



Annual Report

2022-2023

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Letter from the Executive Director

Paul C. Hilton
Executive Director

CAPE COD COLLABORATIVE

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Our twelfth Cape Cod Collaborative Annual Report is dedicated to the committed, capable, and highly valued Collaborative staff that maintains high-quality programming and services for the students, families, and districts of Cape Cod & Islands. This report and financial audit highlight some of the activities of the Collaborative during the 2022-2023 School (and fiscal) Year.

We remain committed to fostering collaboration among our member districts, families, and communities to meet the evolving needs of this region. As in the previous school year, our educational programs adapted and evolved to meet the changing needs of school districts. Specialized educational projects were developed and refined to meet the needs of districts in a changing educational environment.

Special acknowledgments are deserved for those who have served for many years and were instrumental in supporting the coordinated efforts of school districts through the Collaborative.

Several long-term staff left the Collaborative after many years of dedicated service to the students and families served by the Collaborative, including:

| | | |
|--------------------|--|-----------------------|
| Jeffrey Barner | Paraprofessional, STAR Program | 2013 – 2023 |
| Maxine Daly | School Bus Driver | 2001-2023 (Retired) |
| Beth Deck | Human Resources Manager | 2010-2023 (Retired) |
| Jeff Deck | School Bus Driver (Nauset) | 2018-2023 |
| Victoria Diamond | School Bus Driver (Truro) | 2013-2022 |
| Holly McGhee | Social Worker, Waypoint Academy | 2019 – 2023 |
| Elizabeth Moran | LPN / Paraprofessional, Waypoint Academy | 2015 – 2022 |
| Judy Morse | School Bus Driver | 2008-2023 |
| Lucille Richardson | School Bus Driver (Bourne) | 2017-2023 |
| Stephen Richardson | School Bus Driver (Bourne) | 2017-2023 |
| Kathleen Richerson | Teacher, Waypoint Academy | 2000 – 2022 (Retired) |
| James Vaughn | School Bus Driver | 2014-2023 |

Additionally, we must recognize the dedication and contributions of Collaborative community members who passed away during the past year.

- **Ms. Corrine Savery**
Ms. Savery had (re)retired from her ongoing role supporting the Transportation needs of the Collaborative after over twenty years of service. Her exceptional dedication and commitment to the students, families, and staff served to exemplify the aspirations of those of us who serve others through the Collaborative.
- **Ms. Mary Lemos**
Ms. Lemos retired from the Collaborative in February 2022 as the Payroll Coordinator. She continued to consult with the Collaborative through the transitions within the Business Office during the 2022 - 2023 School/Fiscal Year.
- **Mr. Thomas Kelley**
Mr. Kelly had become a school bus driver in his *retirement*. His commitment to students and refereeing athletic events will be fondly recalled.
- **Mr. Bruce White**
Mr. White also became a school bus driver in his *retirement*. His commitment to the students and his coworkers in Bourne is recalled daily.
- **Ms. Joyce Bartley-Vaughn**
Ms. Bartley-Vaughn was a School Bus Driver and subsequently a School Bus Monitor for students with special needs. She and her husband (James Vaughn – who left the Collaborative at the end of the school year) will be missed.

The contributions of each of these individuals were valued by all at the Collaborative as well as by the students, families, and districts that they served. Their commitment and collegiality will be missed. Thank you on behalf of the entire Collaborative community.

We look forward to continued service to the students, families and districts of the region and are thankful for having had the opportunity to serve during the 2022-2023 school year.

Paul C. Hilton
Executive Director

Overview

The Cape Cod Collaborative was established in 1975 to provide high-quality services to low-incident special student populations whose needs could be best addressed through multi-district efforts.

The Cape Cod Collaborative Board of Directors comprised school committee representatives from the nineteen (19) Cape Cod and Islands school districts during the 2022-2023 school year.

| | |
|---|---|
| Barnstable Public Schools | Nantucket Public Schools |
| Bourne Public Schools | Nauset Regional School District |
| Brewster Public Schools | Orleans Public Schools |
| Cape Cod Regional Vocational Technical School District | Provincetown Public Schools |
| Dennis-Yarmouth Regional School District | Sandwich Public Schools |
| Eastham Public Schools | Truro Public Schools |
| Falmouth Public Schools | Upper Cape Cod Regional Vocational Technical School District |
| Martha's Vineyard Regional | Wareham Public Schools |
| Mashpee Public Schools | Wellfleet Public Schools |
| Monomoy Regional School District | |

Mission

The Mission of the Cape Cod Collaborative is to provide, as an interdependent collaboration of Member School Districts, a flexible, evolving range of high-quality, cost-effective programs and services.

Purpose, Focus, Objectives

The Purpose of the Collaborative is:

- To conduct joint educational programs and services, which permit the Member School Districts to supplement and strengthen school programs for students with or without special needs.
- To provide specialist and transportation services to support programs operated by the Collaborative and others on behalf of Member and Non-Member School Districts.
- To provide vocational, prevocational, behavioral intervention, developmental skill training, enrichment programs, and educational programs to students with and without disabilities; and
- To provide services, consistent with applicable laws and regulations, to Member and Non-Member School Districts that strengthen and supplement the educational

programming and educational opportunities of the communities, including, but not restricted to:

- Professional development activities for staff
- Programming for gifted and talented students
- After-school and summer programming
- Professional consultation & assistance
- Assistance with employment searches
- Educator Licensure assistance
- Procurement coordination and assistance
- Regional coordination of educational activities, programming, and services supportive of school districts, including, but not limited to:
 - Public day school programs and services for students with low-incidence disabilities
 - Professional Development activities for educators
 - Professional Development activities for staff providing school services
 - Professional Development activities for providers of early childhood services
 - Job-a-like groups for professional development and regional coordination of activities
 - Procurement coordination
 - Procurement consultation
 - Administration Assistance
 - Employment Search and consultation services
 - Transportation Services
 - Facilities Management Services
 - Any other programs and services that may be provided and/or coordinated on behalf of the Member School Districts as may be permitted by statute

Governance

The Cape Cod Collaborative has been formed by the School Committees of its member districts. It is governed by a Board of Directors that is comprised of an elected School Committee representative from each member school district. In addition to the Board of Directors, there are Advisory Boards composed of the Superintendents and Special Education Directors of the member districts that meet regularly throughout the year and serve in an advisory capacity.

“The education collaborative shall be managed by a board of directors which shall be comprised of 1 person appointed by each member school committee and 1 person appointed by each member charter board of trustees. All appointed persons shall be either a school committee member or his designee, the superintendent of schools or his designee or a member of the charter board of trustees.” (MGL, Ch.40, Sec.4e)

The Cape Cod Collaborative Board of Directors has been comprised of School Committee Representatives from the Member Districts for over forty-five years.

Each Member School District shall annually appoint one (1) person from its school committee or charter school board to serve as its representative on the Board of Directors (“appointed representative”).

Cape Cod Collaborative Board of Directors

| | |
|--|-----------------------------------|
| Kathleen Bent | Barnstable Public Schools |
| Maureen Fuller | Bourne Public Schools |
| Casey Mecca | Brewster Public Schools |
| Scott McGee (Vice Chair through May 2023) (Chair as of June 2023) | Cape Cod Regional Technical |
| Phillip Morris | Dennis-Yarmouth Regional |
| Judy Lindahl (Chair through May 2023) Edgar Miranda (May -) | Eastham Public Schools |
| William Dorfner (through September) Michael Heylin (October -) | Falmouth Public Schools |
| Kate DeVane (through December) Roxanne Ackerman (June -) | Martha’s Vineyard Regional |
| Don Myers (through May) Matthew Davis (June -) | Mashpee Public Schools |
| Jessica Rogers | Monomoy Regional Schools |
| Laura Gallagher Byrne | Nantucket Public Schools |
| Cathryn Lonsdale | Nauset Regional Schools |
| Ian Mack | Orleans Public Schools |
| Ngina Lythcott (November -) | Provincetown Public Schools |
| Michael Pell (through May) Christine Brown (June -) | Sandwich Public Schools |
| Kolby Blehm (through May) Edwige Yingling (May -) | Truro Public Schools |
| Robert Fichtenmayer | Upper Cape Cod Regional Technical |
| Joyce Bacchiocchi | Wareham Public Schools |
| Jill Putnam | Wellfleet Public Schools |
| William Friel | Treasurer |

Administrative Board

The Administrative Board (a professional advisory council composed of a Superintendent or designee from each Member School District) shall meet as called and may make recommendations to the Board of Directors concerning any aspect of the Collaborative's operation. The Administrative Board may be represented at the Board of Directors meetings by the Chairperson of the Administrative Board or her/his designee. The Executive Director shall provide the Administrative Board with necessary information (i.e., program and financial data).

Cape Cod & Islands Superintendents

| | |
|----------------------------|---|
| Dr. Sara Ahern | Barnstable Public Schools |
| Dr. Kerri-Ann Quinlan-Zhou | Bourne Public Schools |
| Robert Sanborn | Cape Cod Regional Vocational Technical |
| Carol A Woodbury | Dennis-Yarmouth Regional |
| Dr. Lori Deurr | Falmouth Public Schools |
| Dr. Richard Smith | Martha's Vineyard Regional |
| Patricia DeBoer | Mashpee Public Schools |
| Dr. Scott Carpenter | Monomoy Regional Schools |
| Dr. Elizabeth Hallett | Nantucket Public Schools |
| Dr. Brooke Clenchy | Nauset Regional (including Brewster, Eastham, Orleans, & Wellfleet) |
| Gerald Goyette | Provincetown Public Schools |
| Dr. Joseph Maruszczak | Sandwich Public Schools |
| Stephanie Costigan | Truro Public Schools |
| Roger Forget | Upper Cape Cod Regional Vocational Technical |
| Dr. Matthew D'Andrea | Wareham Public Schools |

Cape Cod & Islands Special Education Directors

| | |
|--------------------------------------|--|
| Eric Bruinooge (Secondary) | Barnstable Public Schools |
| Catherine Zinni (Primary/Elementary) | |
| Kristin Donahue | Bourne Public Schools |
| Kate Clemens | Cape Cod Regional Vocational Technical |
| Maria Lopes | |
| Brenda Burke, Assistant Director | Dennis-Yarmouth Regional |
| Dr. Joan Woodward | |
| Anne Barnes, Assistant Director | Falmouth Public Schools |
| Hope MacLeod | Martha's Vineyard Regional |
| Jaime Curley | Mashpee Public Schools |
| Melissa Maguire | Monomoy Regional |
| Debra Gately | Nantucket Public Schools |
| Mary Buchanan | Nauset Regional (including Brewster, Eastham, Orleans, & Wellfleet) |
| Jeff Slater | Provincetown Public Schools |
| Bernard (BJ) McNamara | Sandwich Public Schools |
| Stephanie Costigan | Truro Public Schools |
| Mark Dufresne | Upper Cape Cod Regional Vocational Technical |
| Melissa Fay | Wareham Public Schools |

Cape Cod Collaborative Administrative Continuity

The supervision and oversight of Collaborative operations is the responsibility of the Executive Director, Paul Hilton, who reports to the Board of Directors. The Cape Cod Collaborative has benefitted from administrative continuity throughout its existence. Mr. Hilton follows (only) six Executive Directors who have served the Board in this capacity since 1975.

Executive Directors

| | | |
|-------------------|-----------|------------|
| Joseph Wert | 1975-1978 | 3 years |
| Ian Stewart | 1978-1979 | 1 year |
| F. Randall Powers | 1979-1980 | 1 year |
| Robert Filbin | 1980-1982 | 2 years |
| Brian Davis | 1982-1986 | 4 years |
| Walter Healey | 1986-2009 | 23 years |
| Paul Hilton | 2009- | 13 years + |

The Cape Cod Collaborative has continued to benefit from the dedication and commitment of a management team that has served the region consistently for many years. Each administrative team member brought a wealth of knowledge and experience to the Collaborative. Their service to the region through the Collaborative demonstrates the commitment of Collaborative employees to the students, families, and districts throughout the region.

Program Directors

| | | |
|------------------------|-------------------------------|----------|
| Christina Caputo | Director of Special Education | 5 years |
| Patrick Murphy | Business Manager | 1 year |
| Amy Lipkind | Associate Business Manager | 7 years |
| Anders Erikson | Operations Manager | 4 years |
| Dr. Christopher Bogden | Special Projects | 6 years |
| Lisa Stobbart | Transportation | 9 years |
| Julia Bryant | STAR Program Director | 17 years |
| Dr. Kara Peterson | Waypoint Program Director | 3 years |
| James Andrews | Assistant Operations Manager | 1 year |

Strategic Planning

The Collaborative began a strategic planning process in FY2011 (2010-2011). Stakeholders formally recognized the mutual benefit and the necessity of interdependence in developing and operating programs that strengthen and support their district education programming.

Through this process, the Board of Directors and the stakeholders within the member districts developed a mission and vision that recognized and celebrated this interdependence and collaboration:

Mission: To provide, as an interdependent collaboration of public school communities, a flexible, evolving range of high-quality, cost-effective programs and services.

Vision: To ensure its success, the Collaborative will establish and maintain communication, governance structures, and practices that regularly assess needs, provide collaborative solutions, and monitor effectiveness.

Two subcommittees were formed in the strategic planning process.

- The Articles of Agreement (Governance) subcommittee proposed changes to the Articles of Agreement. The Articles of Agreement were reviewed, and revisions proposed by the Board of Directors in February 2011. The process for the final approval was formally completed (MA-DESE) on March 25, 2016.
- The Financial Subcommittee made several recommendations regarding changes to Collaborative financial reporting and operations, as well as recommending the development of an annual forum for all stakeholders to discuss Collaborative issues – the Collaborative Summit. The first Collaborative Summit was held in September 2011 and was attended by representatives of Member School Committees, Member school district Superintendents, Special Education Administrators, School Business Administrators and Collaborative Administrators.

The Cape Cod Collaborative strives to serve the purposes for which the Collaborative was established by its Member School Committees and provides an array of services that support and strengthen the programming of its Member School Districts. A brief reflection regarding the effectiveness (and efficiency) of these collaborative services follows a description of each of the various activities that occurred through the Cape Cod Collaborative during the 2022-2023 School (& Fiscal) Year.

It will be evident through this discourse, that the Collaborative, through the guidance of the Collaborative Board of Directors and Advisory Boards, provides effective and efficient services that strengthen and support the programming of the Member School Districts.

Public Day School Programs

The Cape Cod Collaborative runs two public day schools: The STAR Program in Osterville and Waypoint Academy in Sandwich.

During the 2022-2023 school year, staff from both programs continued regularly to discuss how to embed trauma-informed practice into all programmatic efforts. The Collaborative continued to contract with a psychologist to work with and support clinical staff.

STAR Program - Osterville



The Cape Cod Collaborative Osterville-STAR Program continued to operate as a Public Day School in Osterville for the thirteenth year. The Program continued to be fully approved by the Department of Elementary & Secondary Education.

STAR enrollment (September 2022) began at 54 students and increased to 62.5 students (June 2023). The program continued to have eleven classrooms.

Enrichment programs, including yoga, art, music, and theater were offered. Sam Holmstock began drumming with each classroom. Sam obtained funding for these classes through the STARS Arts grant through the Mass Cultural Council. Community trips for older students were scheduled weekly. The students in our 18–22-year-old classroom participated in social activities at Cape Cod Villages on 3 separate occasions. In November, 5 of the classrooms went to the Plimoth Pawtuxet Museum. In June, the whole school went on a field trip to the Buttonwood Park Zoo. The STAR program was thrilled to be able to open the new accessible playground in the Fall of 2022.



Professional Learning Community (PLC) groups, consisting of teachers who work with similar populations, continued. Groups worked on ensuring the continuity of curriculum across classrooms. The Emotional and Behavioral Disorders (EDBD) classrooms continued to work on science expectations across each grade level. The Autism Spectrum Disorders (ASD) classrooms continued their focus on reading and reading assessments. The ASD classrooms with high school-to-22-year-olds looked at expanding the vocational opportunities in the program.

The STAR Program continued to work with Jacob Stapledon, Community Engagement and Education Coordinator at Children’s Cove, with discussions on mandated reporting, abuse, and the increase in child exploitation. Dr. Marc Hauser gave several professional development sessions on typical child development and the effects of trauma to all staff throughout the year. Staff participated in professional development around Lagging skills and interventions to mitigate lagging skills and increase missing skills. The staff participated in a training with Boston Children’s Hospital on in-utero substance exposure.

The STAR program continues to serve the students, families, and districts throughout the region through the provision of a local (regional) program that provides high-quality and intensive services. The provision of the services offered through this program might otherwise necessitate extraordinary commutes to non-local educational placements or placements of students in residential school settings to access the same (or similar) level of benefit. This program provides effective and efficient high-quality programming that ensures students are appropriately serviced within their home community (local or regional) to the extent possible.

The programming and enrollment at the STAR Program supported sixty-two (62) students during the 2021-2022 school year.

The home districts of these students include:

| Member Districts | Non-Member Districts |
|--------------------------|-----------------------------|
| Bourne | Plymouth |
| Brewster | Silver Lake Regional |
| Dennis-Yarmouth Regional | |
| Eastham | |
| Falmouth | |
| Mashpee | |
| Monomoy Regional | |
| Nauset Regional | |
| Orleans | |
| Sandwich | |
| Wareham | |
| Wellfleet | |

During the 2022-2023 school year, 38 referrals and/or inquiries for programming were received for the STAR Program:

| Enrolled in Collaborative | Supported in District(s) | Other |
|---|--|--------------------------------|
| 20 enrolled at STAR (7 enrolled for the 23-24 school year) | 0 maintained with added support (or other arrangements) | 4 resulted in other placements |
| 1 required a different level of care | 2 “parent inquiry” directed back to district (IEP Process) | 10 status unknowns |
| | 1 district inquiry only | |

The programs of the Cape Cod Collaborative continue to reflect the needs expressed by the students, families, and districts throughout the region. The STAR Program provides exceptional services for many students as a public day school. The Program effectively supports the students, families, and districts as students’ progress through a continuum of services provided by school districts, by the Collaborative, and by other providers as needs become more significant, necessitating more restrictive settings.

During this school year, 10 students transitioned out of the STAR Program. Three (3) of these students aged out during the school year, four (4) students transitioned to other programming, one (1) moved out-of-state and two (2) students returned to district programming.

Extended School Year Program

Staff continued to provide fun activities throughout the 2022 Extended Year Program, including many enriching activities for language, social, and motor opportunities for the fifty-two (52) students. Several assemblies were offered to all students, such as Rainforest Reptiles, Drumming, Baseball with the Hyannis Harbor Hawks, Bubbles with Punky, and a magician.



During the 2022-2023 School Year

Students participated in weekly art classes, music/theater groups, art classes, social skills groups, and yoga classes. Students continued to enjoy walking programs and movement using the track behind the school. Many staff and students participated in the “theme” days held throughout the school year, ending with the 3rd annual “rainbow run” where students set goals for the number of laps completed, danced to music, and ran through bubbles created by a bubble machine while wearing brightly colored outfits.



The Cape Cod Collaborative STAR Program continued to utilize Safety-Care, a crisis prevention and intervention program, through QBS, Inc. (Quality Behavioral Solutions to Complex Behavioral Problems).

Family Events

During the 2022-2023 school year, STAR staff were excited to re-introduce the annual luncheons. In November, the staff provided all the food for a family Thanksgiving dinner. The students presented poems, jokes, and songs they had worked on. Artwork from all students was displayed all around the cafeteria. In March, the STAR program had a pasta luncheon for the families. Students sang songs they had learned during the year.



Staff continued to coordinate a food (bank) program that provided staple food items for families. Through the generosity and facilitation of the Falmouth Service Center, staff helped to sort, assemble, and deliver bags to homes.

The STAR Program continued to share facilities and opportunities with the Cape Cod Challenger Club. This organization has continued to be a great partner in serving the students/families.

Cost Effectiveness

The Osterville-STAR Program had a daily tuition rate of \$295 during the 2022-2023 school year. This rate had been developed considering the activities and enrollment of the previous year. The rate was approved by the Board of Directors with recognition of the projected enrollment and programmatic needs for the school year. There is not one individual comparable program that provides services identical to the students served at the STAR Program. An analysis regarding the student needs and average tuition for various private school programs offers some perspective regarding the efficiency of the Program.

The Program serves School Districts through the offering of a substantially separate educational program that is neither as restrictive as Private Day School Programming nor residential School Programming. The efficiency with which the Program operates may be noted in review of the referrals, admissions, and discharges from the STAR Program.

It may also be discerned that the Program serves students in a local/regional setting that prepares students and families for other settings if their needs become more significant than the Program might be able to address, or inversely, the Program assists and supports students and families entering school (district) settings as their needs and district support allow. This Program effectively and efficiently services the students in the least restrictive setting possible. At the end of the 2022-2023 school year, two (2) students returned to their home districts.

The STAR Program tuition (\$295/day - \$53,168/year) for FY23 was considerably lower than other options, options often at a great distance (and transportation expense). Assuming other programs could provide similar and appropriate services, it may be noted that the STAR day-rate (\$295/day) is considerably lower than an average tuition of \$478/day (\$86,051/year) for

Private Day Education Programs in Massachusetts. It is important to note that each district (and family) considers the particular needs of students when evaluating each program for consideration for student placement.

The Osterville-STAR Program allows districts to pool resources and mitigate the cost risk while optimizing quality and cost-effective services within a day school setting.

Tuition rates by student population type, for analytical reference only (rates per MA-Operational Services Division):

| Medical Fragile | | Emotional Impairment | | Autism & Intellectual | |
|------------------------|-------------------------|-----------------------------|--------|----------------------------------|-------------|
| STAR | \$295 | STAR | \$295 | STAR | \$295 |
| BC Campus | \$506 | Walker | \$457 | Higashi | \$391 |
| Meeting Street | \$349 | St. Vincent's | closed | May | \$532/\$535 |
| Perkins | \$699 /\$906/\$1,045 | Chamberlain | \$508 | Cushing | \$442/\$472 |
| | | | | NECC | \$581 |

Waypoint Academy - Sandwich

Program Planning

Waypoint Academy, located at the Henry T. Wing School in Sandwich, continued a planning process for a program relocation during the 2022-2023 school year. The Town of Sandwich plans to repurpose the Wing School for affordable, age-restricted apartments. The impact of this decision resulted in the need for the program to relocate for the 2023-2024 school year.

Waypoint Academy continued to be approved by the Department of Elementary & Secondary Education as a Public Day School in Sandwich, MA. The goals for Waypoint Academy during the 2022-2023 school year focused on revising the school-wide measures for all students, improving instructional practices, and social-emotional learning.

Waypoint accepts and provides services for students on a “rolling” or ongoing basis. The principles of “Trauma Sensitive Schools” are integral to the practices of staff throughout the program. Programmatic adherence to these principles is integral to the success of the students (and program) as many, if not most, of our students are affected by significant social-emotional issues that may impact their functional ability. A primary focus of the program is assisting in developing the adaptive skills necessary for students to successfully return to their local school or enter the workforce.

Waypoint enrollment (September 2022) began at 41 students and increased throughout the year



as students transitioned into (and out) of the program. The program continued to offer an effective therapeutic, alternative education program for students in a cost-efficient manner. Some students enrolled in the program are close enough to their “home district” to allow the opportunity for them to participate in sending (home) school / district activities. Waypoint Academy is considered an extension of each of the “sending” school districts. Waypoint encourages and supports students in their transitions to (and from) their home schools as appropriate. Internships and dual enrollment were made available to our graduating seniors.

During the 2022-2023 school year, twenty-three (23) students transitioned out of Waypoint Academy; two (2) dropped out of school, four (4) returned to their home district, three (3) moved out of member / non-member districts, seven (7) sought alternate placement, two (2) were emergency terminated, and five (5) graduated.

The programming and enrollment at Waypoint Academy supported more than sixty students during the 2022-2023 school year. The home districts of Waypoint students included:

| Member Districts | Non-Member Districts |
|--------------------------|-----------------------------|
| Barnstable | Carver |
| Bourne | Middleboro |
| Dennis-Yarmouth Regional | Old Rochester Regional |
| Falmouth | Plymouth |
| Mashpee | Silver Lake Regional |
| Monomoy | Taunton |
| Nauset Regional | |
| Sandwich | |
| Wareham | |

During the 2022-2023 school year, 71 referrals and inquiries for alternative education programming were received by Waypoint Academy:

| Enrolled in Collaborative | Supported in District(s) | Other |
|----------------------------------|---|--------------------------------------|
| 34 enrolled at Waypoint | 4 parent inquiry” directed back to district (IEP Process) | 12 sought other placement |
| 1 enrolled/referred to STAR | | 1 required a different level of care |
| 1 remained in district | | 19 unknown statuses |

Waypoint Academy continued to serve the needs of students who experience difficulty in their home schools and districts educational programs. Many of the students who attend the Academy experience social, emotional, and mood disorders, including but not limited to: anxiety disorders, depression, attention deficit disorder, oppositional defiant disorder, and trauma related issues. These students are often at-risk for failure in one or more of the following areas: academic achievement, meeting social expectations, regulation of behavior, maintaining safety, and/or other issues that inhibit their participation in school / class activities.

Waypoint Academy had two (2) full-time clinicians on staff who worked with all students to

build confidence, to increase self-esteem, to develop individual responsibility, to advance social awareness, meet IEP objectives, and to build upon organization and cognitive development. The highly specialized, intensely structured educational environment emphasized safety and security through the development and implementation of individualized educational and behavioral plans. Each student participated in an appropriate, grade-level academic curriculum as well as a variety of services (and accommodations) specific and distinct to their individual needs.

Staff shifts that had been made during the past academic year were further solidified and integrated.

During the 2022-2023 school year, these included:

- Behavior Specialist – expansion of the responsibilities and formalization of the role.
- Art Instructor – part-time role was increased to full-time.
- Culinary Arts- initiation of a schedule for this offering to be available for all students.
- Clinical Department –integration of a dedicated paraprofessional, a Licensed Mental Health Clinician (LMHC), to ensure additional support.

Technology

Technology is used at Waypoint to support instruction and to inform the program regarding changing student needs. Throughout the 2022-2023 school year, databases that tracked and analyzed student achievement and progress were continually refined and maintained. These databases assist the program staff in assessing and analyzing student performance/behavior and include individual and group dynamics.

During the 2022-2023 School Year

Dr. Peterson managed the assignment of students and refocusing of students and staff for five (5) Middle School classrooms and four (4) High School classrooms from eleven (11) core classrooms. Electives expanded to include Culinary Arts and Art Education. Counselors provided weekly check-ins with students, and all staff worked to meet Individual Education Plan goals and objectives.

These changes resulted in an increase in class size to five or six (5-6) students per class. Changes were made to the Middle School rotation to change the content taught at different times during the day.

Changes to student “time out” processes were made with the creation of “Energy” Rooms, with exercise equipment including a punching bag, exercise bikes and rowing machines and “Chill” Spaces with soft lighting, aroma therapy, and soft chairs. Students were given the opportunity to utilize these spaces as options for self-regulation, and half of the traditional time-out structures were removed.

Students returned to use the cafeteria for lunch. “Home room” periods were used as structured learning for social development activities. Student Councils were established for the Middle and High school programs. These councils worked on organizing school events, such as “Spirit

Week” and proposed school field trips.

Waypoint staff were given ample opportunities for professional development within formal and informal learning cohorts. The program staff also met with Bridge for Resilient Youth in Transition (BRYT) staff in a professional development cohort, which worked toward a consistent and coordinated practice in response to trauma. A trauma-responsive practice assessment process was implemented, and safety planning continued.

In March 2022, a group of staff, students, and parents convened as a work group. After several months, this resulted in a redesigned and research-based weekly summary of students’ social, emotional, and academic progress to take over from a long-standing “point level” daily worksheet.

Marc Hauser, Ph.D., continued to provide consultation and feedback to Waypoint administrative, clinical, and teaching staff to enhance the reliability and consistency of data to better use quantitative evidence to assess student progress. Dr. Hauser worked with clinical staff to enhance their summary reports and data collection. He also worked with teaching staff to enhance and refine measurable IEP goals and link those goals to data systems already in place at the program. The result combined student learning goals, professional learning goals, and school-wide break, time-out, and restraint data.

Waypoint Academy continued to utilize Safety-Care, a crisis prevention and intervention program through Quality Behavioral Solutions (QBS).

Parent Advisory Group / Family Gatherings

Waypoint Academy Parent Advisory Group meetings were not held during the 2022-2023 school year. One parent/family coffee hour was scheduled by Clinicians with the support of administrative staff. Parents and caregivers attended and provided feedback after the session. A Thanksgiving Celebration was held before Thanksgiving Break. Many family members participated in the event, which included a full carving station and a delicious meal. Additionally, families were given frozen turkeys with all the “fixings” to take home.

Extended School Year

Students designated as eligible for an Extended School Year Program through their IEP who are enrolled in Waypoint Academy may participate in programmatic services during the months of July and August in the new MacArthur building in South Yarmouth. Of the 20 students expected to attend the (FY2023) 2022 ESY program, 13 participated regularly. The primary goal of these educational activities is to prevent regression of prior learning and promote social development.

Cost Effectiveness

Waypoint Academy operated during the 2022-2023 school year with a daily tuition rate of \$265/ \$290 and \$313 per day. The tuition rate is differentiated based upon projected enrollment. Member (and sometimes non-member) districts have purchased “committed” slots (\$265/day) and thereby own a portion of the program capacity. Districts that have a need to

increase their allocation of space in the program may purchase additional “committed” slots at the program after the budget and resulting staffing have been planned (\$290/day). Other tuitions (non-committed slots at \$313/day) are associated with enrollment that may be less dependable and necessitates greater flexibility in maintaining resources to meet student needs. The rate structure was approved by the Board of Directors with particular attention to the projected enrollment and programmatic needs for the school year.

Although there is not a program that provides services identical to those provided for students served at Waypoint Academy, analysis regarding need and average tuitions for private school programs offers some perspective regarding the efficiency of Waypoint Academy. It is evident (in the review of the referrals, admissions, and discharges from the Academy) that Waypoint serves students in a local/regional setting that prepares students and families for other settings. Waypoint Academy effectively and efficiently serves the students, families and districts in broadening the continuum of services to effectively support students in the least restrictive setting possible.

In consideration of cost efficiency, Waypoint Academy’s tuition structure (\$265/\$290/\$313 per day, \$47,784 / \$52,175/ \$56,373 per year) for FY23 was considerably lower than options, which are often at great distance and transportation expense. Assuming the programs could provide the appropriate services, comparing Waypoint’s tuitions versus an average tuition of (\$478/day, \$86,051/year) for Private Day Education Programs in Massachusetts demonstrates the cost savings. Each district (and family) considers the needs of particular students when evaluating programs for consideration for student placement.

Waypoint Academy programming allows districts to pool resources and mitigate cost risk while optimizing quality and cost-effective services within a day setting. Tuition rates by student population type, for analytical reference only (rates per MA-Operational Services Division):

Tuition Comparison (daily rates)

| | |
|--|------------------|
| Waypoint Academy | \$ 289 (average) |
| Saint Vincent’s | CLOSED |
| Private Day Average | \$478 |
| JRI Southeast Alternative / Anchor & Granite | \$328 (average) |
| Home for Little Wanderers | \$482 (average) |
| Franklin Perkins | \$370 |
| Chamberlain | \$508 |

Therapy Services and Programmatic Consultation

Speech & Language Pathology, Occupational Therapy, Physical Therapy

The Collaborative has provided therapy services to students in Collaborative programs and in school district programs since the establishment of the Collaborative in 1975. In FY2023 the Collaborative provided Speech and Language Therapy, Occupational Therapy and Physical Therapy to students in school districts and to students in Collaborative Programs.

Special Education Directors identified the critical need for Speech and Language Pathologists in the upcoming years and an increased need for Occupational Therapists. The Collaborative added a part-time Physical Therapist and lost a full-time Speech and Language Pathologist during the 2022-2023 School/Fiscal Year. During FY2023, there continued to be an increased demand for therapy services throughout the region. To meet the increased demand, the Collaborative continued to seek additional capacity for Speech & Language Pathologists, Occupational Therapists, and Physical Therapists to meet the needs of the Collaborative programs and schools throughout the region.

Special Projects

The Collaborative supports member (and non-member) school districts through many Special Projects initiatives.

Advanced Studies & Leadership Program (ASLP)

The Advanced Studies and Leadership Program was developed in 2005 to enhance and enrich the education of high-achieving students.

Stephen Kelleher assumed the Directorship of the Program in Summer 2022 concurrent with his retirement as the Commandant at Massachusetts Maritime Academy. He had served as the Program Coordinator and Site Director in previous years while still serving the Academy. His leadership and commitment have been integral to the ongoing success of the program.

Students continue to be selected for this program based on qualifying MCAS scores and on recommendations from district teachers and administrators. Feedback from parents and students has been extremely positive.

ASLP Objectives

- To support and stimulate the thinking of 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 31.5 hours of project-oriented study in Science, Technology, Engineering, and Math (STEM) related subject areas.
- To provide 22 hours of project-oriented study in humanities-related subject areas.
- To provide evening programming of interactive leadership activities.
- To provide necessary media and library support to ensure the success of each student.

The residential program returned for Summer 2022 as a restructured two-week program without a weekend break. The tuition for the program was reduced from \$1,400 to \$1,200 with support from a grant secured through the Massachusetts Department of Elementary & Secondary Education. This modified program was very successful, with exceptional reviews from participants and their families.

The Collaborative submitted a proposal and ultimately received a grant from the Commonwealth of Massachusetts, the Summer School Expansion and Engagement Grant, for \$100,000.

Throughout FY2022, planning occurred for the programming for the summer of 2022 (Fiscal Year 2023). Mr. Hilton and Mr./ Capt. Kelleher met continuously with Massachusetts Maritime Academy administration. Although the program was able to return to an overnight camp, COVID protocols resulted in some format changes.

ASLP and Massachusetts Maritime Academy

ASLP would not be possible without the support, dedication, and guidance from the staff and administration of the Massachusetts Maritime Academy. The past and current commitment to ASLP have been integral to the continual success of this program.

Each summer, at the end of ASLP, the Academy awards a full college tuition scholarship to the Academy to one male and one female participant from the program.

All-Cape Professional Development Day

Dr. Chris Bogden organized the 2022 All-Cape Professional Development Day held in October. Professional development opportunities were presented in various formats, and 513 educators created 674 workshop registrations.

| Course Offerings | In-Person Delivery | Virtual Delivery | Hybrid Delivery |
|------------------|--------------------|------------------|-----------------|
| 28 | 23 | 4 | 1 |

The All-Cape Day has continued to provide high-quality professional development opportunities at a minimal cost to districts.

Additional Professional Development Activities

Professional Development activities continue to be guided by input from the Collaborative's job-alike groups, including Superintendents, Curriculum Administrators, Administrators of Special Education, School Business Managers, Early Learning Network

The meetings of the region's Curriculum Administrators continued monthly. These meetings led to identifying professional development opportunities that effectively assist the region's teachers.

Curriculum Administrators and their district science department heads worked together to offer professional development for elementary, middle, and high school teachers with representatives

from Tufts University, during the Summer of 2022. The region's Administrators attended a summer Administrator Institute focused on Restorative Justice, which was held on July 26, 2022.

Other courses offered during FY2023 included:

- Collaborative Framework for Educator Evaluation (CoFFEE)
 - This regionally designed course is for new administrators and/or department heads who were responsible for supervision, observation, and/or evaluation. The course was designed specifically for Massachusetts and was anchored in the Mass model for educator evaluation. The focus was on teaching and learning through the lens of cultural proficiency.
- SEI Teacher Endorsement Course
 - The SEI Endorsement Course focused on current theories and evidence-based instructional practices related to the teaching of English Language Learners.
- Research for Better Teaching's Studying Skillful Teaching
 - This course is required and/or contractually mandated in many of the region's School Districts.
- Artificial Intelligence in Education: Teaching and Learning with Emerging Technologies
 - The Collaborative offered this workshop for the region's educators in June 2023.
- Through our website and social media presence, we continue to collaborate and promote the community outreach and training of several of the region's nonprofit groups, including: The Martin Luther King Education Task Force, Team Maureen, and the Enough Abuse Campaign.

Modern Teacher

Two (2) Cape and Islands districts, Falmouth and Wareham, have continued to utilize Modern Teacher, initiated with the support of the MTSS grant funding. Falmouth and Wareham participated fully in the Modern Teacher training, which has become an integral component of their strategic planning.

Bridgewater State University (BSU)

Special Education Licensure Cohort

The Collaborative continued to offer coursework and guidance through BSU which supported the region's educators towards their licensure in Moderate or Severe Special Education. This includes a specific sequence of courses, as well as individual academic advisement and program development.

Emergency Licensure Support

The Collaborative partnered with Bridgewater State University to develop a proposal to support educators teaching with an Emergency Moderate Special Needs Teaching License. This successful proposal funded the coursework (and competencies) (during 2022-2023) necessary for one hundred (100) educators to receive their Provisional Teaching Licenses. There were

fifty-two (52) individuals who successfully completed the required coursework (7-8 full graduate courses) and licensure tests during the year.

Virtual High School

Districts enrolled approximately 181 students for the 2022-2023 school year. Enrollment remained consistent with the previous year. Local districts receive significant savings on the cost of course enrollment through participation in a consortium coordinated by the Collaborative.

Transportation



The Collaborative formally began the provision and coordination of transportation as a service to the school districts in the 1980s. The Collaborative has continued to support and expand this service over the decades in response to expressed needs by school districts. The coordination and operation of (district) transportation services through the Collaborative allows districts to gain efficiencies while controlling the quality of their service.

Ms. Lisa Stobbart continued as the Transportation Manager throughout FY2023. She managed all Collaborative transportation services, including a team of drivers, monitors, dispatchers, and mechanics, in providing service to students and districts throughout the region.

The Transportation Department continued to become more closely integrated with the Collaborative Business Operations throughout FY23. The continued growth in this area will necessitate further cross-discipline coordination between the Transportation and Business Administration departments.

The Collaborative continued the implementation of a maintenance software program (Dossier) as well as GPS tracking software (Zonar). Zonar functionality enables the Collaborative to track electronic vehicle inspections and automatically downloads associated information into the maintenance program (Dossier) for real time reporting of vehicle issues to mechanics and management.

One of the most critical challenges in bus transportation has continued to be the (nationwide) shortage of drivers. The recruitment and retention of drivers during FY23 was a top priority for the Collaborative. The adjustment of standard hourly pay rates to better compete with other transportation providers was a significant area of emphasis.

Despite the upward adjustment of hourly rates for drivers, the resulting Collaborative costs were consistently lower than the pricing received by districts from private vendors in the region. The

Collaborative continued to work with district school administrators and school committees to refine their current transportation needs and discern their future needs.

Within the past five years, the Collaborative has become the largest provider of school transportation in the region. The creation of a support infrastructure through our processes, our people, and parking/ dispatch locations allows the Collaborative to develop and sustain responsive services and to assess and (where appropriate) assume additional transportation service requests from districts.

Large Buses

The Cape Cod Collaborative provides large bus services for the following school districts:

Bourne Public Schools
Monomoy Public Schools
Nauset Public Schools
Mashpee Public Schools
Nantucket Public Schools
Truro Public Schools



General education (large bus) service costs are based upon an algorithm that calculates costs based on routing and service requirements (specifications for service). The Collaborative cost methodology has evolved over time and is useful for determining the appropriate charges for the provision of services, as well as for providing member districts with an estimated price for comparison with vendors as part of a “bid”

process. As the Collaborative fleet of large buses has grown, the pooled cost of vehicles has dropped, resulting in cost benefits to member districts utilizing these services.

Out-of-district transportation services are provided for every district across the region as needed.

Business Operations

The Cape Cod Collaborative continues to operate as an extension of the member school districts and works to strengthen and support the various educational programs and services that we provide to our districts across the Cape Cod and Islands communities.

From July 1, 2022- June 30th, 2023, the Collaborative's business office saw significant personnel changes, including:

- **Patrick Murphy** joined as the new school business official in September 2022. Changes in the Collaborative's payroll staff member, human resources staff member, and accounts payable staff member occurred during fiscal year 2023.
- We were fortunate to have the previous business manager, **Amy Lipkind**, stay with the Collaborative to support these transitions. We are thankful that we have a professional and stable business office team. Ms. Amy Lipkind has served as the Business Manager since 2016.
- **Sean Rausch** joined in October 2022 with the resignation of Ms. Tiffany Vittorini, who had served as the payroll coordinator for approximately one year.
- **Sabina Moldovan** joined as the Human Resources Manager in March 2023 with the pending retirement of Ms. Beth Deck.
- **William Friel** continued as Treasurer throughout FY2023. Mr. Friel has continued to refine the efficiency of internal controls with Collaborative operations. He has also instituted a formal investment policy ultimately adopted by the Board of Directors in FY2018.

There were several personnel changes within the business office during FY23. The operational needs and essential tasks are continually evaluated to ensure accuracy and continuity for the Collaborative business operations.

Laurence A MacArthur Building – South Yarmouth



FY 2023 was a busy year for the Collaborative as significant capital projects, which had been years in development, came to fruition. A \$4.3 million dollar building project at our new Yarmouth MacArthur campus has become the new home of the Collaborative's Waypoint Academy. The project costs were partly covered by a \$3,000,000 bond/loan from TD Bank supported through Mass Development. The building renovation project costs exceeded the projected costs, which necessitated the use of most of the funds committed for/to the Capital Reserve Fund in FY22. The terms for the bonding for this project will have the debt fully paid in August of 2031.

We appreciate the partnership efforts of the Town of Yarmouth and Bridgewater University to make this building renovation project and program site a reality. We were thrilled to be able to move the Waypoint Academy into the building just in time to start its 2023 Extended School Year Program.

During FY 23, the long-awaited children's playground was installed at the STAR program in Osterville. This \$300,000+ investment was specially designed to meet the unique needs of our students. The students (and staff) were thrilled with the resulting equipment.

Although two major capital projects were completed in FY23 for the Cape Cod Collaborative's programs, there is a real, urgent and increasing need for statewide solutions to address the capital needs of (most) Collaboratives across the Commonwealth. The Cape Cod Collaborative has identified over \$10,000,000 dollars in additional capital needs that should be completed over the next decade at the Cape Cod Collaborative's current program sites.

The Collaborative benefited from and appreciated that we were one of nine collaboratives across the state to receive a one-time DESE reimbursable facility (HVAC) grant of \$100,000 initiated

during the spring of 2023. This grant is being used for a variety of smaller projects to improve air quality in our programs' buildings.

The Cape Cod Collaborative FY2023 Audited Financial Statements are appended to this Annual report for review. The Collaborative operations succeeded in achieving operational, fiscal and programmatic goals throughout the year.

Despite the unpredictability of capital projects, the Collaborative finished FY23 with a 24.93% "cumulative surplus" which was only slightly lower than the FY22 "cumulative surplus" of 24.99%.

During FY2023, the Collaborative continued to fund a significant portion of its Other Post-Employment Benefit (OPEB) obligation in an irrevocable trust. This OPEB Trust Fund is anticipated to support the provision of benefits for retirees of the Collaborative in the future. An actuarial valuation as of June 30, 2023, was completed, which indicated that OPEB Trust Fund investments had rebounded and that the Fund was funded at 114 % of the necessary value for FY23 (from 85% in FY22). Although these trends can change, this above-100% valuation is a remarkable achievement. This success is primarily due to the thoughtful stewardship of the Collaborative's Board and administrative team over the past decade.

Business Officials Group

Mr. Patrick Murphy facilitated hybrid meetings of the Collaborative's member districts' business officials during FY23. This job-a-like group discussed current challenges and best practices regarding transportation services, special education service delivery, facilities management, regional procurement, audits, finding and training the next generation of business office staff, as well as issues related to Elementary and Secondary School Emergency Relief Fund (ESSER) spending.

Facility Directors Group

Ms. Amy Lipkind coordinated and facilitated some joint meetings with Business Officials and Facility Directors throughout the member districts early in FY2023.

Thank You for Your Support

The advice and guidance of the various constituencies of the Collaborative are integral to the success of the Collaborative programs as well as those served by the Collaborative. Most of these groups meet monthly and offer guidance and advice to enhance and develop strong, effective, efficient programs. Deep gratitude is due to each of these groups for their consideration and attention.

Cape Cod Collaborative Board of Directors

Special Education Directors (Advisory)

Business Managers

Curriculum Administrators

Superintendents
(Administrative Advisory Board)

Parents (Parents' Advisory Committees)

Facility Directors

Member District Participation (June 2023)

| District | Oct 2022 Enrollment | Waypoint Academy (2023) | STAR / Osterville (6/23) | Itinerant Services (Therapies) | ASLP | Professional Development | Transportation (Large Bus) | Special Education Transportation | Virtual High School |
|-------------------|---------------------|-------------------------|--------------------------|--|----------------|--------------------------|--|----------------------------------|---------------------------------------|
| Barnstable | 4,838 | 12 | 14 | Speech (as needed) | 39 Summer 2022 | Yes | 2010-2011 Consultation | Some Out-of-District | Individual Purchase |
| Bourne | 1,554 | 2 | 1.5 | Physical - Stop FY18 | 14 Summer 2022 | Yes | 2012 Consultation; 2016-2017 MOA; FY18 Service Start | Occasional | Individual Purchase |
| Cape Cod Tech | 666 | 0 | 0 | Occupational / Physical | | Yes | 2011 Pricing | As needed | Joined Consortium 2013 |
| D-Y | 2,857 | 14 | 3 | Physical - FY22 Start again | 25 Summer 2022 | Yes | 2010 Consultation; 2011 Consultation; 2013 Consultation; 2016 Consultation; 2018 Consultation | Out-of-District | 50 Seats |
| Falmouth | 2,967 | 8 | 9 | Stop FY11 | 31 Summer 2022 | Yes | 2011 Pricing; 2017 Consultation | Occasional | |
| Martha's Vineyard | 2,283 | 0 | 0 | Stop Speech & Occupational - FY19; Start Speech - FY20 - Stop FY22 | 9 Summer 2022 | Yes | 2005 Consultation | | |
| Mashpee | 1,443 | 4.0 | 3 | Stop FY15 | 9 Summer 2022 | Yes | 2009 Start | In & Out-of-District | |
| Monomoy | 1,769 | 3.0 | 4 | Physical - Stop FY18; Speech - FY19 only | 14 Summer 2022 | Yes | 2012 Consultation; 2018 Consultation; 2019 Start | Occasional | Consultation |
| Nauset (& Union) | 2,168 | 4.0 | 5 | Stop FY11 | 18 Summer 2022 | Yes | 2010-2011 Consultation; 2016 Consultation; 2017 Consultation; 2018 MOA Development, 2018 Start | In & Out-of-District | Individual |
| Brewster | | 0 | 1 | | | Yes | | | |
| Eastham | | 0 | 1 | | | Yes | | | |
| Orleans | | 0 | 0 | | | Yes | | | |
| Wellfleet | | 0 | 1 | | | Yes | | | |
| Nantucket | 1,718 | 0 | 0 | Behavioral Consultation - Stop FY18 | 2 Summer 2022 | Yes | 1997 Start | In & Out-of-District | 25 Seats + |
| Provincetown | 142 | 0 | 0 | Occupational Supervision | | Yes | | Occasional Support | |
| Sandwich | 2,142 | 5 | 1 | Stop FY19 | 18 Summer 2022 | Yes | | Study - FY12 | 25 Seats |
| Truro | 99 | 0 | 1 | Occupational, Physical | | Yes | 2008 Start | In & Out-of-District | |
| Upper Cape Tech | 769 | 0 | 0 | Physical - as needed | | Yes | | As needed | Individual Purchase |
| Wareham | 2,015 | 6.0 | 8.5 | Stop (FY16) | 18 Summer 2022 | Yes | 2010 Consultation | Occasional | Individual Purchase - Start 2016-2017 |

| | | |
|------------|----------------|------------------------------|
| Key | No CCC Service | Stopped Service- CCC Consult |
|------------|----------------|------------------------------|



Paul C. Hilton
Executive Director

CAPE COD COLLABORATIVE

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December 2023

ATT: Office of Regional Governance - Collaboratives
Massachusetts Department of Elementary & Secondary Education
75 Pleasant Street
Malden, MA 02148-4908

The purpose of this letter is to address regulatory issues that are not independently addressed in the FY2023 Annual Report.

Progress Toward Achieving Objectives and Purposes

The entirety of the FY2023 Annual Report reflects the progress made toward achieving the objectives and purposes of the Collaborative Agreement. The following narrative will expressly reflect the progress toward achieving the objectives and purposes of the newly accepted Cape Cod Collaborative Articles of Agreement.

The Purpose of the Collaborative is to:

- Conduct joint educational programs and services that permit the Member School Districts to supplement and strengthen school programs for students with or without special needs.
 - *The Cape Cod Collaborative continued to provide various programs and services that strengthened and supported school programs for students with and without special needs. The Collaborative continued to meet with advisory boards and continuously explored options for establishing new programming. The Collaborative has also continued to provide support services, including therapies and consultation, to school districts as outlined in the chart of district participation included in the FY2023 Annual Report.*
 - *Coordinated communication, cooperative planning, and sharing of expertise and resources have been critical to ensuring effective responses to increasing challenges in contemporary public education.*
- Provide specialist and transportation services to support programs operated by the Collaborative and other programs on behalf of Member and Non-Member School Districts.
 - *The Collaborative has continued to support an increased demand for transportation services that support district and collaborative programming. The ongoing operational challenges associated with the COVID-19 pandemic continued to necessitate coordinated planning and*

- implementation of transportation services, and the specialized consultation supported districts cost-effectively and efficiently.*
- *The increasing and critical need for recruitment, training, and retention of drivers has been an ongoing focus for Collaborative support to districts and Collaborative programming.*
 - *In FY2023, the Collaborative continued to facilitate the sharing of expertise and resources. The Collaborative continually consulted regarding the effectiveness and efficiency of the flexible delivery of transportation services for school districts throughout the region.*
 - *The Collaborative has regularly convened school districts throughout the region to discuss methods to address transportation challenges, including the (nationwide) shortage of school bus drivers, training/support programming for school bus drivers, and particularly ensuring safety for staff and students with the implementation of transportation services during the pandemic period(s).*
- Provide vocational, prevocational, behavioral intervention, developmental skill training, enrichment programs, and educational programs to students with and without disabilities; and
 - *The Collaborative continued to provide support services within Collaborative programming.*
 - *The Advanced Studies and Leadership Program (ASLP) was held in July 2022 in coordination with the Massachusetts Maritime Academy. This program was resumed as a two-week residential program after being a “day” program during July 2021 and being suspended for Summer 2020 due to the COVID-19 pandemic. The program was successfully modified to a continuous two-week (through the weekend) after being a three-week (weekdays only) program for over a decade. NOTE: This has been a residential program on the Academy campus since 2004.*
 - Provide services, consistent with applicable laws and regulations, to Member and Non-Member School Districts that strengthen and supplement the educational programming and educational opportunities of the communities, including, but not restricted to:
 - Professional development activities for staff
 - *The Collaborative continued to coordinate and provide professional development activities for districts throughout the region, including, but not limited to:*
 - *All-Cape In-Service: The COVID-19 pandemic forced the cancellation of this regionally coordinated professional development day during FY21. During FY22, the Collaborative resumed the coordination of the All-Cape In-Service, which had been run annually since 2004. The All-Cape In-Service occurred in October 2022, with over 450 participants attending over 670 sessions (twenty-five offerings).*
 - *The Collaborative has continued to offer coursework developed regionally for new administrators (Collaborative Framework for Educator Evaluation - CoFfEE). This coursework is also approved for Bridgewater State University (BSU) credit. This*

- program provides high-quality, locally relevant professional development in a very cost-efficient manner.*
- *The Collaborative continued to deepen the formal, programmatic partnership with Bridgewater State University (BSU), increasing opportunities for Collaborative staff and district staff throughout the region, resulting in increased qualified, certified, and licensed staff throughout the region. The Collaborative also secured bond financing to renovate a building that will be shared with BSU, with Collaborative programming occurring during school hours and BSU offerings occurring evenings and weekends.*
 - *The Collaborative maintained the partnership to provide the region with Sheltered English Immersion (SEI) endorsement coursework.*
 - *Please see the Annual Report for more information.*
- Programming for gifted and talented students
 - *The Advanced Studies & Leadership Program (ASLP) operates annually in coordination with Massachusetts Maritime Academy. The ASLP Summer 2022 Program (FY2023) occurred after being continuously restructured due to evolving and changing COVID-19 pandemic restrictions. After several options were assessed for viability, the program was offered in a continuous two-week residential format.*
 - *Throughout FY2023, planning occurred for ASLP Summer 2023 (FY2024), which also operated successfully in a similar modified residential manner.*
 - *Please see the Annual Report for more information.*
 - After-school and summer programming
 - *The Collaborative continued to provide extended-year programming through the Approved Public Day Programs (Waypoint & STAR) and continued operating ASLP.*
 - *The Collaborative programs successfully returned to providing in-person learning for the Summer of 2022 with increasing engagement throughout the summer.*
 - *The Collaborative transportation services supported school districts and programs by continuously providing transportation services to support summer program offerings.*
 - Professional consultation & assistance
 - *The Collaborative continued to facilitate “job-a-like” groups to focus on sharing expertise and information among districts, including expanding to the aforementioned Business Administrator and Transportation Manager groups. This continued to be extremely important for sharing strategies, expertise, and resources throughout the year to address ongoing pandemic-related issues.*
 - Assistance with employment searches
 - *The Collaborative continued to develop proposals to assist with securing appropriate personnel through the Collaborative Center*

for Executive Search (CES). In FY2023, the Center (CES) did not develop further proposals to support searches for Administrators.

- Educator Licensure assistance
 - *The Collaborative remained a clearinghouse for information sharing with the Massachusetts Department of Elementary & Secondary Education. The Collaborative also continued to provide coursework through the formal partnership with Bridgewater State University (BSU) to host coursework for Moderate and Severe Special Needs licensure.*
 - *During Fiscal Year 2023, the Collaborative supported (with BSU) a grant-funded initiative that provided coursework on an accelerated timeline for individuals with Moderate Special Needs Emergency Licensure that is necessary for these individuals to progress towards Initial Licensure. This proposal funded the support for approximately one hundred (100) individuals in a cohort model based upon the Collaborative/BSU Moderate Special Needs Cohort structure.*

- Vocational/occupational exploratory and major trade/technical course concentrations in collaboration with Chapter 74 schools
 - *Please see the above regarding grant programming and partnership development to expand vocational opportunities.*

- Procurement coordination and assistance
 - *The Collaborative had previously provided limited procurement coordination and assistance with member school districts. The Collaborative also served as a resource for coordination and activities throughout the fiscal year and ongoing consultation regarding student transportation-related issues.*

- Regional coordination of educational activities, programming, and services supportive of school districts, including, but not limited to:
 - *Public day school programs and services for students with low-incidence disabilities (continued to operate two approved public day programs)*
 - *Professional Development activities for educators (please see above – ongoing and expanding provision of services)*
 - *Professional Development activities for staff providing school services.*
 - *The Collaborative continues coordinating activities with regional entities to support facilities, transportation, and food service staff. The Collaborative has continued facilitating shared activities with facility directors throughout the region after establishing a regional job-a-like group.*
 - *Professional Development activities for providers of early childhood services.*
 - *The Collaborative has maintained an Early Learning Network that successfully secured multi-year grants for*

strategic planning and professional development activities.

- Job-a-like groups for professional development and regional coordination of activities.
 - *The Collaborative continues to successfully (hybrid format) gather groups throughout the region to facilitate collegial affiliation, professional development, and strategic planning.*
- Procurement Coordination
 - *Please see above.*
- Procurement Consultation
 - *Opportunities have continued to be actualized in the coordination of vehicle procurement and sharing specifications.*
 - *The Collaborative continued to serve as a consulting entity regarding procurement activities. The Collaborative continues to actively assist districts to ensure best practices and best value in procurement and service provision. During the 2022-2023 School Year, the Collaborative actively assisted districts in analyzing services to restructure costs.*
- Administration Assistance
 - *Through December 2022, the Collaborative assisted districts through a grant from the Peter & Elizabeth Tower Foundation, which continues to support districts in developing and implementing Multi-Tiered Systems of Support (MTSS). During this period, grant funds and consultation were focused on supporting district leadership.*
- Employment Search and consultation services
 - *The Collaborative Center for Executive Search did not consult regarding several searches during FY2023. The Collaborative did conduct internal searches for key personnel, including Business Manager and Human Resources Manager. Both departing staff had been with the Collaborative for a considerable period.*
- Transportation Services
 - *The Collaborative continually refined the provision of transportation services and transportation consultation with member districts to respond to the continued challenges associated with the pandemic. Please see the FY2023 Annual Report.*
- Facilities Management Services
 - *There are ongoing meetings with the Facility Directors in the region coordinated by and through the Collaborative. A partnership with the Massachusetts Facilities Administrators (MFAA) has allowed for increased collaboration.*

- Any other programs and services that may be provided and/or coordinated on behalf of the Member School Districts as may be permitted by statute.
 - *The Collaborative had facilitated opportunities for hosting students and administrators from other countries. The Collaborative has also continued to offer access (at a greatly reduced rate) to Virtual High Schools throughout the region to develop shared programming to support and strengthen the districts' school programs.*

The Objectives of the Cape Cod Collaborative are to:

- Enhance and expand learning opportunities to meet the diverse needs of all students.
 - *Please see the FY2023 Annual Report and information above regarding progress towards providing public day programming for students with special needs and the Advanced Studies and Leadership Program. Previous Collaborative efforts focused on international education, supporting MTSS in school districts, and universal access to preschool also expanded the capacity of the Collaborative and member districts to meet the needs of diverse learners.*
 - *The coordinated, collaborative initiatives to support in-person instruction and “blended” learning have been critical to ensure continuous learning opportunities throughout the year.*
- Enhance and expand professional development that meets and anticipates Member School Districts' needs.
 - *The Collaborative continued to develop professional development programming to meet school districts' current and evolving needs. Activities include focused initiatives such as teacher licensure support, MTSS-related grant activities, support for remote/distance learning, targeted graduate coursework, early childhood provider activities, and administrator institutes.*
 - *Additional activities include developing staff capacity to effectively meet the challenges of providing services (administrative, operational, and educational) during and post-pandemic.*
- Strengthen relationships and partnerships with Member and Non-Member School Districts.
 - *The ongoing relationships and discussions facilitated through the job-a-like groups continued to provide a forum for the development of shared activities, including specialized programming and the sharing of resources, which was of critical importance in responding to the challenges of the pandemic.*
 - *In-person job-a-like groups had been suspended due to the COVID-19 pandemic but resumed in the 2022-2023 school/fiscal year. The Curriculum Directors met with a renewed focus on developing and implementing effective models for re-engagement.*
 - *Facility Directors focused on critical facility issues, especially supporting re-engagement.*
 - *The meetings of the Directors of Special Education were also focused on staffing programs, re-engagement of students and meeting the needs of*

- students with special needs, and ensuring the consistent delivery of services.*
- *The focus of the business managers varied throughout the year, but they focused on sharing knowledge and resources to support their operational challenges and optimize the performance of crucial/core job functions.*
 - Maintain communication, governance structures, and practices that regularly assess the needs of Member School Districts, provide collaborative solutions, and monitor the effectiveness of those solutions.
 - *The Collaborative governance structure facilitates input from all advisory groups. The ongoing assessment of needs is continuously refined to gather more insight into the needs of districts and opportunities for Collaboration.*
 - *Given the increased transiency among administrators and Board members throughout the region and the significant impact of the pandemic upon all students, it is necessary to re-initiate regional strategic planning to ensure a comprehensive assessment of needs and opportunities.*

Please do not hesitate to contact me if you have further questions.

Paul C. Hilton
Executive Director



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

CAPE COD COLLABORATIVE
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

CAPE COD COLLABORATIVE

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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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, 2023, 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, 2023, 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.

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 basic 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 13, 2023, 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 13, 2023

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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, 2023. 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 STAR program in Osterville and Waypoint Academy in Sandwich (moved to Yarmouth in June 2023) are tuition-based special education day programs of the Collaborative. The 2022 - 2023 school year enrollment met expectations in the STAR and Waypoint Program.

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. At the same time, the Collaborative needs to remain competitive with the salary and benefits that we offer our staff. Given the Cape's cost of living, the specialized licensing needed by our staff and the unique challenges of our student populations it is vital that we are seen as a long-term place of employment by our current staff and any prospective staff. Salary table comparisons with our member districts identified that the Collaborative will need to make a multiyear effort to bring our salary table into closer alignment with our member districts. Given our long-term plans to keep programs located in Barnstable and Yarmouth, we may need to continue to make salary, wage, and benefits adjustments for the Collaborative's program staff using these districts as benchmarks.

The most significant long-term initiative undertaken by the Collaborative over the past years was the preparation for a 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 funded and completed the \$4,300,000 renovation of the property. A \$3,000,000 loan to be paid down by August of 2031 has added to the operating costs of this program. The Waypoint Academy program did move into the building in June of 2023.

School transportation services provided to our member districts accounts for approximately 60% of the Collaborative's revenues, expenses and overall staffing. The nationwide shortage of school bus drivers remains a serious problem across Cape Cod. The median age of the Cape's school transportation staff is 63 years old. Discussing this reality with our districts does confirm that driver recruitment and retention as well as consolidation of routes will need to be reviewed each year.

Looking at ways to gain efficiencies in general education and special education transportation management continue to be evaluated.

The acclaimed Advanced Studies and Leadership Program (ASLP), a partnership with Massachusetts Maritime Academy, was held during the summers of 2022 and 2023 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 efforts during fiscal year 2023 to bring enrollment back up to capacity were successful. The ASLP program greatly benefited from the \$100,000 DESE sponsored grant to provide scholarships over the past two years. Given that more than 30% of the Cape's student population are considered economically disadvantaged it will be imperative for the ASLP program to continue to offer scholarships to many of its students. It is unknown whether the DESE grant will continue.

Professional Development offerings organized and facilitated by the Collaborative remain well attended. Whether they are Cape wide offerings 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 cohort of school staff already employed by our districts under emergency or provisional licenses will need to be an ongoing focus of our professional development efforts.

Investments in operations staff and technology tools to support ourselves as well as our member districts is an ongoing initiative. In FY23, we began cloud software upgrades to ensure that our transportation routing tools were "current" as well as developing plans and securing a platform to support plans to migrate our student information system to another vendor. Efforts to upgrade our phone system, local area networks, and planning to move off of the onsite file server remained an ongoing effort during the year. Identifying and onboarding new individuals to fill key positions in our special projects, payroll, human resources and business operations team was a priority for FY23.

The Board's commitment to funding the renovation of our Yarmouth location for the Waypoint Academy, supporting a long-term capital plan for all of our locations, and continued funding of the OPEB account has been integral during FY23. This commitment to building a solid financial foundation to serve our communities' students and our member districts for years to come has been vital to the Cape Cod Collaborative's success.

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.

2023 Financial Highlights

- Governmental fund revenues, exclusive of the prior year Paycheck Protection Program grant, increased 4.0% or \$773,000 mainly from transportation activities. Expenditures, excluding lease financing, capital purchase financing, and state funded pension benefits increased 26.3% or \$4.6 million over the prior year, which was mostly due to \$3.7 million of capital expenditures related to the Waypoint building improvement project. This resulted in an overall decrease in fund balance of \$3.5 million.
- The general fund's actual revenue exceeded budget by \$155,000. Expenditures related to the above were over budget by \$88,000. Overall, there was a \$68,000 increase in budgetary fund balance.
- 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 114.91% as of June 30, 2023 (up from 85.87% as of June 30, 2022). 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/asset.

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 \$6.5 million at the close of 2023.

Net position of \$1.2 million 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 \$467,000 represents resources that are subject to external restrictions on how they may be used (restricted for gifts and grants and other postemployment benefits). The remaining \$4.8 million portion of net position is unrestricted.

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

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Assets: | | |
| Current assets..... | \$ 7,065,879 | \$ 12,483,027 |
| Noncurrent assets (excluding capital)..... | 305,639 | - |
| Capital assets, net of accumulated depreciation..... | <u>7,860,130</u> | <u>5,964,397</u> |
| Total assets..... | <u>15,231,648</u> | <u>18,447,424</u> |
| Deferred outflows of resources..... | <u>341,612</u> | <u>415,051</u> |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 1,021,244 | 1,992,801 |
| Noncurrent liabilities (excluding debt)..... | 22,618 | 360,760 |
| Current debt..... | 1,694,644 | 1,821,871 |
| Noncurrent debt..... | <u>4,995,343</u> | <u>6,689,987</u> |
| Total liabilities..... | <u>7,733,849</u> | <u>10,865,419</u> |
| Deferred inflows of resources..... | <u>1,371,829</u> | <u>1,703,096</u> |
| Net position: | | |
| Net investment in capital assets..... | 1,170,143 | 33,184 |
| Restricted..... | 467,454 | 147,638 |
| Unrestricted..... | <u>4,829,985</u> | <u>6,113,138</u> |
| Total net position..... | <u>\$ 6,467,582</u> | <u>\$ 6,293,960</u> |
| Program Revenues: | | |
| Charges for services..... | \$ 18,141,067 | \$ 17,295,791 |
| Operating grants and contributions..... | 1,795,889 | 1,530,527 |
| General Revenues: | | |
| Grants and contributions not restricted to specific programs - Paycheck protection program grant..... | - | 1,936,792 |
| Unrestricted investment income (loss)..... | 28,628 | (17,749) |
| Other revenue..... | <u>17,039</u> | <u>400,990</u> |
| Total revenues..... | <u>19,982,623</u> | <u>21,146,351</u> |
| Expenses: | | |
| Waypoint Academy..... | 3,430,484 | 2,999,731 |
| STAR Program..... | 3,107,676 | 2,867,611 |
| Itinerant Services..... | 667,649 | 687,559 |
| Transportation..... | 10,252,707 | 9,762,625 |
| Professional development and executive search..... | 244,277 | 244,130 |
| Advance Studies and Leadership Program..... | 226,325 | 135,992 |
| Interest..... | 225,378 | 196,280 |
| State funded pension benefits..... | <u>1,654,505</u> | <u>1,148,387</u> |
| Total expenses..... | <u>19,809,001</u> | <u>18,042,315</u> |
| Credits to member communities..... | <u>-</u> | <u>(950,355)</u> |
| Change in net position..... | <u>173,622</u> | <u>2,153,681</u> |
| Net position, beginning of year..... | <u>6,293,960</u> | <u>4,140,279</u> |
| Net position, end of year..... | <u>\$ 6,467,582</u> | <u>\$ 6,293,960</u> |

The Collaborative's net position increased by \$174,000 in 2023 as compared to a \$2.2 million increase in 2022. The increase in 2022 was primarily related to the recognition of the Paycheck Protection Program grant.

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 \$5.8 million. The general fund balance decreased by \$1.0 million. The Waypoint capital project fund decreased by \$2.6 million and nonmajor governmental funds increased by \$37,000.

The general fund is the Collaborative's chief operating fund. At year end, fund balance in the general fund totaled \$5.6 million.

The Waypoint Capital Project fund had \$3.7 million of expenditures related to the building improvement project and a \$1.1 million transfer in from the general fund to cover capital expenditures.

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 2023 approved budget for the general fund authorized \$19.1 million in appropriations. Total revenues came in over budget by \$155,000 as well as expenditures being overbudget by \$88,000.

Capital Asset and Debt Administration

The Collaborative's net capital assets totaled \$7.9 million as of June 30, 2023. This included capital additions of \$4.3 million related mainly to the Waypoint building improvement project and Osterville playground project. Depreciation expense in the amount of \$2.1 million was recorded.

At June 30, 2023, the Collaborative has \$6.1 million of long-term debt outstanding related to financing the Waypoint capital project and the purchase of school buses, in addition to \$615,000 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.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2023

| | <i>Primary Government</i> |
|---|----------------------------|
| | Governmental Activities |
| ASSETS | |
| CURRENT: | |
| Cash and cash equivalents..... | \$ 5,345,595 |
| Investments..... | 1,011,383 |
| Receivables, net of allowance for uncollectibles: | |
| Due from member communities..... | 704,113 |
| Other assets..... | 4,788 |
| Total current assets..... | 7,065,879 |
| NONCURRENT: | |
| Capital assets, net of accumulated depreciation..... | 7,860,130 |
| Other postemployment benefits asset..... | 305,639 |
| Total noncurrent assets..... | 8,165,769 |
| TOTAL ASSETS..... | 15,231,648 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to other postemployment benefits..... | 341,612 |
| LIABILITIES | |
| CURRENT: | |
| Warrants payable..... | 340,296 |
| Accrued payroll..... | 392,898 |
| Due to member communities..... | 74,626 |
| Other liabilities..... | 122,955 |
| Compensated absences..... | 90,469 |
| Lease obligations..... | 124,675 |
| Long-term debt..... | 1,569,969 |
| Total current liabilities..... | 2,715,888 |
| NONCURRENT: | |
| Compensated absences..... | 22,618 |
| Lease obligations..... | 490,036 |
| Long-term debt..... | 4,505,307 |
| Total noncurrent liabilities..... | 5,017,961 |
| TOTAL LIABILITIES..... | 7,733,849 |
| DEFERRED INFLOWS OF RESOURCES | |
| Unearned revenue..... | 355,348 |
| Deferred inflows related to other postemployment benefits..... | 1,016,481 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 1,371,829 |
| NET POSITION | |
| Net investment in capital assets..... | 1,170,143 |
| Restricted for: | |
| Gifts and grants..... | 161,815 |
| Other postemployment benefits..... | 305,639 |
| Unrestricted..... | 4,829,985 |
| TOTAL NET POSITION..... | \$ 6,467,582 |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

| Functions/Programs | Program Revenues | | | |
|--|----------------------|-------------------------|--|--------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue |
| Primary Government: | | | | |
| <i>Governmental Activities:</i> | | | | |
| Waypoint academy..... | \$ 3,430,484 | \$ 3,091,677 | \$ 1,430 | \$ (337,377) |
| STAR program..... | 3,107,676 | 3,494,827 | 38,042 | 425,193 |
| Itinerant services..... | 667,649 | 709,519 | - | 41,870 |
| Transportation..... | 10,252,707 | 10,510,899 | - | 258,192 |
| Professional development and executive search..... | 244,277 | 219,365 | 52,317 | 27,405 |
| Advanced studies and leadership program..... | 226,325 | 114,780 | 49,595 | (61,950) |
| State funded pension benefits..... | 1,654,505 | - | 1,654,505 | - |
| Interest..... | 225,378 | - | - | (225,378) |
| Total Governmental Activities..... | \$ 19,809,001 | \$ 18,141,067 | \$ 1,795,889 | \$ 127,955 |

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

| | | <u>Primary Government</u> |
|---|----|------------------------------------|
| | | <u>Governmental Activities</u> |
| Changes in net position: | | |
| Net (expense) revenue from previous page..... | \$ | <u>127,955</u> |
| <i>General revenues:</i> | | |
| Miscellaneous revenue..... | | 17,039 |
| Unrestricted investment income..... | | <u>28,628</u> |
| Total general revenues..... | | <u>45,667</u> |
| Change in net position..... | | 173,622 |
| <i>Net position:</i> | | |
| Beginning of year..... | | <u>6,293,960</u> |
| End of year..... | \$ | <u><u>6,467,582</u></u> |
| | | (Concluded) |

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

| | General | Waypoint Capital Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 5,118,540 | \$ - | \$ 227,055 | \$ 5,345,595 |
| Investments..... | 1,011,383 | - | - | 1,011,383 |
| Receivables, net of uncollectibles: | | | | |
| Due from member communities..... | 704,113 | - | - | 704,113 |
| Other assets..... | 4,788 | - | - | 4,788 |
| TOTAL ASSETS..... | \$ 6,838,824 | \$ - | \$ 227,055 | \$ 7,065,879 |
| LIABILITIES | | | | |
| Warrants payable..... | \$ 339,682 | \$ - | \$ 614 | \$ 340,296 |
| Accrued payroll..... | 392,898 | - | - | 392,898 |
| Due to member communities..... | 74,626 | - | - | 74,626 |
| Other liabilities..... | 122,955 | - | - | 122,955 |
| TOTAL LIABILITIES..... | 930,161 | - | 614 | 930,775 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unearned revenue..... | 355,348 | - | - | 355,348 |
| FUND BALANCES | | | | |
| Restricted..... | - | - | 226,441 | 226,441 |
| Committed..... | 1,034,818 | - | - | 1,034,818 |
| Unassigned..... | 4,518,497 | - | - | 4,518,497 |
| TOTAL FUND BALANCES..... | 5,553,315 | - | 226,441 | 5,779,756 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 6,838,824 | \$ - | \$ 227,055 | \$ 7,065,879 |

See notes to basic financial statements.

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

JUNE 30, 2023

| | | |
|--|------------------|-------------------------|
| Total governmental fund balances..... | \$ | 5,779,756 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | | 7,860,130 |
| Other postemployment benefits asset..... | | 305,639 |
| 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..... | | (674,869) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | | |
| Long-term debt..... | (6,075,276) | |
| Lease obligations..... | (614,711) | |
| Compensated absences..... | <u>(113,087)</u> | |
| Net effect of reporting long-term liabilities..... | | <u>(6,803,074)</u> |
| Net position of governmental activities..... | \$ | <u><u>6,467,582</u></u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

| | General | Waypoint Capital Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | |
| Tuition..... | \$ 6,553,216 | \$ - | \$ - | \$ 6,553,216 |
| Service revenue..... | 1,038,937 | - | - | 1,038,937 |
| Transportation..... | 10,510,813 | - | - | 10,510,813 |
| Other departmental revenue..... | 62,932 | - | - | 62,932 |
| Intergovernmental..... | - | - | 133,592 | 133,592 |
| Intergovernmental - State provided pension benefits..... | 1,654,505 | - | - | 1,654,505 |
| Investment income..... | 28,628 | - | - | 28,628 |
| TOTAL REVENUES..... | 19,849,031 | - | 133,592 | 19,982,623 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Waypoint academy..... | 3,013,177 | 3,654,264 | 2,772 | 6,670,213 |
| STAR program..... | 3,301,225 | - | 5,489 | 3,306,714 |
| Itinerant services..... | 665,488 | - | - | 665,488 |
| Transportation..... | 8,717,912 | - | - | 8,717,912 |
| Professional development and executive search..... | 155,678 | - | 87,877 | 243,555 |
| Advanced studies and leadership program..... | 226,218 | - | - | 226,218 |
| State funded pension benefits..... | 1,654,505 | - | - | 1,654,505 |
| Debt Service: | | | | |
| Principal on leases..... | 120,875 | - | - | 120,875 |
| Interest on leases..... | 21,095 | - | - | 21,095 |
| Principal..... | 1,700,996 | - | - | 1,700,996 |
| Interest..... | 204,283 | - | - | 204,283 |
| TOTAL EXPENDITURES..... | 19,781,452 | 3,654,264 | 96,138 | 23,531,854 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 67,579 | (3,654,264) | 37,454 | (3,549,231) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in..... | - | 1,073,619 | - | 1,073,619 |
| Transfers out..... | (1,073,619) | - | - | (1,073,619) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (1,073,619) | 1,073,619 | - | - |
| NET CHANGE IN FUND BALANCES..... | (1,006,040) | (2,580,645) | 37,454 | (3,549,231) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 6,559,355 | 2,580,645 | 188,987 | 9,328,987 |
| FUND BALANCES AT END OF YEAR..... | \$ 5,553,315 | \$ - | \$ 226,441 | \$ 5,779,756 |

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, 2023

| | | |
|--|--------------------|--------------------------|
| Net change in fund balances - total governmental funds..... | | \$ (3,549,231) |
| <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..... | 3,952,773 | |
| Depreciation expense..... | <u>(2,057,040)</u> | |
| Net effect of reporting capital assets..... | | 1,895,733 |
| <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> | | |
| Debt service principal payments..... | 1,700,996 | |
| Debt service principal payment on leases..... | <u>120,875</u> | |
| Net effect of reporting long-term debt..... | | 1,821,871 |
| <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..... | (678,720) | |
| Net change in net other postemployment benefits asset..... | 633,734 | |
| Net change in compensated absences liability..... | <u>50,235</u> | |
| Net effect of recording long-term liabilities..... | | <u>5,249</u> |
| Change in net position of governmental activities..... | | \$ <u><u>173,622</u></u> |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

| | | Other Postemployment Benefit Trust Fund |
|---|----|--|
| ASSETS | | |
| Cash and cash equivalents..... | \$ | 38,830 |
| Investments: | | |
| Equity mutual funds..... | | 1,284,947 |
| Fixed income mutual funds..... | | 1,031,972 |
| TOTAL ASSETS | | <u>2,355,749</u> |
| NET POSITION | | |
| Restricted for other postemployment benefits..... | \$ | <u>2,355,749</u> |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

| | Other Postemployment Benefit Trust Fund |
|--|--|
| <u>ADDITIONS:</u> | |
| Contributions: | |
| Employer contributions to the trust..... | \$ 180,000 |
| Employer contributions for other postemployment benefit payments.... | 34,595 |
| Total contributions..... | 214,595 |
| Net investment income (loss): | |
| Investment income..... | 191,268 |
| Less: investment expense..... | (9,639) |
| Net investment income (loss)..... | 181,629 |
| TOTAL ADDITIONS..... | 396,224 |
| <u>DEDUCTIONS:</u> | |
| Other postemployment benefit payments..... | 34,595 |
| NET INCREASE (DECREASE) IN NET POSITION..... | 361,629 |
| NET POSITION AT BEGINNING OF YEAR..... | 1,994,120 |
| NET POSITION AT END OF YEAR..... | \$ 2,355,749 |

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 \$5,316,004 and the bank balance totaled \$5,574,300. Of that amount \$500,000 was covered by Federal Depository Insurance and \$4,101,905 was collateralized. The remaining balance of \$972,395 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, 2023:

| Investment Type | June 30, 2023 | 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>Debt securities:</u> | | | | |
| U.S. treasury bonds..... | \$ 990,740 | \$ 990,740 | \$ - | \$ - |
| <u>Other investments:</u> | | | | |
| Equity securities..... | \$ 20,643 | \$ 20,643 | \$ - | \$ - |
| Equity mutual funds..... | 1,284,947 | 1,284,947 | - | - |
| Fixed income mutual funds..... | 1,031,972 | 1,031,972 | - | - |
| Money market mutual funds..... | 68,421 | 68,421 | - | - |
| Total investments..... | \$ 3,396,723 | \$ 3,396,723 | \$ - | \$ - |

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, \$2,405,983 of equity securities 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, 2023, 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..... | \$ 704,113 | \$ - | \$ 704,113 |

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 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..... | 15,572,853 | - | - | 15,572,853 |
| Leasehold improvements..... | 202,892 | - | - | 202,892 |
| Office equipment and furniture..... | 28,868 | - | - | 28,868 |
| Osterville Playground..... | - | 4,193,676 | - | 4,193,676 |
| Building Improvements..... | - | - | - | - |
| Total capital assets being depreciated..... | 16,657,388 | 4,193,676 | - | 20,851,064 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Right to use - facilities..... | (128,049) | (128,049) | - | (256,098) |
| School buses..... | (10,752,537) | - | - | (10,752,537) |
| Leasehold improvements..... | (202,892) | - | - | (202,892) |
| Office equipment and furniture..... | (28,868) | - | - | (28,868) |
| Osterville Playground..... | - | - | - | - |
| Building Improvements..... | - | (2,054,121) | - | (2,054,121) |
| Total accumulated depreciation..... | (11,112,346) | (2,182,170) | - | (13,294,516) |
| Total capital assets being depreciated, net..... | 5,545,042 | 2,011,506 | - | 7,556,548 |
| Total capital assets, net..... | \$ 5,964,397 | \$ 2,011,506 | \$ (419,355) | \$ 7,556,548 |

Depreciation expense was charged to the STAR program, the Transportation functions of the primary government and the Waypoint program in the amounts of \$91,603, \$1,558,075 and \$407,362, respectively.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers totaled \$1,073,619 and represented a transfer from the general fund to the Waypoint capital project fund to cover capital expenditures.

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.

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.

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2023 |
|---------------------------------------|--------------------|----------------------|-------------------|------------------------------|
| General Obligation Bonds: | | | | |
| Massachusetts Development Bond..... | 2032 | \$ 3,000,000 | 3.10 | \$ 2,755,925 |
| Direct borrowing related to buses: | | | | |
| Capital Purchase Financing 2017..... | 2024 | 567,566 | 2.08% | 7,254 |
| Capital Purchase Financing 2018..... | 2024 | 1,783,341 | 2.55% | 274,200 |
| Capital Purchase Financing 2019..... | 2026 | 2,662,834 | 3.37% | 859,049 |
| Capital Purchase Financing 2019..... | 2024 | 474,564 | 3.43% | 8,594 |
| Capital Purchase Financing 2020..... | 2027 | 2,565,011 | 2.56% | 1,186,680 |
| Capital Purchase Financing 2021..... | 2028 | 547,314 | 2.83% | 345,432 |
| Capital Purchase Financing 2022..... | 2029 | 866,648 | 1.47% | 638,142 |
| Total Capital Purchase Financing..... | | | | <u>3,319,351</u> |
| Total Long-Term Debt..... | | | | <u>\$ 6,075,276</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 | |
| 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..... | <u>\$ 2,755,925</u> | <u>\$ 367,519</u> | <u>\$ 3,123,444</u> | <u>\$ 3,319,351</u> | <u>\$ 126,663</u> | <u>\$ 3,446,014</u> | <u>\$ 6,569,458</u> |

Changes in Long-term Liabilities

During the year ended June 30, 2023, 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 | \$ - | \$ (244,075) | \$ - | \$ - | \$ 2,755,925 | \$ 301,057 |
| Capital purchase financing..... | 4,776,272 | - | (1,456,921) | - | - | 3,319,351 | 1,268,912 |
| Total long-term debt..... | 7,776,272 | - | (1,700,996) | - | - | 6,075,276 | 1,569,969 |
| Lease obligations..... | 735,586 | - | - | - | (120,875) | 614,711 | 124,675 |
| Compensated absences..... | 163,322 | - | - | 80,422 | (130,657) | 113,087 | 90,469 |
| Total long-term liabilities..... | \$ 8,675,180 | \$ - | \$ (1,700,996) | \$ 80,422 | \$ (251,532) | \$ 6,803,074 | \$ 1,785,113 |

NOTE 7 – PREPAID TUITION

Member communities are allowed to prepay a portion of the next year’s tuition. At June 30, 2023, the Collaborative had received \$355,348 of prepaid tuition from member communities.

NOTE 8 – LEASES

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, 2023, 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:

| Asset: | Governmental Activities |
|-----------------------------------|-------------------------|
| Right to use - facilities..... | \$ 852,775 |
| Less: accumulated depreciation... | (256,098) |
| Total..... | \$ 596,677 |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

| Years ending June 30: | Governmental Activities | | |
|-----------------------------------|-------------------------|-----------|------------|
| | Principal | Interest | Total |
| 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..... | 86,510 | 1,460 | 87,970 |
| Total minimum lease payments..... | 614,711 | 64,079 | 678,790 |

Related interest expense for the year ended June 30, 2023, was \$21,095.

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 | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------|-----------------------------------|--------------------------------|
| Fund Balances: | | | |
| Art & Music..... | \$ - | \$ 4,657 | \$ 4,657 |
| Advanced Studies & Leadership Program..... | - | 64,626 | 64,626 |
| Grants..... | - | 157,158 | 157,158 |
| Committed to: | | | |
| Capital Reserves..... | 1,034,818 | - | 1,034,818 |
| Unassigned..... | 4,518,497 | - | 4,518,497 |
| Total Fund Balances..... | \$ 5,553,315 | \$ 226,441 | \$ 5,779,756 |

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, 2022. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$732,431 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 \$8,903,877 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, 2022 was \$317,758.

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, 2022. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$922,074 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 \$11,730,810 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 2023, the Collaborative contributed approximately \$214,595 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 2023, 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, 2023, the balance in this fund totaled \$2,355,749. 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/(asset) to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of July 1, 2022.

Membership

The following represents the Plan’s membership at June 30, 2023:

| | |
|--|-------------------|
| Active members..... | 174 |
| Inactive members currently receiving benefits..... | <u>12</u> |
| Total..... | <u><u>186</u></u> |

Components of OPEB Liability/(Asset)

Components of the other postemployment benefits asset as of June 30, 2023, were as follows:

| | |
|--|----------------------------|
| Total OPEB liability..... | \$ 2,050,110 |
| Less: OPEB plan’s fiduciary net position..... | <u>(2,355,749)</u> |
| Net OPEB liability/(asset)..... | <u><u>\$ (305,639)</u></u> |
| The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability..... | 114.91% |

Significant Actuarial Assumption

The total other postemployment benefit liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions:

| | |
|--|---|
| Valuation date..... | July 1, 2022 |
| Actuarial cost method..... | Entry Age Normal Cost Method. |
| Inflation rate..... | 2.5% per year |
| Investment rate of return..... | 6.50%, net of investment expenses, including inflation. |
| Healthcare cost trend rate..... | 8.00% for 2022, decreasing .50% per year to 6.00%, then grading down to an ultimate trend rate of 4.01%. Utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical trend rate is reached in 2075. |
| Pre-retirement mortality - general employees..... | RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2021 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-2021 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-2021 and set forward one year for males and two years for females. |
| 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 8.79%. 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 4.00% is added to the expected inflation of 2.50% 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, 2023, are summarized in the following table:

| Asset Class | Long-Term Expected Asset Allocation | Long-Term Expected Real Rate of Return |
|---|--|---|
| Domestic equity-large cap..... | 37.10% | 6.61% |
| International equity-developed market.... | 4.50% | 5.88% |
| International equity-emerging market..... | 2.30% | 7.76% |
| Core fixed income..... | 38.20% | 1.55% |
| High Yield fixed Income..... | 3.40% | 3.97% |
| Alternatives..... | 8.90% | 4.30% |
| Real Estate..... | 4.60% | 6.23% |
| Cash..... | 1.00% | -0.08% |
| Total..... | 100.00% | |

Discount rate

The discount rate used to measure the total OPEB liability/(asset) was 6.50% as of June 30, 2023 and as of June 30, 2022. 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/(asset).

Sensitivity of the net OPEB liability/(asset) 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/(asset) 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/(asset)..... | \$ 39,149 | \$ (305,639) | \$ (582,946) |

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

The following presents the net other postemployment benefit liability/(asset), calculated the healthcare trend rate if it was 1-percentage-point lower or 1-percentage-point higher than the current rate of 8.00% year one decreasing to 4.10%.

| | 1% Decrease | Current Trend | 1% Increase |
|---------------------------------|--------------|---------------|-------------|
| Net OPEB liability/(asset)..... | \$ (625,879) | \$ (305,639) | \$ 100,595 |

Changes in Net OPEB Liability/(asset)

| | Increase (Decrease) | | |
|---|--|--|--|
| | Total OPEB Liability/(asset) (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (a) - (b) |
| Balances at June 30, 2022..... | \$ 2,322,215 | \$ 1,994,120 | \$ 328,095 |
| Changes for the year: | | | |
| Service cost..... | 169,797 | - | 169,797 |
| Interest..... | 160,856 | - | 160,856 |
| Changes of benefit terms..... | 159,139 | - | 159,139 |
| Differences between expected and actual experience..... | (779,344) | - | (779,344) |
| Changes in assumptions..... | 52,042 | - | 52,042 |
| Benefit payments..... | (34,595) | (34,595) | - |
| Net investment income (loss)..... | - | 181,629 | (181,629) |
| Contributions by employer..... | - | 214,595 | (214,595) |
| Net change..... | (272,105) | 361,629 | (633,734) |
| Balances at June 30, 2023..... | \$ 2,050,110 | \$ 2,355,749 | \$ (305,639) |

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

For the year ended June 30, 2023, the Collaborative recognized OPEB expense of \$259,581. The Collaborative reported deferred outflows of resources and deferred inflows of resources related to OPEB of \$341,612 and \$1,016,481 from the following sources:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|--|--------------------------------------|-------------------------------------|----------------|
| Differences between expected and actual experience..... | \$ - | \$ (1,010,340) | \$ (1,010,340) |
| Difference between projected and actual earnings, net..... | 69,308 | - | 69,308 |
| Changes in assumptions..... | 272,304 | (6,141) | 266,163 |
| | | | |
| Total deferred outflows/(inflows) of resources..... | \$ 341,612 | \$ (1,016,481) | \$ (674,869) |

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: | |
|--------------------------------------|--------------|
| 2024..... | \$ (93,032) |
| 2025..... | (103,237) |
| 2026..... | (62,652) |
| 2027..... | (126,303) |
| 2026..... | (132,498) |
| Thereafter..... | (157,147) |
| | |
| Total..... | \$ (674,869) |

Changes in assumptions

The inflation rate assumption was updated from 2.40% to 2.50%.

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, 2023 cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2023, which is the date the financial statements were available to be issued.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- 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

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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, 2023

| | Budgeted Amounts | | Actual Budgetary Amounts | Variance to Final Budget |
|---|---------------------|---------------------|--------------------------------|--------------------------------|
| | Original Budget | Final Budget | | |
| REVENUES: | | | | |
| Tuition..... | \$ 6,648,439 | \$ 6,648,439 | \$ 6,553,216 | \$ (95,223) |
| Service revenue..... | 1,277,360 | 1,277,360 | 1,038,937 | (238,423) |
| Transportation..... | 10,063,296 | 10,063,296 | 10,510,813 | 447,517 |
| Other departmental revenue..... | 50,000 | 50,000 | 62,932 | 12,932 |
| Investment income..... | - | - | 28,628 | 28,628 |
| TOTAL REVENUES..... | 18,039,095 | 18,039,095 | 18,194,526 | 155,431 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Waypoint academy..... | 3,112,428 | 3,112,428 | 3,257,252 | (144,824) |
| STAR program..... | 3,106,459 | 3,106,459 | 3,389,195 | (282,736) |
| Itinerant services..... | 830,642 | 830,642 | 665,488 | 165,154 |
| Transportation..... | 10,391,227 | 10,391,227 | 10,335,887 | 55,340 |
| Professional development and executive search..... | 308,422 | 308,422 | 155,678 | 152,744 |
| Advanced studies and leadership program..... | 289,917 | 289,917 | 226,218 | 63,699 |
| Debt Service: | | | | |
| Interest..... | - | - | 97,229 | (97,229) |
| TOTAL EXPENDITURES..... | 18,039,095 | 18,039,095 | 18,126,947 | (87,852) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | - | - | 67,579 | 67,579 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out..... | (1,073,619) | (1,073,619) | (1,073,619) | - |
| NET CHANGE IN FUND BALANCE..... | (1,073,619) | (1,073,619) | (1,006,040) | 67,579 |
| FUND BALANCES AT BEGINNING OF YEAR..... | 6,559,355 | 6,559,355 | 6,559,355 | - |
| FUND BALANCES AT END OF YEAR..... | \$ 5,485,736 | \$ 5,485,736 | \$ 5,553,315 | \$ 67,579 |

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 |
|-----------|--|---|---|
| 2023..... | \$ 11,730,810 | \$ 922,074 | 71.05% |
| 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 |
|-----------|--|---|---|
| 2023..... | \$ 8,903,877 | \$ 732,431 | 57.75% |
| 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 |
|-----------|--|------------------------------------|--|
| 2023..... | \$ 317,758 | \$ 5,209,148 | 6.10% |
| 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/(ASSET) 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 | June 30, 2023 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | | |
| Service Cost..... | \$ 91,399 | \$ 95,055 | \$ 98,857 | \$ 133,758 | \$ 151,562 | \$ 164,713 | \$ 169,797 |
| Interest..... | 97,457 | 108,935 | 121,288 | 140,501 | 157,992 | 143,545 | 160,856 |
| Changes of benefit terms..... | - | - | - | (22,575) | - | - | 159,139 |
| Differences between expected and actual experience... | - | - | (105,142) | - | (466,413) | - | (779,344) |
| Changes of assumptions..... | - | - | 153,087 | 157,810 | 136,429 | (8,189) | 52,042 |
| Benefit payments..... | (38,813) | (40,097) | (46,086) | (47,553) | (39,666) | (43,061) | (34,595) |
| Net change in total OPEB liability..... | 150,043 | 163,893 | 222,004 | 361,941 | (60,096) | 257,008 | (272,105) |
| Total OPEB liability - beginning..... | 1,227,422 | 1,377,465 | 1,541,358 | 1,763,362 | 2,125,303 | 2,065,207 | 2,322,215 |
| 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> | <u>\$ 2,050,110</u> |
| Plan fiduciary net position | | | | | | | |
| Employer contributions..... | \$ 218,813 | \$ 180,000 | \$ 226,086 | \$ 180,000 | \$ 180,000 | \$ 180,000 | \$ 180,000 |
| Employer contributions for OPEB payments..... | 38,813 | 40,097 | - | 47,553 | 39,666 | 43,061 | 34,595 |
| Net investment income (loss)..... | 31,908 | 24,300 | 93,150 | 48,741 | 312,055 | (163,425) | 181,629 |
| Benefit payments..... | (38,813) | (40,097) | (46,086) | (47,553) | (39,666) | (43,061) | (34,595) |
| Net change in plan fiduciary net position..... | 250,721 | 204,300 | 273,150 | 228,741 | 492,055 | 16,575 | 361,629 |
| Plan fiduciary net position - beginning of year..... | 567,391 | 779,299 | 983,599 | 1,256,749 | 1,485,490 | 1,977,545 | 1,994,120 |
| 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> | <u>\$ 2,355,749</u> |
| Net OPEB liability/(asset) - 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> | <u>\$ (305,639)</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability..... | 59.39% | 63.81% | 71.27% | 69.90% | 95.76% | 85.87% | 114.91% |
| Covered-employee payroll..... | \$ 6,423,123 | \$ 6,517,602 | \$ 6,754,577 | \$ 7,544,325 | \$ 7,066,127 | \$ 7,733,467 | \$ 7,926,297 |
| Net OPEB liability/(asset) as a percentage of covered-employee payroll..... | 8.71% | 8.56% | 7.50% | 8.48% | 1.24% | 4.24% | -3.86% |

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, 2023..... | \$ 197,929 | \$ (214,595) | \$ (16,666) | 7,926,297 | 2.71% |
| 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, 2023..... | 8.79% |
| 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 2023 approved budget for the general fund authorized approximately \$19.1 million in appropriations. Revenues were \$155,000 over budget as well as expenditures over budget by \$88,000.

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, 2023, is presented below:

| | | |
|---|----|---------------------------|
| Net change in fund balance - budgetary basis..... | \$ | (1,006,040) |
| <u>Basis of accounting differences:</u> | | |
| Recognition of revenue for on-behalf payments..... | | 1,654,505 |
| Recognition of expenditures for on-behalf payments..... | | <u>(1,654,505)</u> |
| Net change in fund balance - GAAP basis..... | \$ | <u><u>(1,006,040)</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/(asset), changes in the Plan's net position, and ending net OPEB liability/(asset). 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, 2022 |
| Actuarial cost method..... | Entry Age Normal Cost Method. |
| Inflation rate..... | 2.5% per year |
| Investment rate of return..... | 6.50%, net of investment expenses, including inflation. |
| Healthcare cost trend rate..... | 8.00% for 2022, decreasing .50% per year to 6.00%, then grading down to an ultimate trend rate of 4.01%. Utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical trend rate is reached in 2075. |
| Pre-retirement mortality - general employees..... | RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2021 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-2021 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-2021 and set forward one year for males and two years for females. |
| 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 2.40% to 2.50%.

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 the Dennisport maintenance facility. The cost of the leases for the year ended June 30, 2023, totaled \$141,970 and is reported as debt service on leases in the general fund. The corresponding right to use lease buildings have been added to the Collaborative’s 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 and for building improvements, which have been recorded as capital purchase financing long-term debt. The cost of these financings for the year ended June 30, 2023, totaled \$1,905,279 and is reported as debt service in the general fund. Future minimum payments are reported 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, 2023:

| | | |
|--|----|---------|
| Paul Hilton, Executive Director..... | \$ | 179,633 |
| Christina Caputo, Assistant Director of Special Education..... | | 134,169 |
| R. Patrick Murphy, Business Manager..... | | 121,803 |
| Julia Bryant, STAR Program Director..... | | 120,000 |
| Kara Peterson, Waypoint Program Director..... | | 120,000 |

NOTE 4 – AMOUNTS EXPENDED ON ADMINISTRATION AND OVERHEAD

For the year ended June 30, 2023, the Collaborative expended \$873,854 and \$718,743 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, 2023, 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, 2023, 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 \$4,518,497 as the amount designated as Cumulative Surplus from the general funds remaining in the Collaborative’s accounts as of June 30, 2023. 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 2023 | Enter values below | Page in FY23 FS | |
| (A) Surplus as of June 30, 2022 | \$ 6,559,355 | (A) | p.18 |
| <i>(Breakdown of use of 2022 surplus)</i> | | | |
| B(1) used to support the FY23 budget | \$ - | | |
| B(2) issued as credits to member districts | \$ - | | |
| B(3) issued as a check(s) to member district(s) | \$ - | | |
| B(4) deposited to a restricted account(s) ** | \$ (662,818) | | |
| (B) Board voted uses of surplus funds during FY23 | <i>(total from B1:B4)</i> \$ (662,818) | (B) | p. 18 |
| (C) Unexpended FY23 General Funds ** | \$ (1,006,040) | (C) | p. 18 |
| (D) Cumulative Surplus as of June 30, 2023 | (A) - (B) + (C) = (D) \$ 4,890,497 | (D) | p. 18 |
| (E) FY23 Total General Fund Expenditures * | \$ 18,126,947 | (E) | p. 18 |
| (F) Cumulative Surplus Percentage | (D) ÷ (E) 26.98% | (F) | p. N/a |

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

| | |
|---|----------------------------------|
| (G) Cumulative surplus as of June 30, 2023 | \$ 4,890,497 |
| | 25% limit (allowed) \$ 4,531,737 |
| (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 | \$ 372,000 |
| (H)3 Returned (check) to school districts/towns | \$ - |
| Total Reductions | \$ 372,000 |
| FY23 Cumulative Surplus Percentage after Reductions | 24.93% |

* Net of intergovernmental on-behalf payments.

** 2022 Voted transfers to capital, less current year spending and transfers.

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, 2023, 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 13, 2023.

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 13, 2023