



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

CAPE COD COLLABORATIVE
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

CAPE COD COLLABORATIVE

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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Independent Auditor's Report

To the Board of Directors
Cape Cod Collaborative
Osterville, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cape Cod Collaborative (the "Collaborative"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

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 Cape Cod Collaborative, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cape Cod Collaborative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 6 and Note 8 to the financial statements, during the year 2022, the Collaborative adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Collaborative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in this report. The other information comprises the required disclosures by the Massachusetts Department of Elementary and Secondary Education for Massachusetts Educational Collaboratives but does not include the basis financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the Cape Cod Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Collaborative's internal control over financial reporting and compliance.



December 14, 2022

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Management's Discussion and Analysis

Management's Discussion and Analysis

The Cape Cod Collaborative provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the Collaborative's financial statements, which follow.

Nature of the Organization

The Cape Cod Collaborative is an agent of its members (school districts), a governmental subdivision of its members. Unlike a Municipality or a School District, the Collaborative determines the values for its services by allocating estimated costs based upon the projected service need(s) of its member districts. There may be variances between the projected and the actual service needs and the resulting estimated and actual costs. An excess or deficiency results to the extent that the actual needs are below or above initial estimates. When this occurs, and after providing for adequate operating capital, these variances (shared assets or liabilities) are passed on to the member districts as "future service" cost increases or reductions.

The Cape Cod Collaborative continues to expand and to develop its technology resources to meet our membership needs as well as the increased accountability and requirements of the Massachusetts Department of Elementary and Secondary Education (DESE). Hardware and software upgrades that were initiated in 2012 continued into 2022 which improve: financial reporting, teacher evaluation processes, student learning and progress, transportation tracking and routing, and network server access.

The STAR program in Osterville and Waypoint Academy in Sandwich are tuition-based special education day programs of the Collaborative. The 2021 - 2022 school year enrollment met expectations in the STAR and Waypoint Program throughout the year.

Our student programs' population is typically fluid throughout the year; a number of factors impact special education day placement enrollment such as: residential placement; students who attain the age of 22; and students who return to their district or leave the area entirely. While a large percentage of our program enrollment is stable, these factors may contribute to variations from projections by as much as 20%, which is problematic without adequate budgetary safeguards. Consequently, many of our spending decisions (wages and other expenses) are predicated upon evolving enrollment, which allows the Collaborative to be efficient in the provision of services.

Adding staffing assistance to support the expanded transportation service delivery was a key focus this past year. Continuing to build up this transportation infrastructure (people and processes) is required to meet growing district needs for general education and special education transportation for our member school districts. The Collaborative has continued to work to expand its capacity for the provision of these services as member districts face increased costs and receive diminished services from outside private contractors. Building efficiencies in the invoicing, routing, time and attendance, and payroll processes will continue to be refined in an ongoing initiative that will continue into the next fiscal year. Of course, the nationwide shortage of school bus drivers remains a serious problem across Cape Cod. Our efforts to recruit and retain drivers has allowed the Collaborative to maintain a strong level of services with our member districts.

The acclaimed Advanced Studies and Leadership Program (ASLP), a partnership with Massachusetts Maritime Academy, was held during the summers of 2021 & 2022 with enrollment rebounding significantly this past summer. The program objectives for ASLP are:

- To support and stimulate high achieving students by providing a 2-week residential summer program that offers hands-on academic pursuit and interactive leadership activities within a collegial environment;
- To provide project-oriented study in science, technology, engineering and mathematics (STEM) related subject areas; to provide project-oriented study in humanities related subject areas;
- To provide an evening program of interactive leadership activities;
- To provide necessary media and library support to ensure success for each student.

The demand continues to increase for this program, planning has started again for Summer 2023 with the expectation that enrollment will reach 100% of capacity (210 participants). The top two senior year students at Massachusetts Maritime Academy for the 2022-2023 School Year (both women) were appointed in May 2022 to student leadership positions at the Academy. Both of these students attended the ASLP program when in middle school, attesting to the strength and the legacy of the program.

Professional Development offerings organized and facilitated by the Collaborative remain well attended. Whether they are Cape wide offerings on individual days delivered in person and online or cohorts of teachers taking courses throughout the year the Collaborative is well regarded for our professional development offerings.

The most significant long-term initiative undertaken by the Collaborative over the past year was the preparation for permanent move of the Waypoint Academy program to the MacArthur building in Yarmouth. The Collaborative has entered into a long-term lease for virtually no cost (\$1 per year) with Bridgewater State University and the Town of Yarmouth. The Collaborative will continue the renovation of the property and to cover all associated operating costs. The Collaborative secured a loan for \$3.0 million with a ten (10) year term to support the renovation and the move. The bid environment has raised the final project estimates in excess of \$4 million. Following significant planning and discussion, the Collaborative's Board of Directors approved the planned renovation and program move. The Waypoint Academy program is anticipated to move into the building by the end of 2023.

The continued restructuring of transportation administration, which began in 2014, continued to add administrative support to expand service delivery. Member district requests for general education transportation continue to be evaluated along with the capacity of the Collaborative to effectively support the provision of services. The Collaborative continued to expand its capacity to provide these services as member districts face increased costs and receive diminished services from outside contractors.

The Collaborative has continued to work closely with school districts to support insightful decision making for the procurement of transportation services, whether through the Collaborative or through private contractors. The adaptability and flexibility of the Collaborative model for the provision of services has proven supportive for districts as all were challenged due to the impact of the SARS-CoV-2 (COVID-19) pandemic. The Collaborative model was transparent and straightforward and allowed for participating districts to clearly understand and amend the variables in refining the service template to effectively adjust associated costs.

Special Education transportation invoicing, while more transparent and efficient, continued to be complicated and cumbersome. The Collaborative continued to work with districts to refine their in-district costing templates, providing them with control over their services and costs, while yielding significant efficiencies for the Collaborative and cost savings for districts. The automation of the invoicing process has eliminated some redundancy as well as the intensity of manual manipulation that had been previously required. The invoicing process continued to be refined to provide time and distance data to support the costing process and to facilitate the cost allocation process. Further technology and recordkeeping procedures will continue to be implemented

and to be evaluated to ensure consistent and accurate determination of costs and invoicing for transportation services. Efficiencies in the invoicing process will continue to be refined and implemented, an ongoing initiative that will continue into the next fiscal year.

The Collaborative Board of Directors voted to return funds to school districts associated with the payment for services that had not been rendered in 2020 due to pandemic restrictions. The Board voted to return \$850,355 to districts associated with transportation services and \$100,000 for “committed” tuition for Waypoint Academy. These (non-annualized) items raised the budgetary expenses in the associated areas and were to be funded by the “General Fund”, as opposed to 2022 service generated revenues.

The 2022 final budget included Board of Directors authorized modifications.

- Transportation COVID Credits (\$850,355)
- Waypoint Commitment COVID Credits (\$100,000)

Each of these items were approved by the Collaborative Board of Directors to be expended from the 2021 Cumulative Surplus.

COVID-19 (SARS-CoV-2) Note

Throughout 2022, the Cape Cod Collaborative worked closely with member school districts to ensure that services were provided in a manner consistent with restrictions put in place due to the pandemic. The Member School Districts continued to work closely with the Collaborative administration to ensure that the programs and services remained viable while ensuring that the costs associated with maintaining program and service capacity were contained and reasonable.

Using this Report

The annual report consists of a series of financial statements and other information, follows:

- **Management's Discussion and Analysis** introduces the basic financial statements and provides an analytical overview of the Collaborative's financial activities.
- **Government-wide Financial Statements** consist of a *Statement of Net Position* and a *Statement of Activities*. These provide information about the activities of the Collaborative as a whole and present an overall view of the Collaborative's finances including Fixed Assets, Depreciation, Long Term Debt and Other Post-retirement Employee Benefits.
- **Fund Financial Statements** tell how governmental services were financed in the short term as well as what remains for future spending. The Collaborative's Budget follows Governmental Funds reporting. Fund financial statements report operations in more detail than the Government-wide Statements by providing information about the most significant funds.
- **Notes to Financial Statements** provide additional information essential to a full understanding of the data provided in the basic financial statements. It is here that you will find a reconciliation of the Statement of Net Position to the Funds Balance Sheet as well as detail concerning some significant major transactions.
- **Required Supplementary Information** further explains and supports the financial statements with a comparison to the Collaborative's Governmental Fund budget for the year. Legislation also requires the

Collaborative to provide other data as mandated by the Massachusetts Department of Elementary and Secondary Education.

2022 Financial Highlights

- Governmental fund revenues increased 9.59% or \$1.9 million, and expenditures, including credits to member districts and excluding lease financing and capital purchase financing, increased 3.89% or \$727,000 over the prior year. This, along with \$3.0 million of bond proceeds, resulted in an increase in fund balance of \$4.7 million.
- The general fund's actual revenue exceeded budget by \$630,000. Expenditures related to the above were under budget by \$493,000. Overall, there was a \$2.1 million increase in budgetary fund balance.
- During the year the Collaborative financed the acquisition of \$867,000 of school buses for regular and special education transportation. Due to the implementation of GASB No. 87 *Leases* in 2022, these purchases, in addition to buses previously financed and previously reported as capital leases, were reclassified as long-term debt in the 2022 financial statements.
- The implementation of GASB Statement No. 87, *Leases* in 2022 changed the reporting of the leases for the Osterville Campus and the Dennisport Bus Terminal. The new GASB Statement requires these leases to be capitalized at the present value of the future minimum lease payments as of the beginning of the year of implementation. The Collaborative recorded a "right to use" asset for the building leases in the amount of \$853,000 along with related depreciation and interest expense of \$128,000 and \$25,000, respectively.
- The Collaborative has continued to make significant progress towards funding the long-term financial obligation associated with other post-employment benefits. The Collaborative had a funding ratio of 85.87% as of June 30, 2022 (down from 95.76% as of June 30, 2021). The successful funding of this obligation protects the financial stability of the Collaborative and ensures that revenues received for services are focused on current obligations. Please refer to Note 12 of the basic financial statements for further discussion of the other postemployment benefits liability.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$6.3 million at the close of 2022.

Net position of \$33,000 reflects the Collaborative's net investment in capital assets (e.g., equipment, furniture and fixtures, right to use facilities, and vehicles); less any related debt used to acquire those assets that is still outstanding. The Collaborative uses these capital assets to provide services to pupils; consequently, these assets are *not* available for future spending. Although the investment in 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. Net position of \$148,000 represents resources that are subject to external restrictions on how they may be used (restricted for gifts and grants). The remaining \$6.1 million portion of net position is unrestricted.

Key components of the Collaborative's governmental financial position are presented below:

	2022	2021
Assets:		
Current assets.....	\$ 12,483,027	\$ 9,224,511
Capital assets, net of accumulated depreciation.....	5,964,397	5,544,896
Total assets.....	18,447,424	14,769,407
Deferred outflows of resources.....	415,051	336,460
Liabilities:		
Current liabilities (excluding debt).....	1,992,801	1,431,984
Noncurrent liabilities (excluding debt).....	360,760	112,271
Current debt.....	1,821,871	3,442,739
Noncurrent debt.....	6,689,987	4,018,107
Total liabilities.....	10,865,419	9,005,101
Deferred inflows of resources.....	1,703,096	1,960,487
Net position:		
Net investment in capital assets.....	33,184	20,842
Restricted.....	147,638	106,385
Unrestricted.....	6,113,138	4,013,052
Total net position.....	\$ 6,293,960	\$ 4,140,279
	2022	2021
Program Revenues:		
Charges for services.....	\$ 17,295,791	\$ 15,863,401
Operating grants and contributions.....	1,530,527	3,381,796
General Revenues:		
Grants and contributions not restricted to specific programs - Paycheck protection program grant.....	1,936,792	-
Unrestricted investment income (loss).....	(17,749)	13,697
Other revenue.....	400,990	36,470
Total revenues.....	21,146,351	19,295,364
Expenses:		
Waypoint Academy.....	2,999,731	2,592,574
STAR Program.....	2,867,611	2,802,676
Itinerant Services.....	687,559	777,921
Transportation.....	9,762,625	9,009,244
Professional development and executive search.....	244,130	252,974
Advance Studies and Leadership Program.....	135,992	20,888
Interest.....	196,280	-
State funded pension benefits.....	1,148,387	3,296,192
Total expenses.....	18,042,315	18,752,469
Credits to member communities.....	(950,355)	-
Change in net position.....	2,153,681	542,895
Net position, beginning of year.....	4,140,279	3,597,384
Net position, end of year.....	\$ 6,293,960	\$ 4,140,279

The Collaborative's net position increased by \$2.2 million in 2022 as compared to a \$543,000 increase in 2021.

Financial Analysis of the Governmental Funds

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

At the end of the current year, governmental funds reported combined ending fund balances of \$9.3 million. The general fund balance increased by \$2.1 million. The Waypoint capital project fund increased by 2.6 million and nonmajor governmental funds increased by \$41,000.

The general fund is the Collaborative's chief operating fund. At year end, fund balance in the general fund totaled \$6.6 million.

In the current year, the Collaborative established the Waypoint Capital Project fund to help facilitate the rehabilitation and construction of a new Waypoint facility in Yarmouth, Massachusetts. The Waypoint capital project fund received \$3.0 million of bond proceeds and had expenditures of \$419,000 for and ending fund balance of \$2.6 million.

General Fund Budgetary Highlights

The Collaborative adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The original 2022 approved budget for the general fund authorized \$17.3 million in appropriations. The Board voted to approve \$596,000 in additional appropriations, and approved \$950,000 in credits back to member communities.

Capital Asset and Debt Administration

The Collaborative's net capital assets totaled \$6.0 million as of June 30, 2022. The Collaborative recorded capital financing for the purchase of school buses totaling \$867,000 and recorded right to use building leases in the amount of \$853,000 during 2022. Depreciation expense in the amount of \$1.7 million was recorded.

At June 30, 2022, the Collaborative has \$7.8 million of long-term debt outstanding related to financing the Waypoint capital project and the purchase of school buses, in addition to \$736,000 of lease liabilities for the right to use buildings.

Please refer to the Notes 4, 5, 6 and 8 of the basic financial statements for further discussion of the capital asset and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Cape Cod Collaborative's finances for all those with an interest in the Collaborative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator, Cape Cod Collaborative, 418 Bumps River Road, Osterville, Massachusetts 02655.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

	<i>Primary Government</i>
	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 10,825,165
Investments.....	347,434
Receivables, net of allowance for uncollectibles:	
Due from member communities.....	1,305,640
Other assets.....	4,788
Total current assets.....	12,483,027
NONCURRENT:	
Capital assets, nondepreciable.....	419,355
Capital assets, net of accumulated depreciation.....	5,545,042
Total noncurrent assets.....	5,964,397
TOTAL ASSETS.....	18,447,424
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to other postemployment benefits.....	415,051
LIABILITIES	
CURRENT:	
Warrants payable.....	816,038
Accrued payroll.....	720,641
Due to member communities.....	199,447
Other liabilities.....	126,018
Compensated absences.....	130,657
Lease obligations.....	120,875
Long-term debt.....	1,700,996
Total current liabilities.....	3,814,672
NONCURRENT:	
Compensated absences.....	32,665
Lease obligations.....	614,711
Net other postemployment benefits liability.....	328,095
Long-term debt.....	6,075,276
Total noncurrent liabilities.....	7,050,747
TOTAL LIABILITIES.....	10,865,419
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue.....	1,291,896
Deferred inflows related to other postemployment benefits.....	411,200
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,703,096
NET POSITION	
Net investment in capital assets.....	33,184
Restricted for:	
Gifts and grants.....	147,638
Unrestricted.....	6,113,138
TOTAL NET POSITION.....	\$ 6,293,960

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
<i>Governmental Activities:</i>				
Waypoint academy.....	\$ 2,999,731	\$ 3,065,567	\$ 38,707	\$ 104,543
STAR program.....	2,867,611	3,518,698	113,926	765,013
Itinerant services.....	687,559	659,546	-	(28,013)
Transportation.....	9,762,625	9,710,983	70,000	18,358
Professional development and executive search.....	244,130	267,220	62,820	85,910
Advanced studies and leadership program.....	135,992	73,777	96,687	34,472
State funded pension benefits.....	1,148,387	-	1,148,387	-
Interest.....	196,280	-	-	(196,280)
Total Governmental Activities.....	\$ <u>18,042,315</u>	\$ <u>17,295,791</u>	\$ <u>1,530,527</u>	\$ 784,003

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

		<u>Primary Government</u>
		<u>Governmental Activities</u>
Changes in net position:		
Net (expense) revenue from previous page.....	\$	784,003
<i>General revenues:</i>		
Grants and contributions not restricted to specific programs - Paycheck protection program grant.....		1,936,792
Other revenue - COVID-19 reimbursements.....		400,990
Unrestricted investment income (loss).....		<u>(17,749)</u>
Total general revenues.....		2,320,033
Credits to member communities.....		<u>(950,355)</u>
Change in net position.....		2,153,681
<i>Net position:</i>		
Beginning of year.....		<u>4,140,279</u>
End of year.....	\$	<u><u>6,293,960</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2022

	General	Waypoint Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 7,934,254	\$ 2,700,702	\$ 190,209	\$ 10,825,165
Investments.....	347,434	-	-	347,434
Receivables, net of uncollectibles:				
Due from member communities.....	1,305,640	-	-	1,305,640
Other assets.....	4,788	-	-	4,788
TOTAL ASSETS.....	\$ 9,592,116	\$ 2,700,702	\$ 190,209	\$ 12,483,027
LIABILITIES				
Warrants payable.....	\$ 694,759	\$ 120,057	\$ 1,222	\$ 816,038
Accrued payroll.....	720,641	-	-	720,641
Due to member communities.....	199,447	-	-	199,447
Other liabilities.....	126,018	-	-	126,018
TOTAL LIABILITIES.....	1,740,865	120,057	1,222	1,862,144
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue.....	1,291,896	-	-	1,291,896
FUND BALANCES				
Restricted.....	-	2,580,645	188,987	2,769,632
Committed.....	1,986,437	-	-	1,986,437
Unassigned.....	4,572,918	-	-	4,572,918
TOTAL FUND BALANCES.....	6,559,355	2,580,645	188,987	9,328,987
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 9,592,116	\$ 2,700,702	\$ 190,209	\$ 12,483,027

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2022

Total governmental fund balances.....	\$	9,328,987
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		5,964,397
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 reported.....		3,851
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long-term debt.....	(7,776,272)	
Net other postemployment benefits liability.....	(328,095)	
Lease obligations.....	(735,586)	
Compensated absences.....	<u>(163,322)</u>	
Net effect of reporting long-term liabilities.....		<u>(9,003,275)</u>
Net position of governmental activities.....	\$	<u><u>6,293,960</u></u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	General	Waypoint Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Tuition.....	\$ 6,525,058	\$ -	\$ -	\$ 6,525,058
Service revenue.....	1,028,238	-	-	1,028,238
Transportation.....	9,710,983	-	-	9,710,983
Other departmental revenue.....	449,192	-	-	449,192
Intergovernmental.....	-	-	365,450	365,450
Intergovernmental - State provided pension benefits.....	1,148,387	-	-	1,148,387
Paycheck protection program grant.....	1,936,792	-	-	1,936,792
Investment income (loss).....	(17,749)	-	-	(17,749)
TOTAL REVENUES.....	20,780,901	-	365,450	21,146,351
EXPENDITURES:				
Current:				
Waypoint academy.....	2,965,211	419,355	39,481	3,424,047
STAR program.....	3,389,623	-	96,852	3,486,475
Itinerant services.....	689,054	-	-	689,054
Transportation.....	9,057,715	-	70,000	9,127,715
Professional development and executive search.....	222,955	-	21,675	244,630
Advanced studies and leadership program.....	39,378	-	96,688	136,066
State funded pension benefits.....	1,148,387	-	-	1,148,387
Debt Service:				
Principal on leases.....	117,189	-	-	117,189
Interest on leases.....	24,781	-	-	24,781
Principal.....	1,614,430	-	-	1,614,430
Interest.....	171,499	-	-	171,499
TOTAL EXPENDITURES.....	19,440,222	419,355	324,696	20,184,273
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,340,679	(419,355)	40,754	962,078
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	3,000,000	-	3,000,000
Capital purchase financing.....	866,648	-	-	866,648
Lease financing.....	852,775	-	-	852,775
TOTAL OTHER FINANCING SOURCES (USES).....	1,719,423	3,000,000	-	4,719,423
NET CHANGE IN FUND BALANCES PRIOR TO CREDITS TO MEMBER COMMUNITIES.....	3,060,102	2,580,645	40,754	5,681,501
Credits to member communities.....	(950,355)	-	-	(950,355)
NET CHANGE IN FUND BALANCES.....	2,109,747	2,580,645	40,754	4,731,146
FUND BALANCES AT BEGINNING OF YEAR.....	4,449,608	-	148,233	4,597,841
FUND BALANCES AT END OF YEAR.....	\$ 6,559,355	\$ 2,580,645	\$ 188,987	\$ 9,328,987

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds.....	\$	4,731,146
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		2,138,778
Depreciation expense.....		<u>(1,719,277)</u>
Net effect of reporting capital assets.....		419,501
<p>The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....		(3,000,000)
Debt service principal payments.....		1,614,430
Debt service principal payment on leases.....		117,189
Capital purchase financing.....		(866,648)
Lease financing.....		<u>(852,775)</u>
Net effect of reporting long-term debt.....		(2,987,804)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....		271,550
Net change in net other postemployment benefits liability.....		(240,433)
Net change in compensated absences liability.....		<u>(40,279)</u>
Net effect of recording long-term liabilities.....		(9,162)
Change in net position of governmental activities.....	\$	<u><u>2,153,681</u></u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

		Other Postemployment Benefit Trust Fund
ASSETS		
Cash and cash equivalents.....	\$	58,694
Investments:		
Equity mutual funds.....		1,056,946
Fixed income mutual funds.....		878,480
TOTAL ASSETS.....		1,994,120
NET POSITION		
Restricted for other postemployment benefits.....	\$	1,994,120

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Other Postemployment Benefit Trust Fund
ADDITIONS:	
Contributions:	
Employer contributions to the trust.....	\$ 180,000
Employer contributions for other postemployment benefit payments....	43,061
Total contributions.....	223,061
Net investment income (loss):	
Investment income (loss).....	(154,440)
Less: investment expense.....	(8,985)
Net investment income (loss).....	(163,425)
TOTAL ADDITIONS.....	59,636
DEDUCTIONS:	
Other postemployment benefit payments.....	43,061
NET INCREASE (DECREASE) IN NET POSITION.....	16,575
NET POSITION AT BEGINNING OF YEAR.....	1,977,545
NET POSITION AT END OF YEAR.....	\$ 1,994,120

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cape Cod Collaborative (the “Collaborative”) was formed by an agreement between the communities of Barnstable, Bourne, Brewster, Chatham, Eastham, Falmouth, Harwich, Mashpee, Nantucket, Orleans, Provincetown, Sandwich, Truro, Wareham, and Wellfleet, and the regional school districts of Cape Cod Regional Tech, Dennis-Yarmouth, Martha’s Vineyard, Nauset and Upper Cape Cod Tech, dated March 1, 1975, as amended April 20, 1993. The objectives of the Collaborative include jointly conducting educational programs which shall supplement and strengthen school programs for special needs students offered by the participating communities.

The Collaborative also provides specialized services to its own programs and to programs operated directly by its members. In addition, it provides vocational, prevocational, behavioral intervention and development skills to the low incidence special needs population.

Governance of the Collaborative is vested in a 19 member Board of Directors (the “Board”) composed of one representative appointed by each member school committee. The Board appoints an Executive Director who is the chief operating official for the Collaborative and who reports directly to the Board.

The accompanying basic financial statements of the Collaborative 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 Collaborative accounting policies are described herein.

A. Reporting Entity

For financial reporting purposes, the Collaborative has included all funds, organizations, agencies, boards, commissions, and institutions. The Collaborative has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Collaborative are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Collaborative (the primary government) and its component units. The Collaborative has no component units that require inclusion in these basic financial statements.

The primary government consists of all funds and departments which provide various services including Waypoint academy, the STAR program, Itinerant services, transportation, professional development and executive search, advanced studies and leadership program, state funded pension benefits, and interest. The Board and Executive Director are directly responsible for these activities.

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

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities* are primarily supported by member assessments and intergovernmental revenue.

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding element for all governmental and enterprise 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.

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. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are 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 particular 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 recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Other items not identifiable as program revenues are reported as general revenues.

The effect of interfund activity has been removed from the government-wide financial statements.

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.

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 following major governmental funds are reported:

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

The *Waypoint capital project fund* is used to account for and report financial resources that are restricted, for the Waypoint capital project.

The *nonmajor governmental funds* consist of other special revenue funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. It is comprised of special revenue funds which are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

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 governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefits trust fund* is used to accumulate resources to provide funding for future OPEB liabilities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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. Investments are carried at fair value.

E. Fair Value Measurements

The Collaborative reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active

markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Collaborative's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Due from Member Communities

Due from member communities consist of tuition payments receivable for special education services provided as well as a receivable for transportation services provided to members.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

Government-Wide Financial Statements

Capital assets, which include office equipment and furniture, leasehold improvements, school buses, and right to use facilities are reported in 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. Intangible right to use leased assets are recorded at the net present value of non-cancellable lease payments at inception.

All purchases 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.

Capital assets (except for construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Office equipment and furniture.....	5
Leasehold improvements.....	10
School buses.....	5-10
Right to use facilities.....	5-10

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.

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Collaborative reported deferred outflows related to other postemployment benefits in this category.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Collaborative reported deferred inflows related to other postemployment benefits and unearned revenue in this category.

Government Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents amounts that have been recorded in the governmental fund financial statements but the revenue is not

available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Collaborative reported unearned revenue in this category.

J. Interfund Receivables and Payables

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

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

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.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers within governmental funds are eliminated from the governmental activities in the statement of activities.

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Sometimes the Collaborative will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Collaborative’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the Collaborative’s intent to be used for specific purposes but are neither restricted nor committed.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Collaborative’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt*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.

Governmental 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 administrative expenditures.

N. Intangible Right to Use Lease Liability*Government-Wide Financial Statements*

Intangible right to use lease liabilities are reported at the present value of their future minimum lease payments. Lease payments are reported as reductions of the lease liability and as interest expense during the lease term.

Governmental Fund Financial Statements

The present value of the future minimum lease payments are reported within the governmental funds as other financing sources and a capital expenditure. Lease payments are reported as debt service expenditures.

O. Investment Income

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Massachusetts State Employee Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems 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 in accordance with the benefit terms. Investments are reported at fair value.

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Sick leave owed to transportation employees is allowed to be carryforward and sold back to the Collaborative during certain periods of the year. The Collaborative records a liability for this unused sick time for these transportation employees. Sick and vacation for all other employees is required to be used during the year and is not allowed to be carryforward, therefore the Collaborative does not report a liability for the employees' sick and vacation time.

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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

S. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

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.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is valued at amortized cost.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Collaborative's deposits may not be returned to it. The Collaborative has a formal policy for custodial credit risk that includes a review of the financial institutions financial statements and the background of the Advisor.

At year-end, the carrying amount of deposits totaled \$10,820,969 and the bank balance totaled \$10,833,158. Of that amount \$500,000 was covered by Federal Depository Insurance and \$5,350,834 was collateralized. The remaining balance of \$4,982,324 was exposed to custodial risk because it was uninsured and uncollateralized.

Fair Value of Investments

The Collaborative holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Collaborative's mission, the Collaborative determines that the disclosures related to these investments only need to be disaggregated by major type. The Collaborative chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Collaborative categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. 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 following table presents the Collaborative fair value measurements on a recurring basis as of June 30, 2022:

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Other investments:</u>				
Equity securities.....	\$ 22,389	\$ 22,389	\$ -	-
Equity mutual funds.....	1,056,946	1,056,946	-	-
Fixed income mutual funds.....	1,203,525	1,203,525	-	-
Money market mutual funds.....	62,890	62,890	-	-
Total investments.....	\$ 2,345,750	\$ 2,345,750	\$ -	-

Equity securities, equity mutual funds, fixed income mutual funds, and money-market mutual funds, classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for these securities.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the entity will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Collaborative's investments, \$2,282,860 of equity securities and equity and fixed income mutual funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty.

The Collaborative has a formal policy for custodial credit risk that includes a review of the financial institutions financial statements and the background of the Advisor.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect the fair value of the Collaboratives' investments. The Collaborative 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.

Credit Risk

The Collaborative has adopted a formal policy related to Credit Risk by diversifying the investment portfolio so the impact of potential losses from any one type of security or issuer is minimized.

Concentration of Credit Risk

The Collaborative places no limit on the amount the government may invest in any one issuer.

NOTE 3 – RECEIVABLES

At June 30, 2022, receivables for the individual major and non-major governmental funds in the aggregate are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Due from member communities.....	\$ 1,305,640	\$ -	\$ 1,305,640

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ -	\$ 419,355	\$ -	\$ 419,355
<u>Capital assets being depreciated:</u>				
Right to use - facilities.....	\$ -	\$ 852,775	\$ -	\$ 852,775
School buses.....	14,759,160	866,648	(52,955)	15,572,853
Leasehold improvements.....	202,892	-	-	202,892
Office equipment and furniture.....	28,868	-	-	28,868
Total capital assets being depreciated.....	14,990,920	1,719,423	(52,955)	16,657,388
<u>Less accumulated depreciation for:</u>				
Right to use - facilities.....	-	(128,049)	-	(128,049)
School buses.....	(9,214,264)	(1,591,228)	52,955	(10,752,537)
Leasehold improvements.....	(202,892)	-	-	(202,892)
Office equipment and furniture.....	(28,868)	-	-	(28,868)
Total accumulated depreciation.....	(9,446,024)	(1,719,277)	52,955	(11,112,346)
Total capital assets being depreciated, net.....	5,544,896	146	-	5,545,042
Total capital assets, net.....	\$ 5,544,896	\$ 419,501	\$ -	\$ 5,964,397

Depreciation expense was charged to the STAR program and to the Transportation functions of the primary government in the amounts of \$76,678 and \$1,642,599, respectively.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

On May 14, 2020, the Cape Cod Collaborative was granted a loan (the "loan") from TD Bank, N.A. in the aggregate amount of \$1,936,792, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020.

The Loan, which is in the form of a Note dated May 14, 2020 issued by the Collaborative, matures on May 14, 2022 and bears interest at the rate of 1% per annum, payable monthly commencing on December 14, 2020. The Note may be prepaid by the Collaborative at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue health care benefits, mortgage payments,

rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Collaborative has used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

On July 28, 2021, the Small Business Administration forgave the loan in full and the Collaborative has recognized this loan forgiveness as grant revenue in 2022.

NOTE 6 – LONG-TERM DEBT

Under the provisions of Chapter 43 of the Acts of 2012, the board of directors of an education collaborative may borrow money, enter into long-term or short-term loan agreements or mortgages and apply for state, federal or corporate grants or contracts to obtain funds necessary to carry out the purpose for which such collaborative is established; provided, however, that the board of directors has determined that any borrowing, loan or mortgage is cost-effective and in the best interest of the collaborative and its member cities or towns and charter schools.

The borrowing, loans or mortgages shall be consistent with the written agreement and articles of incorporation of the education collaborative and shall be consistent with standard lending practices.

During fiscal year 2022, the Collaborative borrowed \$3,000,000 through the Massachusetts Development Finance Agency. The bond has a fixed interest rate of 3.1%, with payments made monthly until August 2031. At the end of 2022, the Collaborative had \$3,000,000 of outstanding debt related to this issuance.

Change in Accounting Principle

The Collaborative implemented GASB Statement No. 87 *Leases* in 2022. Therefore, the Collaborative's existing agreements to finance the acquisition of buses, previously reported as leases, have been reclassified as capital financing long-term debt in the current year.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation Bonds:				
Massachusetts Development Bond.....	2032	\$ 3,000,000	3.10	\$ 3,000,000
Direct borrowing related to buses:				
Capital Purchase Financing 2016.....	2023	750,467	2.24%	19,251
Capital Purchase Financing 2017.....	2024	567,566	2.08%	93,327
Capital Purchase Financing 2018.....	2024	1,783,341	2.55%	541,514
Capital Purchase Financing 2018.....	2023	585,293	2.45%	30,997
Capital Purchase Financing 2019.....	2026	2,662,834	3.37%	1,250,484
Capital Purchase Financing 2019.....	2024	474,564	3.43%	109,828
Capital Purchase Financing 2020.....	2027	2,565,011	2.56%	1,551,849
Capital Purchase Financing 2021.....	2028	547,314	2.83%	420,857
Capital Purchase Financing 2022.....	2029	866,648	1.47%	758,165
Total Capital Purchase Financing.....				<u>4,776,272</u>
Total Long-Term Debt.....				<u>\$ 7,776,272</u>

Debt service requirements for principal and interest for the Collaborative’s long-term debt in future years are as follows:

Year	General Obligation Bonds			Direct Borrowing			Total
	Principal	Interest	Total	Principal	Interest	Total	
2023.....	\$ 244,075	\$ 90,186	\$ 334,261	\$ 1,456,921	\$ 107,054	\$ 1,563,975	\$ 1,898,236
2024.....	301,057	81,405	382,462	1,268,912	66,145	1,335,057	1,717,519
2025.....	310,742	71,720	382,462	1,006,469	38,517	1,044,986	1,427,448
2026.....	320,514	61,949	382,463	637,402	15,645	653,047	1,035,510
2027.....	330,592	51,870	382,462	245,058	5,052	250,110	632,572
2028.....	340,879	41,584	382,463	150,659	1,291	151,950	534,413
2029.....	351,706	30,757	382,463	10,851	13	10,864	393,327
2030.....	362,765	19,698	382,463	-	-	-	382,463
2031.....	374,172	8,291	382,463	-	-	-	382,463
2032.....	63,498	245	63,743	-	-	-	63,743
Total.....	\$ 3,000,000	\$ 457,705	\$ 3,457,705	\$ 4,776,272	\$ 233,717	\$ 5,009,989	\$ 8,467,694

Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Long Term Debt Issued	Long Term Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Long-term bonds payable.....	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 244,075
Capital purchase financing.....	5,524,054	866,648	(1,614,430)	-	-	4,776,272	1,456,921
Total long-term debt.....	5,524,054	3,866,648	(1,614,430)	-	-	7,776,272	1,700,996
Lease obligations.....	-	-	-	852,775	(117,189)	735,586	120,875
Compensated absences.....	123,043	-	-	138,713	(98,434)	163,322	130,657
Net other postemployment benefits.....	87,662	-	-	445,983	(205,550)	328,095	-
Total long-term liabilities.....	\$ 5,734,759	\$ 3,866,648	\$ (1,614,430)	\$ 1,437,471	\$ (421,173)	\$ 9,003,275	\$ 1,952,528

NOTE 7 – PREPAID TUITION

Member communities are allowed to prepay a portion of the next year’s tuition. At June 30, 2022, the Collaborative had received \$1,291,896 of prepaid tuition from member communities.

NOTE 8 – LEASES

Change in Accounting Principle

During 2022 the Collaborative adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. This statement redefines a lease as a right to use another entity’s asset over a definitive period of time and required the Collaborative to record the leases that were previously classified as operating leases where only footnote disclosure was required. No restatement of beginning net position was required.

The Collaborative has entered into facility lease agreements for the Osterville Campus and Dennisport maintenance facility. The cost of the lease for the year ended June 30, 2022 totaled \$141,970, and is reported as debt service in the general fund. A corresponding right to use lease building in the amount of the present value of

the future lease payments has been added to capital assets due to the implementation of GASB Statement No. 87.

The following identifies the assets acquired through lease agreements:

<u>Asset:</u>	<u>Governmental Activities</u>
Right to use - facilities.....	\$ 852,775
Less: accumulated depreciation...	<u>(128,049)</u>
Total.....	<u>\$ 724,726</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 were as follows:

<u>Years ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023.....	\$ 120,875	\$ 21,095	\$ 141,970
2024.....	124,675	17,295	141,970
2025.....	83,067	13,903	96,970
2026.....	76,434	11,536	87,970
2027.....	78,836	9,134	87,970
2028.....	81,317	6,653	87,970
2029.....	83,872	4,098	87,970
2030.....	<u>86,510</u>	<u>1,460</u>	<u>87,970</u>
Total minimum lease payments.....	<u>735,586</u>	<u>85,174</u>	<u>820,760</u>

Related interest expense for the year ended June 30, 2022, was \$24,781.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Collaborative has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Collaborative’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Collaborative has classified its fund balances with the following hierarchy:

	General	Waypoint Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Waypoint capital project fund.....	\$ -	\$ 2,580,645	\$ -	\$ 2,580,645
Art & Music.....	-	-	5,088	5,088
Advanced Studies & Leadership Program.....	-	-	41,349	41,349
Grants.....	-	-	142,550	142,550
Committed to:				
Capital Reserves.....	1,986,437	-	-	1,986,437
Unassigned.....	4,572,918	-	-	4,572,918
Total Fund Balances.....	\$ 6,559,355	\$ 2,580,645	\$ 188,987	\$ 9,328,987

NOTE 10 – RISK FINANCING

The Collaborative is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Collaborative carries commercial insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Collaborative participates in premium-based health care plans for its employees and retirees.

NOTE 11 – PENSION PLAN

Plan Descriptions

The Collaborative is a member of the Massachusetts State Employees’ Retirement System (MSERS), a public employee retirement system that administers a cost-sharing multi-employer defined benefit plan covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The MSERS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

The Collaborative is also a member of the Massachusetts Teachers’ Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. 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 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

Special Funding Situations

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Collaborative's teachers and retired teachers to the MTRS. Therefore, the Collaborative 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 MTRS. Since the Collaborative does not contribute directly to MTRS, the Collaborative does not have a net pension liability. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$696,515 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is \$8,679,765 as of the measurement date.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, the Collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives. Therefore, the Collaborative does not have a net pension liability. The Collaborative's required contribution to MSERS equaled its actual contribution for the year ended December 31, 2021 was \$260,019.

The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the non-teaching employees of the Collaboratives and therefore has a 100% special funding situation. The total of the Commonwealth provided contributions are allocated based on each employer's covered payroll to the total covered payroll of employers in MSERS as of the measurement date of June 30, 2021. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$451,872 is reported as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is \$7,398,742 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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 increase 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.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Collaborative administers a single-employer defined benefit healthcare plan (the “Plan”). The Plan provides lifetime healthcare insurance for eligible retirees through the Collaborative’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Collaborative and Collaborative employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

Funding Policy

The required contribution is based on a pay-as-you-go financing requirement. The Collaborative contributes 50 percent of the cost of only medical insurance premiums for eligible retired plan members. Plan members receiving benefits contribute the remaining portion of their premium costs. For 2022, the Collaborative contributed approximately \$223,061 towards these benefits, including the pre-funded contribution discussed below.

The Commonwealth of Massachusetts passed special legislation that has allowed the Collaborative to establish a postemployment benefit trust fund and to enable the Collaborative to begin pre-funding its OPEB liabilities. During 2022, the Collaborative pre-funded future OPEB liabilities totaling \$180,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2022, the balance in this fund totaled \$1,994,120. The Trust is managed by the Board of Directors who are authorized to manage the Trust in accordance with the Trust Agreement.

Measurement Date

GASB #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 June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Membership

The following represents the Plan’s membership at June 30, 2022:

Active members.....	186
Inactive members currently receiving benefits.....	<u>14</u>
Total.....	<u><u>200</u></u>

Components of OPEB Liability

Components of the other postemployment benefits liability as of June 30, 2022, were as follows:

Total OPEB liability.....	\$	2,322,215
Less: OPEB plan's fiduciary net position.....		<u>(1,994,120)</u>
Net OPEB liability.....	\$	<u><u>328,095</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		85.87%

Significant Actuarial Assumption

The total other postemployment benefit liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	July 1, 2020
Actuarial cost method.....	Entry Age Normal Cost Method.
Inflation rate.....	2.4% per year
Investment rate of return.....	6.50%, net of investment expenses, including inflation.
Healthcare cost trend rate.....	7.00% for 2020, decreasing .40% per year to 5.40%, then grading down to an ultimate trend rate of 4.00%.
Pre-retirement mortality - general employees.....	RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020 and set forward one year for females.
Healthy retiree mortality - general employees.....	RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020 and set forward one year for females
Disabled retiree mortality - general employees...	RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020 and set forward one year.
Pre-retirement mortality - teachers.....	PUB-2010 Teachers Headcount-Weighted Employee Mortality Table, base year 2010, projected generational mortality using scale MP-2020
Healthy retiree mortality - teachers.....	PUB-2010 Teachers Headcount-Weighted Retiree Mortality Table, base year 2010, projected generational mortality using scale MP-2020
Disabled mortality - teachers.....	PUB-2010 Teachers Headcount-Weighted Disabled Mortality Table, base year 2010, projected with generational mortality using scale MP-2010.

Rate of return

The annual money-weighted rate of return on OPEB plan investments was -7.96%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real of returns (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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of 4.10% is added to the expected inflation of 2.40% to produce the long-term expected nominal rate of return of 6.50%. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity-large cap.....	32.30%	7.02%
Domestic equity-small/mid cap.....	4.80%	7.56%
International equity-developed market....	4.50%	6.63%
International equity-emerging market.....	2.30%	8.46%
Domestic fixed income.....	34.00%	1.07%
High Yield fixed Income.....	3.40%	4.02%
International fixed income.....	4.20%	1.36%
Alternatives.....	8.90%	2.97%
Real Estate.....	4.60%	7.64%
Cash.....	1.00%	-0.07%
Total.....	100.00%	

Discount rate

The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2022 and as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The table on the following page presents the net other postemployment benefit liability, calculated using the discount rate of 6.50%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability.....	\$ 734,617	\$ 328,095	\$ 2,812

Sensitivity of the net OPEB liability/(asset) to changes in the healthcare trend

The following presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1-percentage-point lower or 1-percentage-point higher than the current rate of 7.00% year one decreasing to 4.00%.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability/(asset).....	\$ (59,919)	\$ 328,095	\$ 825,084

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021.....	\$ 2,065,207	\$ 1,977,545	\$ 87,662
Changes for the year:			
Service cost.....	164,713	-	164,713
Interest.....	143,545	-	143,545
Changes in assumptions.....	(8,189)	-	(8,189)
Benefit payments.....	(43,061)	(43,061)	-
Net investment income (loss).....	-	(163,425)	163,425
Contributions by employer.....	-	223,061	(223,061)
Net change.....	257,008	16,575	240,433
Balances at June 30, 2022.....	\$ 2,322,215	\$ 1,994,120	\$ 328,095

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

For the year ended June 30, 2022, the Collaborative recognized OPEB expense of \$191,944. The Collaborative reported deferred outflows of resources and deferred inflows of resources related to OPEB of \$415,051 and \$411,200 from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience..... \$	-	\$ (404,035)	\$ (404,035)
Difference between projected and actual earnings, net.....	133,284	-	133,284
Changes in assumptions.....	281,767	(7,165)	274,602
Total deferred outflows/(inflows) of resources..... \$	415,051	\$ (411,200)	\$ 3,851

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

Measurement date year ended June 30:	
2023.....	\$ 8,834
2024.....	11,609
2025.....	1,404
2026.....	41,989
2026.....	(21,662)
Thereafter.....	(38,323)
Total.....	\$ 3,851

Changes in assumptions

The inflation rate assumption was updated from 2.20% to 2.40%.

Changes in plan provisions

None.

NOTE 13 – CONTINGENCIES

Various legal actions and claims are pending against the Collaborative. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022 cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2022 which is the date the financial statements were available to be issued.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Collaborative. It is used to account for all the financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Variance to Final Budget
	Original Budget	Final Budget		
REVENUES:				
Tuition.....	\$ 6,174,213	\$ 6,174,213	\$ 6,525,058	\$ 350,845
Service revenue.....	1,272,405	1,272,405	1,028,238	(244,167)
Transportation.....	8,972,846	9,569,079	9,710,983	141,904
Other departmental revenue.....	50,000	50,000	449,192	399,192
Paycheck Protection Program grant.....	-	1,936,792	1,936,792	-
Investment income (loss).....	-	-	(17,749)	(17,749)
TOTAL REVENUES.....	16,469,464	19,002,489	19,632,514	630,025
EXPENDITURES:				
Current:				
Waypoint academy.....	2,767,290	2,914,176	2,965,211	(51,035)
STAR program.....	2,997,567	2,942,657	2,787,493	155,164
Itinerant services.....	793,543	779,922	689,054	90,868
Transportation.....	10,185,771	10,704,016	10,711,528	(7,512)
Professional development and executive search.....	304,216	303,849	222,955	80,894
Advanced studies and leadership program.....	287,725	287,725	39,378	248,347
Debt Service:				
Interest.....	-	-	23,441	(23,441)
TOTAL EXPENDITURES.....	17,336,112	17,932,345	17,439,060	493,285
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(866,648)	1,070,144	2,193,454	1,123,310
OTHER FINANCING SOURCES (USES):				
Capital purchase financing.....	866,648	866,648	866,648	-
Payments to member communities.....	-	(950,355)	(950,355)	-
NET CHANGE IN FUND BALANCE.....	-	986,437	2,109,747	1,123,310
FUND BALANCES AT BEGINNING OF YEAR.....	4,449,608	4,449,608	4,449,608	-
FUND BALANCES AT END OF YEAR.....	\$ 4,449,608	\$ 5,436,045	\$ 6,559,355	\$ 1,123,310

See notes to required supplementary information.

Collaborative Pension Plan Schedules

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts State Employees Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Collaborative along with related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Collaborative along with related ratios.

The Schedule of Collaborative's Contributions presents multi-year trend information on the Collaborative's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM**

The Collaborative's teachers and retired teachers pensions are covered under the Massachusetts Teachers Retirement System while all other employees and retirees are covered under the Massachusetts State Employees Retirement System. This schedule only reports on the nonteacher employees and retirees covered under the Massachusetts State Employees' Retirement System.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by PERAC, currently 6.1% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Since the collaborative does not contribute directly to MSERS for the past service cost, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the collaborative; the portion of the collective pension expense as both a revenue and pension expense recognized by the collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022.....	\$ 7,398,742	\$ 451,872	77.54%
2021.....	12,785,584	1,908,684	62.48%
2020.....	10,316,755	1,713,767	66.28%
2019.....	8,840,685	1,164,697	67.91%
2018.....	8,227,737	1,064,611	67.21%
2017.....	8,185,506	1,136,788	63.48%
2016.....	6,641,623	741,921	55.38%
2015.....	4,442,707	315,923	61.64%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Collaborative's teachers and retired teachers pensions are covered under the Massachusetts Teachers' Retirement System while all other employees and retirees are covered under the Massachusetts State Employees Retirement System. This schedule only reports on the teacher and retired teachers covered under the Massachusetts Teachers' Retirement System.

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022.....	\$ 8,679,765	\$ 696,515	62.03%
2021.....	11,233,579	1,387,508	50.67%
2020.....	9,689,850	1,175,063	53.95%
2019.....	9,374,364	949,956	54.84%
2018.....	9,215,485	961,847	54.25%
2017.....	9,569,480	976,150	52.73%
2016.....	8,812,686	714,787	55.38%
2015.....	7,495,802	520,769	61.64%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE COLLABORATIVE'S CONTRIBUTIONS
MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by PERAC, currently 6.1% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Since the collaborative does not contribute directly to MSERS for the past service cost, there is no net pension liability to recognize. This schedule discloses the collaborative's required and actual contribution for the normal cost; covered payroll; and contributions recognized by the pension plan in relation to the covered payroll.

Year	Collaborative's Statutory Required and Actual Contribution for Normal Cost	Collaborative's Covered Payroll	Amount of Contributions Recognized by the Pension Plan in Relation to Covered Payroll
2022.....	\$ 260,019	\$ 4,262,607	6.10%
2021.....	278,010	4,557,541	6.10%
2020.....	213,581	3,501,328	6.10%
2019.....	239,873	3,932,344	6.10%
2018.....	209,060	3,733,214	5.60%
2017.....	185,163	3,306,482	5.60%
2016.....	186,458	3,329,607	5.60%
2015.....	177,775	3,174,554	5.60%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability presents multi-year trend information on the School's net other postemployment benefit liability and related ratios.

The Schedule of the Collaborative's Contributions presents multi-year trend information on the Collaborative's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
COLLABORATIVE'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost.....	\$ 91,399	\$ 95,055	\$ 98,857	\$ 133,758	\$ 151,562	\$ 164,713
Interest.....	97,457	108,935	121,288	140,501	157,992	143,545
Changes of benefit terms.....	-	-	-	(22,575)	-	-
Differences between expected and actual experience....	-	-	(105,142)	-	(466,413)	-
Changes of assumptions.....	-	-	153,087	157,810	136,429	(8,189)
Benefit payments.....	(38,813)	(40,097)	(46,086)	(47,553)	(39,666)	(43,061)
Net change in total OPEB liability.....	150,043	163,893	222,004	361,941	(60,096)	257,008
Total OPEB liability - beginning.....	1,227,422	1,377,465	1,541,358	1,763,362	2,125,303	2,065,207
Total OPEB liability - ending (a).....	<u>\$ 1,377,465</u>	<u>\$ 1,541,358</u>	<u>\$ 1,763,362</u>	<u>\$ 2,125,303</u>	<u>\$ 2,065,207</u>	<u>\$ 2,322,215</u>
Plan fiduciary net position						
Employer contributions.....	\$ 218,813	\$ 180,000	\$ 226,086	\$ 180,000	\$ 180,000	\$ 180,000
Employer contributions for OPEB payments.....	38,813	40,097	-	47,553	39,666	43,061
Net investment income (loss).....	31,908	24,300	93,150	48,741	312,055	(163,425)
Benefit payments.....	(38,813)	(40,097)	(46,086)	(47,553)	(39,666)	(43,061)
Net change in plan fiduciary net position.....	250,721	204,300	273,150	228,741	492,055	16,575
Plan fiduciary net position - beginning of year.....	567,391	779,299	983,599	1,256,749	1,485,490	1,977,545
Plan fiduciary net position - end of year (b).....	<u>\$ 818,112</u>	<u>\$ 983,599</u>	<u>\$ 1,256,749</u>	<u>\$ 1,485,490</u>	<u>\$ 1,977,545</u>	<u>\$ 1,994,120</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 559,353</u>	<u>\$ 557,759</u>	<u>\$ 506,613</u>	<u>\$ 639,813</u>	<u>\$ 87,662</u>	<u>\$ 328,095</u>
Plan fiduciary net position as a percentage of total OPEB liability.....	59.39%	63.81%	71.27%	69.90%	95.76%	85.87%
Covered-employee payroll.....	\$ 6,423,123	\$ 6,517,602	\$ 6,754,577	\$ 7,544,325	\$ 7,066,127	\$ 7,733,467
Net OPEB liability as a percentage of covered-employee payroll.....	8.71%	8.56%	7.50%	8.48%	1.24%	4.24%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE COLLABORATIVE'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2022.....	\$ 179,987	\$ (223,061)	\$ (43,074)	7,733,467	2.88%
June 30, 2021.....	197,642	(219,666)	(22,024)	7,066,127	3.11%
June 30, 2020.....	173,616	(227,553)	(53,937)	7,544,325	3.02%
June 30, 2019.....	139,107	(226,086)	(86,979)	6,754,577	3.35%
June 30, 2018.....	135,433	(220,097)	(84,664)	6,517,602	3.38%
June 30, 2017.....	136,483	(218,813)	(82,330)	6,423,123	3.41%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-7.96%
June 30, 2021.....	20.05%
June 30, 2020.....	3.66%
June 30, 2019.....	8.81%
June 30, 2018.....	2.85%
June 30, 2017.....	5.09%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTINGA. Budgetary Information

The Collaborative adopts a balanced budget that is approved by the Collaborative’s Board of Directors. The Business Administrator presents an annual budget to the Board, which includes estimates of revenues and other financing sources, and recommendations of expenditures and other financing uses. The Board, which has the full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases to the budget subsequent to the approval of the annual budget require majority Board approval.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

The Collaborative adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2022 approved budget for the general fund authorized approximately \$17.3 million in appropriations. The board voted additional appropriations of \$596,000 which were mainly related to transportation and \$950,000 related to payments to member communities to reduce the Collaborative’s cumulative surplus.

The Business Administrator has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, a budgetary basis of accounting is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2022, is presented below:

Net change in fund balance - budgetary basis.....	\$	2,109,747
<u>Basis of accounting differences:</u>		
Recognition of revenue for on-behalf payments.....		1,148,387
Recognition of expenditures for on-behalf payments.....		(1,148,387)
Nonbudgeted lease financing revenue per GASB 87.....		852,775
Nonbudgeted lease financing expenditures per GASB 87.....		<u>(852,775)</u>
Net change in fund balance - GAAP basis.....	\$	<u><u>2,109,747</u></u>

NOTE B – PENSION PLANA. Schedule of Collaborative's Contributions

A special funding situation was created by Massachusetts General Laws for all Educational Collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives.

B. Schedules of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the Collaborative which create two special funding situations.

- The MSERS schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Collaborative; the portion of the collective pension expense as both revenue and pension expense recognized by the Collaborative; and the Plan's fiduciary net position as a percentage of the total liability.
- The MTRS schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Collaborative; the portion of the collective pension expense as both revenue and pension expense recognized by the Collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Collaborative administers a single-employer defined benefit healthcare plan (the "Other Postemployment Benefit Plan"). The plan provides lifetime healthcare for eligible retirees through the Collaborative's health insurance plan, which covers both active and retired members.

Schedule of Changes in the Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

Schedule of the Collaborative's Contributions

The Schedule of the Collaborative's Contributions includes the Collaborative's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Collaborative is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. The actuarially determined contribution rate is calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. Methods and assumptions used to determine contribution rates are shown on the following page.

Valuation date.....	July 1, 2020
Actuarial cost method.....	Entry Age Normal Cost Method.
Inflation rate.....	2.4% per year
Investment rate of return.....	6.50%, net of investment expenses, including inflation.
Healthcare cost trend rate.....	7.00% for 2020, decreasing .40% per year to 5.40%, then grading down to an ultimate trend rate of 4.00%.
Pre-retirement mortality - general employees.....	RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020 and set forward one year for females.
Healthy retiree mortality - general employees.....	RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020 and set forward one year for females
Disabled retiree mortality - general employees...	RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020 and set forward one year.
Pre-retirement mortality - teachers.....	PUB-2010 Teachers Headcount-Weighted Employee Mortality Table, base year 2010, projected generational mortality using scale MP-2020
Healthy retiree mortality - teachers.....	PUB-2010 Teachers Headcount-Weighted Retiree Mortality Table, base year 2010, projected generational mortality using scale MP-2020
Disabled mortality - teachers.....	PUB-2010 Teachers Headcount-Weighted Disabled Mortality Table, base year 2010, projected with generational mortality using scale MP-2010.

Schedule of Investment Returns

The Schedule of Investment Return includes the money-weighted investment return on other postemployment assets, net of investment expense.

Changes in Assumptions

The inflation rate assumption was updated from 2.20% to 2.40%.

Changes in Plan Provisions

None.

Other Information

REQUIRED DISCLOSURES FOR MASSACHUSETTS EDUCATIONAL COLLABORATIVES

The following information is provided to conform with the requirements of the Massachusetts Session Law, Chapter 43 of the Acts of 2012: An Act Relative to Improving Accountability and Oversight of Education Collaboratives. This law was adopted in March of 2012 and constitutes a comprehensive amendment Massachusetts General Law, Chapter 40, Section 4E which establishes the requirements for the formation and administration of Educational Collaboratives in Massachusetts.

NOTE 1 – TRANSACTIONS BETWEEN THE EDUCATIONAL COLLABORATIVE AND ANY RELATED FOR-PROFIT OR NON-PROFIT ORGANIZATION

There are no related organizations that the Collaborative is associated with and therefore no transactions to report.

NOTE 2 – TRANSACTIONS OR CONTRACTS RELATED TO THE PURCHASE, SALE, RENTAL, OR LEASE OF REAL PROPERTY

The Collaborative has entered into facility right to use lease agreements for the Osterville Campus and Dennisport maintenance facility. The cost of the lease for the year ended June 30, 2022, totaled \$141,970, and is reported as debt service in the general fund. A corresponding right to use lease building in the amount of the present value of the future lease payments has been added to capital assets. Future minimum lease payments are provided in Note 8 to the financial statements.

The Collaborative has also entered into several agreements to finance the acquisition of buses, which has been recorded as capital purchase financing long-term debt. The cost of this financing for the year ended June 30, 2022, totaled \$1,762,488 and is reported as debt service in the general fund. Future minimum capital purchase financing payments are provided in Note 6 to the financial statements.

NOTE 3 – NAMES, DUTIES, AND TOTAL COMPENSATION OF THE FIVE MOST HIGHLY COMPENSATED EMPLOYEES

The following employees were the five highest compensated employees for the period ended June 30, 2022:

Paul Hilton, Executive Director.....	\$	171,073
Christina Caputo, Assistant Director of Special Education.....		130,985
Kara Peterson, Waypoint Program Director.....		116,500
Amy Lipkind, Business Manager.....		115,606
Julia Bryant, STAR Program Director.....		115,000

NOTE 4 – AMOUNTS EXPENDED ON ADMINISTRATION AND OVERHEAD

For the year ended June 30, 2022, the Collaborative expended \$748,896 and \$447,384 for amounts related to administration and overhead, respectively.

NOTE 5 – ACCOUNTS HELD BY THE COLLABORATIVE THAT MAY BE SPENT AT THE DISCRETION OF ANOTHER PERSON OR ENTITY

At June 30, 2022, there were no accounts that qualified for reporting in this category.

NOTE 6 – AMOUNTS EXPENDED ON SERVICES FOR INDIVIDUALS WITH DISABILITIES, 22 YEARS OF AGE OR OLDER

At June 30, 2022, there were no expenditures that qualified for reporting in this category.

NOTE 7 – ANNUAL DETERMINATION AND DISCLOSURE OF CUMULATIVE SURPLUS

Certified Cumulative Surplus is defined as the amount of general fund surplus in the collaborative accounts, as certified through an independent audit. Cumulative surplus is derived from a collaborative’s unexpended general funds over a number of fiscal years. General funds are for the most part, the funds that a collaborative receives from school districts for tuitions, dues, fees for service, surcharges and related interest, as well as indirect costs allowed under certain grant awards not earmarked under the conditions of the funding for a specific purpose.

The Board of Directors voted to approve and retain \$4,572,918 as the amount designated as Cumulative Surplus from the general funds remaining in the Collaborative’s accounts as of June 30, 2022. This amount does exceed the limit of 25% of general fund expenditures for the year as shown in the following table:

Cape Cod Collaborative

Surplus Calculation			
Fiscal Year 2022	Enter values below	Page in FY22 FS	
(A) Surplus as of June 30, 2021	\$ 4,449,608	(A)	<u>p. 18</u>
<i>(Breakdown of use of 2021 surplus)</i>			
B(1) used to support the FY22 budget	\$ -		
B(2) issued as credits to member districts	\$ (950,355)		
B(3) issued as a check(s) to member district(s)	\$ -		
B(4) deposited to a restricted account(s)	\$ -		
(B) Board voted uses of surplus funds during FY22	<i>(total from B1:B4)</i> \$ (950,355)	(B)	<u>p. 18</u>
(C) Unexpended FY22 General Funds	\$ 3,060,102	(C)	<u>p. 18</u>
(D) Cumulative Surplus as of June 30, 2022	(A) - (B) + (C) = (D) \$ 6,559,355	(D)	<u>p. 18</u>
(E) FY22 Total General Fund Expenditures *	\$ 18,291,835	(E)	<u>p. 18</u>
(F) Cumulative Surplus Percentage	(D) ÷ (E) 35.86%	(F)	<u>p. N/a</u>

CUMULATIVE SURPLUS REDUCTION
Allowable uses of surplus - in excess of the 25% limit

(G) Cumulative surplus as of June 30, 2022	\$ 6,559,355
	25% limit (allowed) \$ 4,572,959
(H) Cumulative Surplus REDUCTIONS	
(H)1 Credited to member districts for tuition, services, etc.	\$ -
(H)2 Deposited to an established trust and/or reserve fund	\$ 1,986,437
(H)3 Returned (check) to school districts/towns	\$ -
Total Reductions	\$ 1,986,437
FY22 Cumulative Surplus Percentage after Reductions	25.00%

* Net of intergovernmental on-behalf payments.

Report on Internal Control Over Financial Reporting and on Compliance

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

Independent Auditor's Report

To the Board of Directors
Cape Cod Collaborative
Osterville, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cape Cod Collaborative (the "Collaborative"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, and have issued our report thereon dated December 14, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Collaborative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



December 14, 2022