	4.0% to 9.00%	4.0% to 9.00%
Investment rate of return	7.15%	7.25%
Interest rate credited to annuity savings fund	3.50%	3.50%

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

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

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

Investment assets of SERS are with the Pension Reserves Investment Trust (“PRIT”) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 7 - **Pensions – Continued**

Actuarial Assumptions

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, are summarized in the following table:

Asset Class	2021		2020	
	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Global Equity	39%	4.80%	39%	4.90%
Core Fixed Income	15%	0.70%	15%	1.30%
Private Equity	13%	8.20%	13%	8.20%
Portfolio Completion Strategies	11%	3.20%	11%	3.90%
Real Estate	10%	3.50%	10%	3.60%
Value Added Fixed Income	8%	4.20%	8%	4.70%
Timber/Natural Resources	4%	4.10%	4%	4.10%
	100%		100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and 7.25% at June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the 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.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 7 - **Pensions – Continued**

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 at June 30,:

June 30, 2021		
Current		
1.00% Decrease	Discount Rate	1.00% Increase
6.15%	7.15%	8.15%
\$ 9,831,973	\$ 7,462,248	\$ 5,514,519
June 30, 2020		
Current		
1.00% Decrease	Discount Rate	1.00% Increase
3.25%	7.25%	8.25%
\$ 9,713,824	\$ 7,297,962	\$ 5,233,724

Note 8 - **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.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **OPEB – Continued**

Plan Description - Continued

Management of the SRBT is vested with the board of trustees, which consists of 7 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), 1 person appointed by the Governor, and 1 person appointed by the State Treasurer. These members elect 1 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.

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2021 and 2020, and as of the valuation date January 1, 2019, participants contributed 10% to 20%, respectively, of premium costs, depending on the date of hire and whether the participant's status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs.

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions 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 7.70% and 7.29% of annual covered payroll for the fiscal years ended June 30, 2021 and 2020, respectively. The College contributed \$185,145 and \$243,471 for the fiscal years ended June 30, 2021 and 2020, respectively, equal to 100% of the required contribution for each year.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **OPEB – Continued**

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

At June 30, 2021 and 2020, the College reported a liability of \$9,602,164 and \$13,757,885, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2020 and 2019, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 and 2019, respectively.

The College's proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the College's share of total covered payroll for the fiscal years 2020 and 2019. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2020 and 2019 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the College's proportion was 0.046% and 0.075%, respectively.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **OPEB – Continued**

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

For the years ended June 30, 2021 and 2020, the College recognized OPEB benefit of \$1,914,288 and \$708,591, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	<u>2021</u>	<u>2020</u>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Changes in proportion from Commonwealth	\$ 14,552	\$ 33,546
Net differences between projected and actual investment earnings on OPEB plan investments	27,763	-
Changes in OPEB plan actuarial assumptions	790,754	10,586
Changes in proportion due to internal allocation	426,849	665,312
Difference between expected and actual experience	265,001	551,755
Contributions subsequent to the measurement date	<u>185,145</u>	<u>243,471</u>
Total deferred outflows of resources related to OPEB	<u>\$ 1,710,064</u>	<u>\$ 1,504,670</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **OPEB – Continued**

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

<u>Deferred Inflows of Resources Related to OPEB</u>	<u>2021</u>	<u>2020</u>
Net differences between projected and actual investment earnings on OPEB plan investments	\$ -	\$ 6,327
Changes in proportion from Commonwealth	32,610	-
Difference between expected and actual experience	237,014	17,618
Changes in proportion due to internal allocation	10,332,698	7,187,091
Change in OPEB plan actuarial assumptions	<u>928,016</u>	<u>2,068,832</u>
Total deferred inflows of resources related to OPEB	<u>\$11,530,338</u>	<u>\$ 9,279,868</u>

The College's contributions of \$185,145 and \$243,471 made during the fiscal year 2021 and 2020, respectively, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as decreases in OPEB expense as follows:

Years Ending	
<u>June 30,</u>	
2022	\$ (2,462,246)
2023	(2,417,425)
2024	(2,265,289)
2025	(2,255,865)
2026	<u>(604,594)</u>
	<u>\$ (10,005,419)</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **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, 2020	June 30, 2019
Inflation	2.50%	2.50%
Salary increases	Rates vary by years of service and group classification, consistent with SERS	4.0% per year
Investment rate of return	7.15% net of OPEB plan investment expense, including inflation	7.25%, net of OPEB plan investment expense, including inflation
Healthcare Costs Trends	Developed based on the most recent published GAO-Getzen trend model, version 2020_b. Medicare and non-medicare benefits range from 4.04% to 6.70%.	7.5%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 & 2024 then decreasing 0.25% each year to an ultimate rate of 4.5% in 2026 for Medical 5.0% for EGWP through 2025, then 4.5% in 2026;

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

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **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.
- 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage for measurement date June 30, 2020.
- 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

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

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

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **OPEB – Continued**

Actuarial Assumptions - Continued

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

Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2021 and 2020, are the same as discussed in the pension footnote.

Discount Rate

The discount rate used to measure the total OPEB liability for 2021 and 2020 was 2.28% and 3.63%, respectively. These rates were based on a blend of the Bond Buyer Index rate (2.21% and 3.51%) as of the measurement date and the expected rate of return. The OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2028 and 2029 for the fiscal years 2021 and 2020, respectively.

Therefore, the long-term expected rate of return on OPEB plan investments is 7.15% and 7.25%, respectively per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **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:

June 30, 2021		
Current		
1.00% Decrease	Discount Rate	1.00% Increase
1.28%	2.28%	3.28%
\$ 11,539,118	\$ 9,602,164	\$ 8,071,735
June 30, 2020		
Current		
1.00% Decrease	Discount Rate	1.00% Increase
2.63%	3.63%	4.63%
\$ 16,422,468	\$ 13,757,885	\$ 11,651,129

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **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, as disclosed on page 49 of this report:

June 30, 2021		
Current Healthcare		
1.00% Decrease	Cost Trend Rate	1.00% Increase
(B)	(A)	(C)
\$ 7,799,181	\$ 9,602,164	\$ 11,997,585
June 30, 2020		
Current Healthcare		
1.00% Decrease	Cost Trend Rate	1.00% Increase
(B)	(A)	(C)
\$ 11,338,235	\$ 13,757,885	\$ 16,950,354

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

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

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

Note 9 - **Restricted Net Position**

The College is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time.

Restricted - expendable net position consists of income to be used for grants and research, as well as funds to be used for capital projects.

The Foundation’s restricted - expendable net position consists of funds, whose income is mainly used for various scholarships, grants and other general purposes.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 10 - **Contingencies**

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

The College receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. The College must repay any disallowed expenditures resulting from such audits. 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 the Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the College.

The College participates in the various programs administered by the Commonwealth for property, general liability, automobile liability, workers' compensation, and health insurance. 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.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Operating Expenses**

The College's operating expenses, on a natural classification basis, are comprised of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Compensation and benefits	\$ 45,954,285	\$ 47,070,841
Supplies and services	8,961,795	8,837,569
Depreciation	2,306,450	2,204,835
Scholarships and fellowships	<u>12,264,251</u>	<u>10,441,196</u>
	<u>\$ 69,486,781</u>	<u>\$ 68,554,441</u>

Note 12 - **Other Fringe Benefits**

The College participates in the Commonwealth's Fringe Benefit programs, including active employee and post-employment health insurance, unemployment, and workers' compensation benefits. Health insurance for active employees are paid through a fringe benefit rate charged to the College by the Commonwealth.

Group Insurance Commission ("GIC")

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.

The GIC administers a plan included within the State Retirement Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution rates.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Other Fringe Benefits - Continued**

Group Insurance Commission (“GIC”) – Continued

The GIC is a quasi-independent state agency governed by an eleven-member body (the “Commission”) appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and 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, 2021 and 2020, 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 of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage (for employees not covered by collective bargaining), retiree discount vision and dental plans, and a pre-tax health care spending account and dependent care assistance program (for active employees only).

Other Employee Benefits

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.

Note 13 - **Massachusetts Management Accounting and Reporting System (“MMARS”)**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth’s Statewide Accounting System, Massachusetts Management Accounting and Reporting System (“MMARS”) on the statutory basis of accounting. The statutory basis of accounting is 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*.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **Massachusetts Management Accounting and Reporting System (“MMARS”) – Continued**

The College’s State Appropriations are comprised of the following for the years ended June 30,:

	<u>2021</u>	<u>2020</u>
Direct unrestricted appropriations	\$ 25,594,934	\$ 24,325,110
Add: Fringe benefits for benefited employees on the state payroll	8,792,881	8,589,341
Less: Day school tuition remitted to the state and included in tuition revenue	<u>(584,733)</u>	<u>(665,839)</u>
Total unrestricted appropriations	33,803,082	32,248,612
Capital appropriations	<u>1,524,748</u>	<u>3,473,360</u>
Total Appropriations	<u>\$ 35,327,830</u>	<u>\$ 35,721,972</u>

A reconciliation of revenue between the College and MMARS as of June 30, 2021 is as follows (unaudited):

Revenue per MMARS	\$ 43,676,558
Revenue per College	<u>43,676,558</u>
Difference	\$ <u> -</u>

Note 14 - **Pass-Through Loans**

The College distributed approximately \$2,730,000 and \$3,949,000 for the years ended June 30, 2021 and 2020, respectively, for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues nor as cash disbursements and cash receipts in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Schedules of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	0.043%	0.050%	0.067%	0.086%	0.089%	0.105%	0.077%
Proportionate share of the collective net pension liability	\$ 7,462,248	\$ 7,297,962	\$ 8,824,467	\$ 11,051,800	\$ 12,291,456	\$ 11,964,719	\$ 5,709,966
College's covered payroll	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852	\$ 6,771,156	\$ 6,773,439	\$ 6,333,557	\$ 5,705,044
College's proportionate share of the net pension liability as a percentage of its covered payroll	223.55%	177.23%	170.43%	163.22%	181.47%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	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.

MASSASOIT COMMUNITY COLLEGE
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Schedules of Pension Contributions (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 352,582	\$ 469,998	\$ 496,607	\$ 609,951	\$ 673,730	\$ 640,090	\$ 658,057
Contributions in relation to the statutorily required contribution	<u>(352,582)</u>	<u>(469,998)</u>	<u>(496,607)</u>	<u>(609,951)</u>	<u>(673,730)</u>	<u>(640,090)</u>	<u>(658,057)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,405,061	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852	\$ 6,771,156	\$ 6,773,439	\$ 6,333,557
Contribution as a percentage of covered payroll	14.66%	14.08%	12.06%	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.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Required Supplementary Information - SERS (Unaudited)

For the Year Ended June 30, 2021

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

Measurement date – June 30, 2020

The investment rate of return changed from 7.25% to 7.15%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2019

The investment rate of return changed from 7.35% to 7.25%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2018

The investment rate of return changed from 7.50% to 7.35%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rate assumptions were changed as follows:

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

Measurement date – June 30, 2017

The mortality rates were changed in the January 1, 2017 Actuarial Valuation 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

MASSASOIT COMMUNITY COLLEGE
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Notes to the Required Supplementary Information - SERS (Unaudited)

For the Year Ended June 30, 2021

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

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.

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)

MASSASOIT COMMUNITY COLLEGE
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Schedules of Proportionate Share of Net OPEB Liability (Unaudited)

State Retirees' Benefit Trust

Year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.0460%	0.0750%	0.1040%	0.1230%
Proportionate share of the collective net OPEB liability	\$ 9,602,164	\$ 13,757,885	\$ 19,309,594	\$ 21,495,791
College's covered payroll	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852	\$ 6,771,156
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	6.40%	6.96%	6.01%	5.39%

Notes:

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

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

See accompanying notes to the required supplementary information.

MASSASOIT COMMUNITY COLLEGE
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Schedules of OPEB Contributions (Unaudited)

State Retirees' Benefit Trust

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 185,145	\$ 243,471	\$ 362,123	\$ 461,805
Contributions in relation to the statutorily required contribution	<u>(185,145)</u>	<u>(243,471)</u>	<u>(362,123)</u>	<u>(461,805)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 2,405,061	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852
Contribution as a percentage of covered payroll	7.70%	7.29%	8.79%	8.92%

Notes:

Employers participating in the State Retirees' Benefit Trust are required by MA General Laws, Section 32, to contribute an actuarial 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.

MASSASOIT COMMUNITY COLLEGE
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Notes to the Required Supplementary Information – SRBT (Unaudited)

For the Year Ended June 30, 2021

Note 1 - **Change in Plan Assumptions**

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

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

Change in Investment Rate

The investment rate of return decreased from 7.25% to 7.15%.

Change in Salary Scale

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

Change in Discount Rate

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

Fiscal year June 30, 2020

Assumptions:

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

Change in Investment Rate

The investment rate return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs

The original healthcare trend rate decreased from 8.0% to 7.5%, which affects the high-cost excise tax.

Change in Discount Rate

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

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

Notes to the Required Supplementary Information – SRBT (Unaudited)

For the Year Ended June 30, 2021

Note 1 - **Change in Plan Assumptions – Continued**

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
Massasoit Community College
Brockton, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and business-type activities of Massasoit Community College (the "College"), and its discretely presented major component unit, as of and for the years ended June 30, 2021 and 2020, 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 20, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College'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 Massasoit Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants
Braintree, Massachusetts**

October 20, 2021