

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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## **Independent Auditor's Report**

To the School Committee  
Central Berkshire Regional School District  
Dalton, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Berkshire Regional School District, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Central Berkshire Regional School District, Massachusetts' 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Berkshire Regional School District, Massachusetts' basic financial statements. The Supplementary Schedule as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2019 on our consideration of the Central Berkshire Regional School District, Massachusetts' 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 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 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 Central Berkshire Regional School District, Massachusetts' internal control over financial reporting and compliance.

## *Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

February 4, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Central Berkshire Regional School District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

### Financial Highlights

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$24,756,976 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$23,269,724, or a decrease of \$1,487,252 (6%).
- As required by Government Accounting Standards Board (GASB) Statement No. 75, in fiscal year 2018, the District recognized a decrease to Other Post Employment Benefits (OPEB) obligation payable of \$23,005,659 on the statement of net position from the previous year, see Note 5.
- At the close of the current fiscal year, the District's governmental funds reported total ending fund balance of \$4,842,084, a decrease of \$29,167 (1%) in comparison with the prior year.
- The General Fund's total fund balance increased \$29,202 (1%) to \$2,759,898. The ending General fund balance is 9% of revenues and transfers in and 9% of expenditures and transfers out.
- Total liabilities of the District increased by \$55,140 (.1%) to \$53,189,173 during the fiscal year. This net change resulted mainly from an increase in the other post employment benefit (OPEB) liability of \$1,415,608 and net decreases in the bonds and leases payable of \$337,282 and in the net pension liability of \$967,368.
- The District's had excess and deficiency certified by the Department of Revenue in the amount of \$1,372,136.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by member Town assessments and intergovernmental revenues (*governmental activities*). The governmental activities include all of the District's basic services, such as instructional and support services.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds are categorized as Governmental funds described below.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The District maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other individual governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The District adopts an annual appropriated budget for its general fund and debt service funds. A budgetary comparison statement has been provided for the budgets.

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

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

**Financial Highlights**  
**Statement of Net Position Highlights**

	Governmental Activities		
	2018	2017	Change
<b>Assets:</b>			
Current assets	\$ 6,713,852	\$ 6,725,089	\$ (11,237)
Capital assets	21,556,404	22,360,612	(804,208)
<b>Total assets</b>	<b>28,270,256</b>	<b>29,085,701</b>	<b>(815,445)</b>
<b>Deferred Outflows of Resources</b>	<b>944,723</b>	<b>1,020,865</b>	<b>(76,142)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and leases)	1,643,754	1,989,140	(345,386)
Current bonds and leases payable	545,000	337,282	207,718
Noncurrent liabilities (excluding debt and leases)	49,260,419	48,886,083	374,336
Noncurrent bonds and leases payable	1,740,000	2,035,000	(295,000)
<b>Total liabilities</b>	<b>53,189,173</b>	<b>53,247,505</b>	<b>(58,332)</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to pensions	<b>782,782</b>	<b>128,785</b>	<b>653,997</b>
<b>Net Position:</b>			
Net investment in capital assets	19,271,404	19,988,330	(716,926)
Restricted	758,831	511,695	247,136
Unrestricted	(44,787,211)	(43,769,749)	(1,017,462)
<b>Total Net Position</b>	<b>\$ (24,756,976)</b>	<b>\$ (23,269,724)</b>	<b>\$ (1,487,252)</b>

**Statement of Activities Highlights**

	Governmental Activities		
	2018	2017	Change
<b>Program Revenues:</b>			
Charges for services	506,706	553,464	(46,758)
Operating grants and contributions	8,111,675	8,101,161	10,514
Capital grants and contributions	106,726	-	106,726
<b>General Revenues:</b>			
Member town assessments	16,262,099	15,989,386	272,713
Nonrestricted grants	8,677,909	8,629,219	48,690
Unrestricted investment income	71,870	35,815	36,055
Miscellaneous	1,169	6,985	(5,816)
Gain/(Loss) on transfer of capital assets to member Town	-	(1,011,243)	1,011,243
<b>Total revenues</b>	<b>33,738,154</b>	<b>32,304,787</b>	<b>1,433,367</b>
<b>Expenses:</b>			
Regular instruction	10,255,443	10,362,252	(106,809)
Special education	3,760,920	3,093,800	667,120
Instructional support	3,231,271	3,435,958	(204,687)
Maintenance	1,889,923	1,889,730	193
Operational services	11,655,876	12,462,099	(806,223)
Transportation	1,797,301	1,565,663	231,638
School choice and charter assessments	1,415,131	1,356,542	58,589
Interest	92,164	102,763	(10,599)
Capital outlay	240,165	-	240,165
Unallocated depreciation	887,212	876,880	10,332
<b>Total expenses</b>	<b>35,225,406</b>	<b>35,145,687</b>	<b>79,719</b>
<b>Change in net position</b>	<b>(1,487,252)</b>	<b>(2,840,900)</b>	<b>1,353,648</b>
<b>Beginning net position</b>	<b>(23,269,724)</b>	<b>(20,428,824)</b>	<b>(2,840,900)</b>
<b>Ending net position</b>	<b>\$ (24,756,976)</b>	<b>\$ (23,269,724)</b>	<b>\$ (1,487,252)</b>

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$24,756,976 at the close of fiscal year 2018.

Net position of \$19,271,404 reflects its investment in capital assets (e.g., land, buildings and renovations, and vehicles and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$758,831, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$44,787,211).

At the end of the current fiscal year, the District is able to report positive balances in two of the three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB obligation and net pension liabilities that are required under GASB to be recognized in the District's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position decreased by \$1,487,252 (6%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2018 are attributed to decreases as a result of the depreciation expense (normally spread out over the useful life of the asset) for the year of \$887,212 exceeding the acquisition of \$83,004 in new capital assets, in recognizing this year's OPEB obligation of \$1,415,608 and net change in the deferred outflow/(inflow) of resources related to pensions of \$880,139; and increases in the change in debt and leases of \$337,282 and in recognizing the change in the net pension liability of \$967,368.

## Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,842,084, a decrease of \$29,167 (1%) in comparison with the prior year.

The breakdown of the governmental funds and the percentage of total fund balance they represent are as follows:

- Restricted fund balance – \$642,270 (13%).
- Assigned fund balance – \$2,960,826 (61%).
- Unassigned fund balance – \$1,238,988 (26%).

## Major Governmental Funds

At the end of the fiscal year, the General Fund reported a fund balance of \$2,759,898, increasing \$29,202 (1%) from the prior year. Of the \$2,759,898, the unassigned amount is \$1,372,427 (50%) and the assigned amount is \$1,387,471 (50%). General fund revenues were \$15,385 (.1%) more than the prior fiscal year and expenditures also increased by \$122,913 (.4%). Other activities in the General fund were net transfers from other funds of \$966,022.

Increases in General fund revenues as compared to the prior year occurred mainly with increases in the assessments to member Towns of \$317,010 (2%) and in the miscellaneous receipts of \$185,549 (2,656%) (mainly due to a Berkshire Health Group subsidy of \$191,365) and decreases in the intergovernmental State aid of \$130,020 (1%) and in the Massachusetts Teachers Retirement Benefits (MTRB) on behalf payments of \$337,811 (8%).

The major changes in general fund expenditures from the prior fiscal year were as follows:

- Decrease in Regular instruction expenditures of \$287,243 (3%).
- Increase in Special education expenditures of \$373,166 (15%).
- Decrease in Instructional support expenditures of \$212,415 (8%).
- Increase in Operational services expenditures of \$298,364 (5%).
- Increase in Transportation expenditures of \$231,638 (15%).
- Decrease in MTRB on-behalf payments of \$337,811 (8%).

The *Debt Service Fund* is the financing of the District's short term and long-term outstanding debt. In Fiscal Year 2018, the fund shows an increase of \$10,250 (141%) to \$17,545. This change was mainly attributed to revenues from member Town assessments of \$429,574 exceeding expenditures for loan fees, principal and interest of \$419,324.

The *school choice fund* is a special revenue fund used to account for the accumulation of resources from tuition that is received from other school districts for students attending the school, and can be used for school expenditures. The fund balance decreased by \$71,197 (9%) to \$723,355. This amount was attributed to the receipt of school choice funds of \$1,073,351 and transfers out to the General Fund of \$1,144,548.

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$1,341,286 increasing \$2,578 (.2%) from the prior year. This amount was attributed to the revenue of \$2,634,403 and expenditures of \$2,810,351 and net transfers in from the General fund of \$178,526.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2018 was \$28,530,774. This was an increase of \$544,838 (2%) over the previous year's budget.

During the fiscal year, the School Committee authorized budget transfers to the original budget to accommodate differences from the original budget to the actual expenditures of the School District.

General fund expenditures were less than budgeted by \$1,790,827. Of the \$1,790,827 in under budget expenditures, \$276,355 has been carried over to fiscal year 2019.

There is a negative variance in intergovernmental revenue (education) of \$233,770, intergovernmental revenue (transportation) of \$19,193 and other state and federal grants of \$17,034 as this year's State and Federal revenues were lower than expected.

There is a negative variance in school choice and charter assessments of \$34,748 as the expenditures exceed the budget.

The District's had excess and deficiency certified by the Department of Revenue in the amount of \$1,372,136. The key factors that attributed to this amount for fiscal year 2018 are, approximately, a surplus in unexpended/unencumbered appropriations of \$1,514,500 and a revenue surplus of \$3,150.

**Debt Service Fund Budgetary Highlights**

The final debt service fund budget for fiscal year 2018 was \$429,574. This was a decrease of \$44,297 (9%) under the previous year's budget.

**Capital Asset and Debt Administration**

**Capital Assets.** The District's investment in capital assets for its governmental activities at the end of the fiscal year totaled \$21,556,404 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and renovations, leasehold improvements, machinery and equipment.

This amount represents a net decrease of \$804,208 from the prior year representing additions of \$83,004 and depreciation of \$887,212. Capital events during the current fiscal year included the following:

- Wahconah Regional equipment purchase for \$10,999.
- Nessacus Regional Middle School boiler replacement for \$17,000.
- Various Schools' improvements for \$55,055.

Additional information on the District's capital assets can be found in Note 3C of this report.

**Debt Administration.** The District's outstanding governmental debt, as of June 30, 2018, totaled \$2,035,000, all pertaining to various schools' improvements.

The governmental activities currently have \$250,000 in bond anticipation notes outstanding for the Wahconah Regional High School feasibility project.

Please refer to notes 3E and 3F for further discussion of the debt activity.

**Fiscal Year 2019 Budget**

The Central Berkshire Regional School District School Committee votes a budget for the next fiscal year at a School Committee meeting before the end of the fiscal year. The financial statements for June 30, 2018 do not reflect the fiscal year 2019 School Committee actions with the exception of the \$1,111,116 amount from excess and deficiency. The School Committee meeting on March 8, 2018 projected a fiscal year 2019 operating and capital budget as follows:

Operating	\$ 27,408,871
Capital	373,320
	\$ 27,782,191

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Central Berkshire Regional School District, 254 Hinsdale Rd., P. O. Box 299, Dalton, MA 01227-0299.

## **BASIC FINANCIAL STATEMENTS**

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
CURRENT:	
Cash and investments	\$ 6,587,090
Receivables, net of allowance for uncollectibles:	
Departmental	1,078
Intergovernmental	125,684
Total current assets	6,713,852
NONCURRENT:	
Capital assets, net of accumulated depreciation	
Nondepreciable	25,000
Depreciable	21,531,404
Total noncurrent assets	21,556,404
<b>Total Assets</b>	<b>28,270,256</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	794,723
Deferred outflows related to OPEB	150,000
	944,723
<b>LIABILITIES</b>	
CURRENT:	
Warrant and accounts payable	263,215
Accrued payroll	1,142,588
Payroll withholdings	123,410
Accrued interest	21,986
Compensated absences	92,555
Bond anticipation notes payable	250,000
Bonds payable	295,000
Total current liabilities	2,188,754
NONCURRENT:	
Compensated absences	1,368,504
OPEB obligation payable	46,043,425
Net pension liability	1,848,490
Bonds payable	1,740,000
Total noncurrent liabilities	51,000,419
<b>Total Liabilities</b>	<b>53,189,173</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	782,782
<b>NET POSITION</b>	
Net Investment in capital assets	19,271,404
Restricted	758,831
Unrestricted	(44,787,211)
<b>Total Net Position</b>	<b>\$ (24,756,976)</b>

The Notes to the Financial Statements are an integral part of this Statement.

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

	Program Revenues				<b>Net (Expense)/ Revenue</b>
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Regular instruction	\$ 10,255,443	\$ 2,440	\$ 1,830,133	\$ -	\$ (8,422,870)
Special education	3,760,920	-	965,337	-	(2,795,583)
Instructional support	3,231,271	491,991	460,634	-	(2,278,646)
Maintenance	1,889,923	12,275	211	-	(1,877,437)
Operational services	11,655,876	-	3,989,064	-	(7,666,812)
Transportation	1,797,301	-	866,296	-	(931,005)
School choice and charter assessments	1,415,131	-	-	-	(1,415,131)
Interest and costs	92,164	-	-	-	(92,164)
Capital outlay	240,165	-	-	106,726	(133,439)
Unallocated depreciation	887,212	-	-	-	(887,212)
<b>Total Governmental Activities</b>	<b>\$ 35,225,406</b>	<b>\$ 506,706</b>	<b>\$ 8,111,675</b>	<b>\$ 106,726</b>	<b>(26,500,299)</b>
<b>General Revenues:</b>					
Member town assessments					16,262,099
Grants & contributions not restricted to specific programs					8,677,909
Unrestricted investment income					71,870
Miscellaneous					1,169
<b>Total General Revenues</b>					<b>25,013,047</b>
<b>Change in Net Position</b>					<b>(1,487,252)</b>
<b>Net Position:</b>					
Beginning of year (as restated)					<b>(23,269,724)</b>
End of year					<b>\$ (24,756,976)</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>School Choice Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and investments	\$ 4,295,832	\$ 17,545	\$ 693,928	\$ 1,579,785	\$ 6,587,090
Receivables, net of allowance:					
Departmental	-	-	-	1,078	1,078
Intergovernmental	25	-	29,427	96,232	125,684
<b>Total Assets</b>	<b>\$ 4,295,857</b>	<b>\$ 17,545</b>	<b>\$ 723,355</b>	<b>\$ 1,677,095</b>	<b>\$ 6,713,852</b>
<b>Liabilities:</b>					
Warrants and accounts payable	\$ 201,309	\$ -	\$ -	\$ 61,906	\$ 263,215
Accrued payroll	1,211,240	-	-	23,903	1,235,143
Payroll withholdings	123,410	-	-	-	123,410
Bond Anticipation Notes Payable	-	-	-	250,000	250,000
<b>Total Liabilities</b>	<b>1,535,959</b>	<b>-</b>	<b>-</b>	<b>335,809</b>	<b>1,871,768</b>
<b>Fund Balance:</b>					
Restricted	-	17,545	-	624,725	642,270
Assigned	1,387,471	-	723,355	850,000	2,960,826
Unassigned	1,372,427	-	-	(133,439)	1,238,988
<b>Total Fund Balance</b>	<b>2,759,898</b>	<b>17,545</b>	<b>723,355</b>	<b>1,341,286</b>	<b>4,842,084</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,295,857</b>	<b>\$ 17,545</b>	<b>\$ 723,355</b>	<b>\$ 1,677,095</b>	<b>\$ 6,713,852</b>

The Notes to the Financial Statements are an integral part of this Statement.

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

	General Fund	Debt Service Fund	School Choice Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Member town assessments	\$ 15,832,525	\$ 429,574	\$ -	\$ -	\$ 16,262,099
Charges for services	-	-	-	506,706	506,706
Intergovernmental:					
State aid	9,588,232	-	-	-	9,588,232
State and federal grants	117,966	-	1,073,351	2,070,927	3,262,244
MTRB on-behalf payments	3,797,699	-	-	-	3,797,699
Investment income	71,870	-	-	97	71,967
Other	192,534	-	-	56,673	249,207
<b>Total Revenues</b>	<b>29,600,826</b>	<b>429,574</b>	<b>1,073,351</b>	<b>2,634,403</b>	<b>33,738,154</b>
<b>Expenditures:</b>					
Current:					
Regular instruction	9,712,847	-	-	797,921	10,510,768
Special education	2,827,188	-	-	919,007	3,746,195
Instructional support	2,355,822	-	-	838,343	3,194,165
Maintenance	1,923,578	-	-	14,915	1,938,493
Operational services	6,708,080	-	-	-	6,708,080
Transportation	1,797,301	-	-	-	1,797,301
School choice and charter assessments	1,415,131	-	-	-	1,415,131
Capital outlay	-	-	-	240,165	240,165
MTRB on-behalf payments	3,797,699	-	-	-	3,797,699
Debt Service:					
Loan fees	-	2,500	-	-	2,500
Principal	-	326,000	-	-	326,000
Interest	-	90,824	-	-	90,824
<b>Total Expenditures</b>	<b>30,537,646</b>	<b>419,324</b>	<b>-</b>	<b>2,810,351</b>	<b>33,767,321</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(936,820)</b>	<b>10,250</b>	<b>1,073,351</b>	<b>(175,948)</b>	<b>(29,167)</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	1,366,022	-	-	400,000	1,766,022
Operating Transfers Out	(400,000)	-	(1,144,548)	(221,474)	(1,766,022)
<b>Total Other Financing Sources (Uses)</b>	<b>966,022</b>	<b>-</b>	<b>(1,144,548)</b>	<b>178,526</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>29,202</b>	<b>10,250</b>	<b>(71,197)</b>	<b>2,578</b>	<b>(29,167)</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,730,696</b>	<b>7,295</b>	<b>794,552</b>	<b>1,338,708</b>	<b>4,871,251</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,759,898</b>	<b>\$ 17,545</b>	<b>\$ 723,355</b>	<b>\$ 1,341,286</b>	<b>\$ 4,842,084</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2018**

<b>Total Governmental Fund Balances</b>		\$ 4,842,084
Capital assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		21,556,404
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		161,941
Long term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and leases payable	\$ (2,035,000)	
Other post employment benefits payable	(46,043,425)	
Net Pension Liability	(1,848,490)	
Compensated absences	<u>(1,368,504)</u>	(51,295,419)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(21,986)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ (24,756,976)</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

**Net Change in Fund Balances - Total Governmental Funds** \$ (29,167)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:

Capital outlay purchases	\$ 83,004	
Depreciation	<u>(887,212)</u>	(804,208)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position.

Repayment of debt and lease principal	337,282
---------------------------------------	---------

Some expenses reported in the Statement of Activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds:

Net change in compensated absences	186,060	
Net change in other post employment benefits	(1,415,608)	
Net change in deferred outflow/(inflow) of resources related to OPEB	150,000	
Net change in net pension liability	967,368	
Net change in deferred outflow/(inflow) of resources related to pensions	(880,139)	
Net change in accrued interest	<u>1,160</u>	<u>(991,159)</u>

**Change in Net Position of Governmental Activities** \$ (1,487,252)

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -  
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts			Actual	Amounts Carried Forward to Next Year	Variance
	Amounts Carried Forward from Prior Year		Final Budget	Budgetary Basis		Positive/ (Negative)
		Original Budget				
<b>Revenues:</b>						
Member town assessments (operating)	\$ -	\$ 15,178,698	\$ 15,178,698	\$ 15,178,698	\$ -	\$ -
Member town assessments (transportation)	-	653,827	653,827	653,827	-	-
Intergovernmental:						
State aid - education	-	8,911,679	8,911,679	8,677,909	-	(233,770)
State aid - transportation	-	885,489	885,489	866,296	-	(19,193)
State aid - charter schools	-	22,276	22,276	44,027	-	21,751
Other state and federal grants	-	135,000	135,000	117,966	-	(17,034)
Investment income	-	8,000	8,000	71,870	-	63,870
Other	-	5,000	5,000	192,534	-	187,534
<b>Total Revenues</b>	-	<b>25,799,969</b>	<b>25,799,969</b>	<b>25,803,127</b>	-	<b>3,158</b>
<b>Expenditures:</b>						
Current:						
Regular	55,109	9,781,310	10,008,971	9,712,847	133,239	162,885
Special education	156,756	3,024,221	3,125,537	2,827,188	948	297,401
Instructional support	23,167	2,489,311	2,525,750	2,355,822	7,220	162,708
Maintenance	96,690	1,960,308	2,260,697	1,923,578	127,948	209,171
Operational services	37,260	7,590,141	7,310,655	6,708,080	-	602,575
Transportation	-	1,899,576	1,918,781	1,797,301	7,000	114,480
School choice and charter assessments	-	1,416,925	1,380,383	1,415,131	-	(34,748)
<b>Total Expenditures</b>	<b>368,982</b>	<b>28,161,792</b>	<b>28,530,774</b>	<b>26,739,947</b>	<b>276,355</b>	<b>1,514,472</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(368,982)</b>	<b>(2,361,823)</b>	<b>(2,730,805)</b>	<b>(936,820)</b>	<b>(276,355)</b>	<b>1,517,630</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In (Out)	-	1,361,823	1,361,823	966,022	-	(395,801)
<b>Total Other Financing Sources (Uses)</b>	-	<b>1,361,823</b>	<b>1,361,823</b>	<b>966,022</b>	-	<b>(395,801)</b>
<b>Net Change in Budgetary Fund Balance</b>	<b>(368,982)</b>	<b>(1,000,000)</b>	<b>(1,368,982)</b>	<b>\$ 29,202</b>		<b>\$ 1,121,829</b>
<b>Other Budgetary Items:</b>						
Excess and Deficiency and Other Reserves	-	1,000,000	1,000,000			
Prior Year Encumbrances	368,982	-	368,982			
<b>Total Other Budgetary Items</b>	<b>368,982</b>	<b>1,000,000</b>	<b>1,368,982</b>			
<b>NET BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis - General Fund**  
**For the Year Ended June 30, 2018**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 25,803,127	\$ 26,739,947
Recognition of intergovernmental revenue - "on behalf payments"	3,797,699	-
Recognition of expenditures -"on behalf payments"	-	3,797,699
<b>Reported on a GAAP Basis</b>	\$ 29,600,826	\$ 30,537,646

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -  
(NON-GAAP) - BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Amounts</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Basis</u>	<u>Carried Forward to Next Year</u>	<u>Positive/ (Negative)</u>
<b>Revenues:</b>					
Member town assessments (capital)	\$ 429,574	\$ 429,574	\$ 429,574	\$ -	\$ -
<b>Total Revenues</b>	<u>429,574</u>	<u>429,574</u>	<u>429,574</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>					
Debt Service:					
Loan fees	-	-	2,500	-	(2,500)
Principal	326,000	326,000	326,000	-	-
Interest	103,574	103,574	90,824	-	12,750
<b>Total Expenditures</b>	<u>429,574</u>	<u>429,574</u>	<u>419,324</u>	<u>-</u>	<u>10,250</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,250</u>	<u>\$ -</u>	<u>\$ 10,250</u>

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 156,701	\$ 390,119	\$ 152,661
<b>Total Assets</b>	<b>156,701</b>	<b>390,119</b>	<b>152,661</b>
<b>LIABILITIES</b>			
Warrants payable	-	2,971	-
Due to student groups	-	-	152,661
<b>Total Liabilities</b>	<b>-</b>	<b>2,971</b>	<b>152,661</b>
<b>NET POSITION</b>			
Held in trust for other purposes	\$ 156,701	\$ 387,148	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

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

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Employer Contributions	\$ 1,818,378	\$ -
Private Donations	-	20,666
Investment Income	6,701	2,495
<b>Total Additions</b>	<b>1,825,079</b>	<b>23,161</b>
<b>Deductions:</b>		
Insurance and Employee Benefits	1,668,378	-
Scholarships	-	34,893
<b>Total Deductions</b>	<b>1,668,378</b>	<b>34,893</b>
<b>Change in Net Position</b>	<b>156,701</b>	<b>(11,732)</b>
<b>Net Position at Beginning of Year</b>	<b>-</b>	<b>398,880</b>
<b>Net Position at End of Year</b>	<b>\$ 156,701</b>	<b>\$ 387,148</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Central Berkshire Regional School District, Dalton, Massachusetts (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The District was formed under Chapter 71 of the Massachusetts General Laws. The District is comprised of the Towns of Becket, Cummington, Dalton, Hinsdale, Peru, Washington and Windsor. The District was established in 1958. The District serves the educational needs of students in grades Kindergarten through Grade 12. The form of government is an elected fifteen-member school committee, who are responsible for appointing a Superintendent who is the chief operating official for the District.

The District operates five school buildings – Becket-Washington School, Kittredge Elementary, Craneville School, Nessacus Regional School and Wahconah Regional High School. The District is responsible for both the operating and capital costs related to all buildings, which are apportioned to the member Towns, based on student enrollment in accordance with the regional agreement and state law.

For financial reporting purposes, the basic financial statements include all funds, organizations, account groups, agencies, boards, commissions and institutions that are not legally separate from the District.

The District has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. There are no component units that meet the requirements for inclusion in the District's basic financial statements.

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The District reports *Governmental activities*, which are primarily supported by member town assessments and intergovernmental revenues.

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

**Fund Financial Statements**

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

***Major Fund Criteria***

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and

- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

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

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the fiduciary fund financial statements. Under the modified accrual basis concept, revenues are recognized when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment.
- Operating grants and contributions that are restricted to meeting the operational requirements of a specific function or segment.
- Capital grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

Assessments and other items not identifiable as program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Fund Financial Statements**

Governmental Fund financial statements are reported using the flow of *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The annual assessments to the District's member towns for operating and capital costs, state aid, various intergovernmental revenues, tuition fees and interest income as earned, comprise the significant revenues susceptible to accrual. Contributions, gifts and other miscellaneous revenues are recorded as revenues when received because they are generally not both measurable and available until actually received.

Investment income is susceptible to accrual. Other receipts and revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The District reports the following major governmental funds:

The *general fund* is the primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

The *debt service fund* accounts for the accumulation of financial resources for the payment of principal and interest on the District's debt. The anticipated reimbursement from the State, to be used to repay debt, together with the annual capital assessments for debt service are accumulated in this fund along with certain residual balances transferred from capital projects funds. The annual payments for principal and interest on long-term debt are reported in this fund.

The *school choice fund* is a special revenue fund used to account for the accumulation of resources from tuition that is received from other school districts for students attending the school, and can be used for school expenditures.

The non-major governmental fund consists of other special revenue funds and capital projects that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of this fund type:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

Additionally, the District reports the following fund types:

*Fiduciary fund* financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs.

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the District in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the District's operations.

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

The *agency fund* is used to account for assets held in a purely custodial capacity and mainly consists of student activity funds.

#### **D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

The District maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

#### **E. Investments**

The District maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**F. Accounts Receivable**

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

**G. Intergovernmental**

Various state and federal operating and capital grants are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

Intergovernmental receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectible.

**H. Departmental**

Departmental consists of preschool tuitions and facility use reimbursements among others.

Departmental receivables are considered 100% collectible.

**I. Prepaid Assets**

Certain payments to vendors, if any, which reflect costs applicable to future accounting periods are recorded as prepaid items both in the government-wide and fund financial statements.

**J. Capital Assets**

Capital assets, which include land, construction in progress, buildings and grounds, leasehold improvements, machinery and equipment and vehicles are reported in the applicable governmental activities' column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The District operates various schools in some member Towns. In accordance with the regional agreement, these schools are leased to the District at no cost. The District has borrowed funds and expended the proceeds to renovate or expand these schools. These expenditures have been capitalized as "leasehold improvements" and depreciated as if they were a building owned by the District. In the event that a school is no longer needed by the District, it would be returned to the Town and the net asset value of any leasehold improvement would be expensed in the year the asset was surrendered to the Town.

All purchase and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

<b>Capital Asset Type</b>	<b>Years</b>
Buildings	30
Leasehold improvements	Life of Lease or 5 years whichever is greater
Machinery, equipment and vehicles	3-5
Infrastructure	10-40

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

**K. Interfund Receivables and Payables**

During the course of its operations, transactions occur between and within funds that may result in amounts owed between funds.

In the government-wide financial statements, transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

In the fund financial statements, transactions of a buyer/seller nature between and within governmental funds are not eliminated from the individual fund statements.

**L. Deferred Outflows/Inflows of Resources**

**Government-wide financial statements**

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the items in this category is *deferred outflows related to pensions and deferred outflows related to OPEB*.

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is *deferred inflows related to pensions*.

**M. Net Position and Fund Balances**

In the Governmental-Wide financial statements, the difference between the District's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets, restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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Restricted represents nonmajor governmental funds with restrictions placed on assets for capital purposes or by outside parties, including federal and state governments, for various programs.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which is the District's School committee and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit.

*Assigned fund balance.* This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The business manager and school committee have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

#### **N. Long-Term Debt**

In the government-wide financial statements, Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

#### **O. Compensated Absences**

The District grants to employees sick and vacation leave in varying amounts based upon collective bargaining agreements, state laws and executive policies.

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In the government-wide financial statements, vested or accumulated vacation and sick leave are reported as liabilities and are expensed as incurred.

In the fund financial statements, vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

**P. Pension Benefits**

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 Berkshire County Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

**Q. Post-Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 75%, 80% or 85% share of insurance premiums in the general fund in the fiscal year paid.

**R. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**S. Total Column**

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the District's members and the School Committee.

A proposed annual budget, including capital costs, is prepared by the Superintendent for adoption by the School Committee. The annual budget includes proposed expenditures and the means of financing them. Public hearings are conducted in the District to obtain taxpayer comments from the member Towns. In accordance with the District Agreement, the School Committee adopts a final budget no later than 45 days prior to the earliest scheduled Town meeting. The final budget, divided between operating costs and capital costs, is then apportioned among the member Towns based upon state mandated minimum contribution requirements and various student enrollment data. The apportioned amount for each member Town must be certified by the District's Treasurer to each of the Treasurers of such Towns within 30 days from the date on which said annual budget is adopted by the School Committee.

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The general fund incurred a deficit budget variance of \$1,368,982. The District voted \$1 million from excess and deficiency to fund the deficit budget and \$368,982 was carried forward from the previous year's encumbrances and continuing appropriations.

**B. Assessments**

Assessments are levied annually against the member Towns of the District for the fiscal year beginning July 1, and are due and payable in four equal installments by August 15, December 15, February 15 and June 1, successively.

Capital costs, as defined in the District's Regional Agreement, generally relate to costs incurred to construct or improve school plant operations. If debt was incurred to pay for these costs, capital costs will include payment for principal and interest on such debt. Debt and capital costs are assessed to member Towns based on their student enrollment as of October 1<sup>st</sup> of the preceding fiscal year.

Operating costs include all other expenses not listed as capital costs, as well as interest on temporary notes issued by the District in anticipation of revenue. The current year's operating costs are apportioned to member Towns on the basis of their student enrollment as of October 1<sup>st</sup> of the preceding fiscal year, in conjunction with the minimum contribution requirement dictated by the Education Reform Act.

For the year ended June 30, 2018, the operating, transportation and capital assessments are as follows:

	<b>Minimum Contribution</b>	<b>Transportation</b>	<b>Capital and Debt Contribution</b>	<b>Total Assessments</b>
Becket	\$ 1,991,626	\$ 49,764	\$ 116,575	\$ 2,157,965
Cummington	799,861	23,089	8,272	831,222
Dalton	7,684,446	391,282	182,643	8,258,371
Hinsdale	2,370,504	88,856	40,608	2,499,968
Peru	795,297	43,553	20,498	859,348
Washington	600,650	22,564	45,925	669,139
Windsor	936,314	34,719	15,053	986,086
<b>Total</b>	<b>\$ 15,178,698</b>	<b>\$ 653,827</b>	<b>\$ 429,574</b>	<b>\$ 16,262,099</b>

**C. Deficit Fund Balances**

The following fund has a deficit at June 30, 2018 as measured by the balance of the fund balance.

- The Wahconah Regional High School feasibility study fund, a capital project fund, incurred a deficit of \$133,439. Temporary debt has been issued for \$250,000. The deficit will be eliminated upon receipt of additional Massachusetts School Building Administration (MSBA) funds or the issuance of permanent debt.

**3. DETAILED NOTES**

**A. Cash and Investments**

**Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. Deposits at June 30, 2018

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were \$2,465,786. Of these, \$405,512 are exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

As of June 30, 2018, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1
Debt Securities:		
Money market mutual fund	\$ 156,701	\$ 156,701
Other Investments:		
MMDT	5,335,908	
	\$ 5,492,609	

**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$5,492,609 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the District's name. The District has no policy on custodial credit risk.

**Interest Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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**Credit Risk**

The District's exposure to credit risk as of June 30, 2018 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<b>Money Market Mutual Funds:</b>	
Not rated	\$ 156,701

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in one issuer. The District does not have more than 5 percent of the District's investments in one issuer.

**Fair Value of Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Money market mutual fund	\$ 156,701	\$ 156,701	\$ -	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	5,335,908			
Total Investments	\$ 5,492,609			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
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**B. Receivables**

At June 30, 2018, receivables for the individual non-major governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and Non-major governmental funds:</b>			
Departmental	\$ 1,078	\$ -	\$ 1,078
Intergovernmental	125,684	-	125,684
	\$ 126,762	\$ -	\$ 126,762

The composition of the intergovernmental receivables as of June 30, 2018 for governmental funds is as follows:

<b>Governmental Funds:</b>		
<b>General Fund:</b>		
<i><b>Commonwealth of Massachusetts:</b></i>		
Massachusetts Rehabilitation Commission		\$ 25
<b>School Choice Fund:</b>		
<i><b>Commonwealth of Massachusetts:</b></i>		
Department of Revenue		
School Choice		29,427
<b>Nonmajor Governmental Funds:</b>		
<i><b>U. S. Department of Agriculture</b></i>		
School lunch	\$ 22,827	
<i><b>U. S. Department of Education</b></i>		
School title grants	9,035	
<i><b>Commonwealth of Massachusetts:</b></i>		
Massachusetts School Building Authority	39,334	
Department of Elementary and Secondary Education:		
School lunch	673	
Special education reimbursement fund	24,363	96,232
	\$ 24,363	\$ 96,232
		\$ 125,684

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
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**C. Capital Assets**

Capital and intangible asset activity for the year ended June 30, 2018, follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
	25,000	-	-	25,000
Capital assets being depreciated:				
Buildings	18,571,564	30,255	-	18,601,819
Leasehold improvements	19,362,698	41,750	-	19,404,448
Machinery and equipment	958,976	10,999	-	969,975
Infrastructure	94,160	-	-	94,160
Total capital assets being depreciated	38,987,398	83,004	-	39,070,402
Less accumulated depreciation for:				
Buildings	8,032,944	379,574	-	8,412,518
Leasehold improvements	7,795,644	456,598	-	8,252,242
Machinery and equipment	811,078	45,632	-	856,710
Infrastructure	12,120	5,408	-	17,528
Total accumulated depreciation	16,651,786	887,212	-	17,538,998
Total capital assets being depreciated, net	22,335,612	(804,208)	-	21,531,404
Total governmental activities capital assets, net	\$ 22,360,612	\$ (804,208)	\$ -	\$ 21,556,404

Depreciation expense was not charged to various functions/programs of the primary government, but, was recorded as unallocated in the Statement of Activities in the amount of \$887,212.

**D. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2018, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 400,000	\$ 400,000
School choice fund	1,144,548	-	1,144,548
Nonmajor governmental funds	221,474	-	221,474
Total transfers out	\$ 1,366,022	\$ 400,000	\$ 1,766,022

**E. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization, the District is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

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Details related to the short-term debt activity of the governmental type fund are as follows:

Governmental Activities Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
<b>Bond Anticipation Note:</b>						
Wahconah Regional High School						
Feasibility Study	1.36%	10/25/2018	\$ -	\$ 250,000	\$ -	\$ 250,000

**F. Long Term Debt**

**General Obligation Bonds**

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for the governmental activities.

Details related to the outstanding indebtedness at June 30, 2018, and the debt service requirements are as follows:

	Interest Rate	Date Issued	Maturity Date	Amount Issued	Outstanding June 30, 2018
General Obligation Bonds:					
Becket Washington	3.8-4.3%	6/15/2005	6/15/2025	\$ 2,311,000	\$ 805,000
Wahconah Regional H.S. renovations	2.0-5.0%	4/15/2010	3/1/2029	1,437,000	780,000
Craneville School remodeling	2.65%	2/20/2014	2/20/2023	456,697	250,000
Municipal Purpose Loan of 2014:					
Craneville School air handling units	2.50%	9/24/2014	9/24/2021	92,000	52,000
Dirtrict-wide security upgrades	2.50%	9/24/2014	9/24/2021	65,180	36,000
Wahconah Regional H.S. sidewalks	2.50%	9/24/2014	9/24/2021	80,927	44,000
Kittredge School windows	2.50%	9/24/2014	9/24/2021	119,467	68,000
Total General Obligation Bonds					<u>\$ 2,035,000</u>

The annual principal and interest payments to retire the general obligation bonds outstanding as of June 30, 2018 are as follows:

Year	Principal	Interest	Total
2019	\$ 295,000	\$ 78,320	\$ 373,320
2020	295,000	67,145	362,145
2021	290,000	55,970	345,970
2022	290,000	45,983	335,983
2023	240,000	35,692	275,692
2024-2028	585,000	68,074	653,074
2029	40,000	1,750	41,750
	<u>\$ 2,035,000</u>	<u>\$ 352,934</u>	<u>\$ 2,387,934</u>

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A summary of the changes in long-term obligations during the year is as follows:

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2018</b>	<b>Amounts Due within One Year</b>
<b>Governmental activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds	\$ 2,361,000	\$ -	\$ 326,000	\$ 2,035,000	\$ 295,000
<b>Capital lease</b>	11,282	-	11,282	-	-
<b>Compensated absences</b>	1,554,564	161,820	255,325	1,461,059	92,555
<b>OPEB obligation</b>	44,627,817	1,415,608	-	46,043,425	-
<b>Net pension liability</b>	2,815,858	-	967,368	1,848,490	-
Governmental activity					
Long-term liabilities	<u>\$ 51,370,521</u>	<u>\$ 1,577,428</u>	<u>\$ 1,559,975</u>	<u>\$ 51,387,974</u>	<u>\$ 387,555</u>

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a District must authorize debt at a District meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or District meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2018 and are not reflected in the District's financial statements are as follows:

<b>Date District Meeting Authorized</b>	<b>Purpose</b>	<b>Amount</b>
1/26/2017	Wahconah Regional High School building feasibility study with Massachusetts School Building Administration assistance	<u>\$ 600,000</u>

Note: The District meeting authorizations are subject to approval of the District's member Towns. Approvals were completed through the Towns' Annual and Special Town Meetings.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
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**G. Fund Balances**

The following is a summary of the District's Governmental fund balances at the year ended June 30, 2018:

	<b>General Fund</b>	<b>Major Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Restricted:</b>				
Federal and state grants	\$ -	\$ -	\$ 90,578	\$ 90,578
Revolving funds	-	-	498,899	498,899
Capital projects	-	-	2,114	2,114
Debt Service	-	17,545	-	17,545
Other	-	-	33,134	33,134
	-	17,545	624,725	642,270
<b>Assigned:</b>				
Regular instruction	133,239	-	-	133,239
Special education	948	-	-	948
Instructional support	7,220	-	-	7,220
Maintenance	127,948	-	-	127,948
Transportation	7,000	-	850,000	857,000
School Choice	-	723,355	-	723,355
Subsequent year's budget	1,111,116	-	-	1,111,116
	1,387,471	723,355	850,000	2,960,826
<b>Unassigned:</b>				
General fund	1,372,427	-	-	1,372,427
Capital projects funds:	-	-	(133,439)	(133,439)
	1,372,427	-	(133,439)	1,238,988
<b>Total Governmental fund balances</b>	<b>\$ 2,759,898</b>	<b>\$ 740,900</b>	<b>\$ 1,341,286</b>	<b>\$ 4,842,084</b>

**4. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Contingent Liabilities**

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the District at June 30, 2018.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
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The District has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, District management believes such disallowances, if any, will not be material.

**C. Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

**D. Pension Plan**

**Plan Description**

The District is a member of the Berkshire Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Berkshire Regional Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 29 Dunham Hall, Pittsfield, Massachusetts 01201-6207.

The District is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the District does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

**Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the District to the MTRS. Therefore, the District is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the District does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The District's portion of the collective pension expense contributed by the Commonwealth of \$3,797,699 on-behalf payments for the fiscal year ending June 30, 2018 is reported as MTRB on-behalf payments in the revenues and expenditures in the General Fund as of the measurement date.

**Benefits Provided**

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
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Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

**Contributions**

MGL Chapter 32 governs the contributions of plan members and the District. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The District is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The District's proportionate share of the required contribution to the System for the year ended December 31, 2017 was \$657,717, representing 21.06% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**Pension Liability**

As of June 30, 2018, a reported liability of \$1,848,490 is the District's proportionate share of the net pension liability as measured as of December 31, 2017. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the District's proportional percentage was 7.15%, which was a slight increase from the last measurement.

**Pension Expense**

For the year ended June 30, 2018, the District recognized a pension expense of \$558,415; reported deferred outflows of resources related to pensions of \$794,723 from changes in assumptions; and deferred inflows of resources related to pensions of \$782,782 from the difference between expected and actual experience and the net difference between projected and actual investment earnings on pension plan investments.

The District's net deferred outflows/(inflows) of resources related to pensions will be recognized in the pension expense as follows;

<b>For years ended June 30,</b>	
<b>2019</b>	\$ 160,732
<b>2020</b>	154,154
<b>2021</b>	(133,776)
<b>2022</b>	(169,169)
	<u>\$ 11,941</u>

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2017:

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal Cost Method
Asset valuation method	Determined in accordance with the deferred recognition method under which 20% of the gains or losses occurring in the prior year are recognized, 40% of those occurring 2 years ago, etc., so that 100% of the gains and losses occurring 5 years ago are recognized. The actuarial value of assets will be adjusted, if necessary, in order to remain between 85% and 115% of market value.
Investment rate of return	7.25% per year net of investment expenses
Projected salary increase	Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Inflation	Not explicitly assumed
Cost of living adjustments	3.00% of the first \$14,000.
Mortality rates	Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). For disabled retirees, rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct).

**Long-term Expected Rate of Return**

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 real rates of return (expected returns, net of pension plan investment expense and inflation) 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 real rates of return by the target asset allocation percentage and by adding expected inflation.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Equities	14.50%	7.50%	1.09%
Small/mid Cap Equities	3.50%	7.75%	0.27%
International Equities	16.00%	7.80%	1.25%
Emerging International Equities	6.00%	9.30%	0.56%
Core Bonds	5.00%	3.75%	0.19%
20+ Year Treasury STRIPS	2.00%	3.50%	0.07%
TIPS	5.00%	3.75%	0.19%
High-yield Bonds	1.50%	5.50%	0.08%
Bank Loans	2.50%	5.50%	0.14%
EMD (External)	1.00%	5.00%	0.05%
EMD (Local Currency)	0.00%	6.50%	0.00%
Distressed Debt	3.00%	8.80%	0.26%
Other Credit Opportunities	2.00%	6.50%	0.13%
Private Equity	11.00%	9.50%	1.05%
Real Estate (Core)	10.00%	6.70%	0.67%
Timber/Natural Resources	4.00%	6.25%	0.25%
Hedge Funds	13.00%	6.40%	0.83%
Portfolio Completion Strategies	0.00%	N/A	N/A
Total	100.00%		

**Rate of Return**

For the year ended December 31, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 17.28%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarial determined rates based on the Board's funding policy, which establishes the contractually required rates by Statute and in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System'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.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%. As well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>7.25%</b>	<b>7.25%</b>	<b>8.25%</b>
District's net pension liability	\$ 4,104,172	\$ 1,848,490		\$ (140,855)

**E. Other Post Employment Benefits Payable**

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The District thus recognizes the cost of post employment benefits in the year when the employee services are received. The District reports the accumulated liability from prior years and provides information useful in assessing potential demands on the District's future cash flows.

**Plan Description**

In addition to providing pension benefits, the District provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 586 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**Investment Policy**

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Committee by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the District's investment policy. As of June 30, 2018, investments, concentration and rate of return information consisted of pooled funds in the District's Public Agency Retirement Services (PARS) mutual fund investments described earlier under Deposits and Investments (refer to note 3A).

**GASB Statement No. 74 – Financial Reporting for OPEB Plans**

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended through District policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. The District contributes 75 percent, 80 percent or 85 percent of the cost of current year premiums depending on the plan for eligible retired plan members and their survivors. For the 2018 fiscal year, total District premiums plus implicit costs for the retiree medical program are \$1,668,378. The District also made a contribution to an OPEB Trust of \$150,000 for the 2018 fiscal year for a total contribution of \$1,818,378. The District did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$156,701 as of June 30, 2018.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Measurement Date**

GASB Statement No. 74 requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

**Plan Membership:**

Current active members	266
Current retirees, beneficiaries and dependents	320
Total	586

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<b>June 30, 2018</b>
Total OPEB liability	\$ 47,580,291
Less: Plan fiduciary net position	(156,701)
District's Net OPEB liability	\$ 47,423,590
Plan fiduciary net position as a percentage of the total OPEB liability	0.33%

**Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	July 1, 2016
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the reporting date, June 30, 2018.
Investment rate of return	5.86%, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	4.25%, net of OPEB plan investment expense, including inflation
Inflation	2.75% as of June 30, 2018 and for future periods
Projected salary increases	3.00% annually as of June 30, 2018, and for future periods
Cost of living adjustments	not applicable
Mortality rates	
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2012 for males and females.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

The actuarial assumptions used in the July 1, 2016 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2018 is 3.45%.

**Rate of Return**

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 5.38%.

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments is developed based on the District's investment policy is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity - Large Capital	37.10%	4.00%
Domestic Equity - Small/Mid Capital	0.00%	6.00%
International Equity - Developed Market	15.90%	4.50%
International Equity - Emerging Market	0.00%	7.00%
Domestic Fixed Income	39.00%	2.00%
International Fixed Income	0.00%	3.00%
Alternatives	0.00%	6.50%
Real Estate	8.00%	6.25%
Cash	0.00%	0.00%
Total	<u>100.00%</u>	
I. Real Rate of Return		3.48%
II. Add: Inflation Assumption		<u>2.75%</u>
III. Total Nominal Return (I. + II.)		6.23%
IV. Less: Investment Expense		<u>-0.37%</u>
V. Net investment Return (III.-IV.)		<u>5.86%</u>

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.25%. 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 that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

The following presents the District's net OPEB liability as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%) or 1-percentage-point higher (5.25%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>3.25%</b>	<b>Discount Rate</b>	<b>5.25%</b>
	<b>4.25%</b>	<b>4.25%</b>	<b>5.25%</b>
District's net OPEB liability	\$ 55,359,380	\$ 47,423,590	\$ 41,151,747

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the District's net OPEB liability as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Healthcare</b>	<b>1% Increase</b>
	<b>4.00%</b>	<b>Cost Trend</b>	<b>6.00%</b>
	<b>4.00%</b>	<b>Rate</b>	<b>6.00%</b>
	<b>4.00%</b>	<b>5.00%</b>	<b>6.00%</b>
District's net OPEB liability	\$ 39,518,794	\$ 47,423,590	\$ 57,527,745

**GASB Statement No. 75 – Financial Reporting for OPEB Employer**

**Summary of Significant Accounting Policies**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan 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 (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended through District ordinances. For the period ending June 30, 2018, the total District premiums plus implicit costs for the retiree medical program were \$1,614,392. The District also made a contribution to an OPEB Trust of \$150,000 for a total contribution during the reporting period of \$1,764,392 to be reported on the financial statement for the fiscal year ending June 30, 2018.

**Measurement Date**

GASB Statement No. 75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Plan Membership:**

Current active members	266
Current retirees, beneficiaries and dependents	320
Total	586

**Net OPEB Liability**

The District's net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability are as follows:

	<b>6/30/2018</b>
Total OPEB liability	\$ 46,043,425
Less: Plan fiduciary net position	-
District's Net OPEB liability	\$ 46,043,425
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2018:

Valuation date	Actuarially determined contribution was calculated as of July 1, 2016
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the measurement date, July 1, 2017.
Investment rate of return	5.86%, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	4.25%, net of OPEB plan investment expense, including inflation
Inflation	2.75% as of July 1, 2017 and for future periods
Projected salary increases	3.00% annually as of July 1, 2017, and for future periods
Cost of living adjustments	not applicable
Mortality rates	
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2012 for males and females.

The actuarial assumptions used in the July 1, 2016 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of July 1, 2017 is 3.13%.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Rate of Return**

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments is developed based on the District's investment policy is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity - Large Capital	37.10%	4.00%
Domestic Equity - Small/Mid Capital	0.00%	6.00%
International Equity - Developed Market	15.90%	4.50%
International Equity - Emerging Market	0.00%	7.00%
Domestic Fixed Income	39.00%	2.00%
International Fixed Income	0.00%	3.00%
Alternatives	0.00%	6.50%
Real Estate	8.00%	6.25%
Cash	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	
I. Real Rate of Return		3.48%
II. Add: Inflation Assumption		2.75%
III. Total Nominal Return (I. + II.)		6.23%
IV. Less: Investment Expense		-0.37%
V. Net investment Return (III.-IV.)		5.86%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.25%. 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 that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at July 1, 2017 GASB 45	\$ 46,204,201	\$ -	\$ 46,204,201
Changes in Assumptions for GASB 75	(1,576,384)	-	(1,576,384)
Balances at July 1, 2017	44,627,817	-	44,627,817
Service cost	1,119,681	-	1,119,681
Interest	1,910,319	-	1,910,319
Changes in benefit terms *	-	-	-
Changes in assumptions **	-	-	-
Difference between actual and expected experience **	-	-	-
Net investment income	-	-	-
Employer contributions to Trust	-	1,614,392	(1,614,392)
Benefit payments withdrawn from Trust	-	(1,614,392)	1,614,392
Benefit payments excluding implicit cost	(1,444,440)	-	(1,444,440)
Implicit cost amount	(169,952)	-	(169,952)
Total benefit payments including implicit cost	(1,614,392)	-	(1,614,392)
Administrative expense	-	-	-
Other charges	-	-	-
Net change in total OPEB liability	1,415,608	-	1,415,608
Balances at June 30, 2018	\$ 46,043,425	\$ -	\$ 46,043,425

\* = Recognized immediately

\*\* = Amortized over 5 years

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

The following presents the District's net OPEB liability as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%) or 1-percentage-point higher (5.25%) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
	District's net OPEB liability	\$ 53,722,885	\$ 46,043,425

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the District's net OPEB liability as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rate:

	<b>1% Decrease (4.00%)</b>	<b>Healthcare Cost Trend Rates (5.00%)</b>	<b>1% Increase (6.00%)</b>
District's net OPEB liability	\$ 38,394,632	\$ 46,043,425	\$ 55,820,349

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

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the District recognized an OPEB expense of \$1,415,608 and reported deferred outflows of resources related to OPEB of \$0 and deferred inflows of resources related to OPEB of \$0. The District made an additional contribution of \$150,000 after the measurement date of July 1, 2017 and prior to the reporting date of June 30, 2018.

**F. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2018.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, for implementation in fiscal year 2018.

The GASB issued Statement No. 85, *Omnibus 2018*, for implementation in fiscal year 2018.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, for implementation in fiscal year 2018.

**G. Future GASB Pronouncements**

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, for implementation in fiscal year 2019.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2021.

**5. RESTATEMENT**

The net position as of June 30, 2017 has been restated. As required by GASB Statement No. 75, the beginning net position decreased \$23,005,659 to reflect the change in the other post employment (OPEB) liability. Accordingly, the previously reported net position of (\$264,065) for governmental activities has been revised to (\$23,269,724).

**REQUIRED SUPPLEMENTARY INFORMATION**

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Berkshire Regional Retirement System**  
**For the Year Ended June 30, 2018**

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the District's proportion of the net pension liability and related ratios.

**Schedule of the District's Proportionate Share of the Net pension Liability:**

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
District's proportion of the net pension liability (asset)	7.15%	7.08%	7.35%	7.50%
District's proportionate share of the net pension liability (asset)	\$ 1,848,490	\$ 2,815,858	\$ 3,110,300	\$ 1,969,425
District's covered employee payroll	\$ 3,123,621	\$ 2,995,336	\$ 3,109,565	\$ 3,022,050
Net pension liability percentage of covered-employee payroll	59.18%	94.01%	100.02%	65.2%
Plan fiduciary net position as a percentage of the total pension liability	90.41%	84.06%	82.25%	88.1%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Berkshire Regional Retirement System**  
**For the Year Ended June 30, 2018**

The Schedule of the Employer Contributions presents multiyear trend information on the District's required and actual payments to the pension plan and related ratios.

**Schedule of the District's Contributions:**

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 657,717	\$ 621,542	\$ 615,809	\$ 599,876
Less: Contributions in relation to the actuarially determined contribution	<u>(657,717)</u>	<u>(621,542)</u>	<u>(615,809)</u>	<u>(599,876)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,123,621	\$ 2,995,336	\$ 3,109,565	\$ 3,022,050
Contributions percentage of covered-employee payroll	21.06%	20.75%	19.80%	19.85%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan (GASB 74) Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Changes in the Net OPEB Liability:**

	<b>6/30/2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 1,231,158
Interest on net OPEB liability	2,036,626
Changes in Benefit terms	-
Difference between actual and expected experience	-
Changes in Assumptions	(1,534,068)
Benefit payments, including refunds of member contributions	(1,668,378)
Net change in total OPEB liability	65,338
Total OPEB liability-beginning	47,514,953
<b>Total OPEB liability-ending (a)</b>	<b>\$ 47,580,291</b>
 <b>Plan fiduciary net position</b>	
Net investment income	\$ 6,701
Employer contributions to Trust	1,818,378
Benefit payments, including refunds of member contributions	(1,668,378)
Administrative expense	-
Other charges	-
Net change in plan fiduciary net position	156,701
Total fiduciary net position-beginning	-
<b>Total fiduciary net position-ending (b)</b>	<b>\$ 156,701</b>
 <b>District's net OPEB liability (a-b)</b>	<b>\$ 47,423,590</b>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan (GASB 74) Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Net OPEB Liability:**

	<b>6/30/2018</b>
Total OPEB liability	\$ 47,580,291
Less: Plan fiduciary net position	(156,701)
District's Net OPEB liability	\$ 47,423,590
 Plan fiduciary net position as a percentage of the total OPEB liability	0.33%
 District's covered employee payroll	\$ 15,297,223
 Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	310.01%

**Schedule of Contributions:**

	<b>6/30/2018</b>
Actuarially determined contribution	\$ 3,947,520
Less: Contributions in relation to the actuarially determined contribution	(1,818,378)
Contribution deficiency (excess)	\$ 2,129,142
 District's share of covered employee payroll	\$ 15,297,223
 Contributions percentage of covered-employee payroll	11.89%
 Annual money-weighted rate of return net of investment expense	5.38%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan (GASB 74) Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>						
<b>Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>
6/30/2018	\$ 156,701	\$ 47,580,291	\$ 47,423,590	0.33%	\$ 15,297,223	310.01%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan (GASB 75) Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Changes in the Net OPEB Liability:**

	<b>6/30/2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 1,119,681
Interest on net OPEB liability	1,910,319
Difference between actual and expected experience	-
Benefit payments, including refunds of member contributions	(1,614,392)
Net change in total OPEB liability	1,415,608
Total OPEB liability-beginning	46,204,201
Changes in Accounting from GASB 45 to GASB 74	(1,576,384)
<b>Total OPEB liability-ending (a)</b>	<b>\$ 46,043,425</b>
 <b>Plan fiduciary net position</b>	
Employer contributions to Trust	\$ 1,614,392
Benefit payments, including refunds of member contributions	(1,614,392)
Net change in plan fiduciary net position	-
Total fiduciary net position-beginning	-
<b>Total fiduciary net position-ending (b)</b>	<b>\$ -</b>
 <b>Town's net OPEB liability (a-b)</b>	<b>\$ 46,043,425</b>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan (GASB 75) Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Net OPEB Liability:**

	<b>6/30/2018</b>
Total OPEB liability	\$ 46,043,425
Less: Plan fiduciary net position	-
Town's Net OPEB liability	<b>\$ 46,043,425</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Town's share of covered employee payroll	\$ 14,851,673
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	310.02%

**Schedule of Contributions:**

	<b>6/30/2018</b>
Actuarially determined contribution	\$ 3,751,918
Less: Contributions in relation to the actuarially determined contribution	(1,614,392)
Contribution deficiency (excess)	<b>\$ 2,137,526</b>
Town's share of covered employee payroll	\$ 14,851,673
Contributions percentage of covered-employee payroll	10.87%
Annual money-weighted rate of return net of investment expense	N/A

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CENTRAL BERKSHIRE REGIONAL SCHOOL DISTRICT  
Required Supplementary Information  
Other Post Employment Benefit Plan (GASB 75) Schedules  
For the Year Ended June 30, 2018**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>							
<b>Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>	
6/30/2018	\$ -	\$ 46,043,425	\$ 46,043,425	0.00%	\$ 14,851,673	310.02%	

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**SUPPLEMENTARY SCHEDULE**

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

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Federal Grants	\$ 27,025	\$ 1,030,235	\$ 1,051,666	\$ -	\$ 5,594
School State Grants	8,205	207,329	205,784	-	9,750
<b>Schools:</b>					
School Lunch Program	300,176	611,565	583,313	-	328,428
School Lunch Commodities	-	56,105	56,105	-	-
Special Education State Reimbursement Fund	142,662	358,218	425,646	-	75,234
Revolving Funds	798,830	116,694	105,855	178,526	988,195
<b>Other:</b>					
Athletic Revolving Funds	35,479	94,069	97,272	-	32,276
Private Grants and Gifts	24,217	53,462	44,545	-	33,134
<b>Total Special Revenue Funds</b>	<b>1,336,594</b>	<b>2,527,677</b>	<b>2,570,186</b>	<b>178,526</b>	<b>1,472,611</b>
<b>Capital Projects Funds:</b>					
2007 Capital Projects	3	-	-	-	3
Wahconah Regional High School Feasibility Study	-	106,726	240,165	-	(133,439)
Wahconah Regional High School Renovations	2,096	-	-	-	2,096
Wahconah Regional High School Science Lab	15	-	-	-	15
<b>Total Capital Projects Funds</b>	<b>2,114</b>	<b>106,726</b>	<b>240,165</b>	<b>-</b>	<b>(131,325)</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 1,338,708</b>	<b>\$ 2,634,403</b>	<b>\$ 2,810,351</b>	<b>\$ 178,526</b>	<b>\$ 1,341,286</b>