

CAPE COD COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)
Financial Statements and
Management's Discussion and Analysis
June 30, 2024 and 2023
With Independent Auditor's Reports

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Table of Contents
June 30, 2024 and 2023

Independent Auditor’s Report	1-3
Management’s Discussion and Analysis (Unaudited)	4-16
Financial Statements	
Statements of Net Position	17
Statements of Revenues and Expenses	18
Statements of Changes in Net Position	19
Statements of Cash Flows	20-21
Component Unit Statements of Financial Position	22
Component Unit Statements of Activities	23
Component Unit Statements of Changes in Net Assets	24
Notes to Financial Statements	25-48
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability (Unaudited)	49
Schedule of Contributions - Pension (Unaudited)	50
Schedule of Proportionate Share of Net OPEB Liability (Unaudited)	51
Schedule of Contributions - OPEB (Unaudited)	52
Notes to Required Supplementary Information (Unaudited)	53-56
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57-58

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Cape Cod Community College:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit, Cape Cod Community College (an Agency of the Commonwealth of Massachusetts) (the "College"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College'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 business-type activities and the aggregate discretely presented component unit of the College, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 College, 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 College'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 GAAS 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 GAAS 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 College'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 College'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 the other 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 GAAS and *Government Auditing Standards*, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Withum Smith & Brown, PC

October 21, 2024

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

The following discussion and analysis provides management's view of the financial position of Cape Cod Community College (the "College") as of June 30, 2024 and 2023 and the results of operations for the years then ended. This analysis should be read in conjunction with the College's financial statements and notes that are presented in this document.

The College is a public institution of higher education in Massachusetts serving approximately 6,900 credit and non-credit seeking students, with 67 full-time faculty and 171 full-time staff members. The main campus is located in West Barnstable, with alternate instructional locations at Plymouth for its Aviation Maintenance Technology program, at Bridgewater State University for its Funeral Service program and the Center for Corporate and Professional Education located in downtown Hyannis, which served 1,410 students in FY2024. The College also offers courses at Joint Base Cape Cod, Martha's Vineyard and Nantucket. The College currently offers an Associate of Arts degree with 24 concentrations, 20 Associate in Science degree programs, which includes concentrations in Information Technology and Business Administration, an Applied Associate in Science Degree for Aviation Maintenance Technology and 43 career-building academic certificates in a variety of programs. In addition, the College has a number of partnerships with several public and private institutions that offer Bachelor's and Master's degree programs on the main campus.

Financial Highlights

The FY2024 state unrestricted appropriation of \$24,380,879 reflects a \$4,054,989, or 19.95% increase over prior year's appropriation of \$20,325,890. The net increase is due to the following factors; an increase in state funded fringe benefit costs of \$1,837,674, an increase of \$2,215,601 in the annual state maintenance appropriation and performance funding, which includes an additional \$1,637,978 received in FY2024 for retroactive collective bargaining increases, an increase in tuition remitted to the state in the amount of \$33,894, an increase of \$10,908 in state telecom lease payments and a revenue reimbursement payment from a vendor state agency of \$24,700.

State restricted appropriation for FY2024 is \$898,669, which represents an increase of \$70,179, or 8.47% from last year's appropriation of \$828,490. Changes from prior year include an increase of \$5,550 in revenue for the Center for Corporate and Professional Education, a decrease by \$9,456 in Massachusetts Rehabilitation Commission funding, which funds student interpreter costs and an increase in the award of SUCCESS funding in the amount of \$74,085.

Capital appropriation decreased by \$9,789,327, from \$12,930,477 in FY2023 to \$3,141,150 in FY2024, due to the change in amount and the addition of, or the elimination of several special appropriations from the Division of Capital Asset Management & Maintenance (DCAMM) because of project completion, relative to the prior fiscal year, and additional or reduced funding received for new or on-going projects, most notably, the Science and Technology building project. Specifically, in FY2024 state funds received and spent by the College include \$2,163,136 for completed construction of the new science and engineering building, \$101,160 in funding for the continuing energy and water conservation project, \$503,204 in funds received to improve restroom accessibility, \$259,765 in funding for building envelope repairs and \$113,885 received to fund the replacement of a generator in the Lorusso building. Projects completed and capitalized in FY2024 include the replacement of the Lorusso building generator, capitalized at \$164,285 and the completion of the restroom accessibility project, capitalized at \$2,961,988. Funding received and spent in FY2024 for projects considered to be ongoing include \$259,765 for building envelope repair work and \$101,160 to continue work on the campus-wide energy and water conservation project.

**Cape Cod Community College
 (an Agency of the Commonwealth of Massachusetts)
 Management’s Discussion and Analysis (Unaudited)
 June 30, 2024 and 2023**

During FY2024, major capital improvement net additions totaled \$3,340,150. These additions include an increase to Furnishing and Equipment of \$199,000 which is the result of a donation of a Cessna aircraft, and increases in Building and Improvements of \$3,141,150. The increase to Building and Improvements is comprised of a net of construction in progress and current year expenditures made of \$101,160 for ongoing work on the Commonwealth energy and water conservation program, an additional expenditure for the building envelope repair project of \$259,765, the completion and capitalization of the Lorusso building generator project in the amount of \$113,885, additional construction in progress and actual expenditure by the Commonwealth for the operational science and engineering building of \$2,163,136 and completion and capitalization of the restroom accessibility project, resulting in a net addition of \$503,204.

The general per credit hour student fee rate was increased to \$193 per credit hour for FY2024, which represents a \$3 per credit hour increase over FY2023, while the general facilities fee remained unchanged at \$9 and the technology fee increased from \$10 to \$12 per credit hour, from FY2023 to FY2024. Changes to program specific fees for FY2024 included an increase in Aviation Maintenance Technology from \$192 to \$202 per credit hour, an increase in Emergency Medical Technology from \$125 to \$135 per credit hour, an increase in Funeral Service Program from \$130 to \$137 per credit hour, an increase in Nursing, Dental, Paramedic and Phlebotomy program fees from \$130 to \$137 per credit hour and a new fee for online science course material of \$50 per class, per semester.

The Board continues to recognize that some students may have difficulty paying their tuition and fees, and therefore designated \$338,724 in the FY2024 operating budget for need based student financial aid awards.

At June 30, 2024 and 2023, the College’s assets and deferred outflows of \$87,136,864 and \$81,933,595 exceeded its liabilities and deferred inflows of \$20,282,504 and \$22,099,375 by the amounts shown below. The resulting net assets are summarized into the following categories:

	<u>2024</u>	<u>2023</u>
Invested in capital assets, net of related debt	\$ 58,094,320	\$ 57,153,331
Unrestricted	<u>8,760,040</u>	<u>2,680,889</u>
Total net position	<u>\$ 66,854,360</u>	<u>\$ 59,834,220</u>

Total net position increased in FY2024 by \$7,020,140 as a net result of \$3,141,150 of capital appropriations, \$199,000 of capital gifts, and an increase in net income before other revenues of \$3,679,990.

Total net position increased in FY2023 by \$13,264,550 as a net result of \$12,930,477 of capital appropriations and increase in net income before other revenues of \$334,073.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

Overview of the Financial Statements

The College's financial statements are comprised of two primary components: 1) the financial statements and 2) the notes to the financial statements. Additionally, the financial statements focus on the College as a whole, rather than upon individual funds or activities.

Total operating expenses for the years ended June 30, 2024 and 2023 amounted to \$47,790,958 and \$43,230,145, an increase of \$4,560,813 or 10.55%, while operating revenues amounted to \$23,872,177 and \$20,670,710, respectively. Operating losses of \$23,918,781 and \$22,559,435 were offset predominantly by state appropriations (considered non-operating revenues) of \$25,279,548 and \$21,154,380, respectively, as well as by transfers from the Foundation, in the amounts of \$1,609,536 and \$1,247,132, respectively, by net investment income of \$801,251 and \$466,514, respectively, and by pandemic related federal grant funding, in the amount of \$115,570 in FY2023.

In May 2002, GASB issued Statement No. 39 of the Governmental Accounting Standards Board (GASB), *Determining Whether Certain Organizations are Component Units* (an amendment of GASB 14). GASB 39 establishes new criteria for evaluating the need to include component units of the College. The College adopted GASB 39 as of July 1, 2003.

Cape Cod Community College Educational Foundation (the Foundation) is a legally separate tax-exempt component unit of Cape Cod Community College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its students and programs. The Board of Directors of the Foundation is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. Because these resources held by the Foundation can only be used for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

Management's Discussion and Analysis is required to focus on the College, not its component unit.

The financial statements are designed to provide readers with a broad overview of the College's finances and are comprised of three basic statements:

The **Statement of Net Position** presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Position** present information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the payment of accrued for compensated absences, or the receipt of amounts due from students and others for services rendered).

The **Statement of Cash Flows** is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for services). The Government Accounting Standards Board (GASB) Statements 34 and 35 require this method to be used. In accordance with GASB 39, the Foundation is not required to present the statement of cash flows.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management’s Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

The financial statements can be found on pages 17-24 of this report. The College reports its activity as a business-type activity using the full accrual measurement focus and basis of accounting. The College is an agency of the Commonwealth of Massachusetts. Therefore, the results of the College’s operations, its net position and cash flows are also summarized in the Commonwealth’s Comprehensive Annual Financial Report in its government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information essential for a full understanding of the data provided in the financial statements. The notes provide information regarding both the accounting policies and procedures the College has adopted as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 25-49 of this report.

Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the College’s financial position. At the close of the fiscal years ended June 30, 2024 and 2023, the College’s assets exceeded liabilities by \$66,854,360 and \$59,834,220, respectively. The increase in net position is attributable to the combined increase related to the impact of posting the change in liability for the College share of the OPEB and Pension employee benefit liability, a significant increase in capital assets, as a result of construction of the science and engineering building, a decrease from posting depreciation and lease amortization expense, a decrease in capital appropriation received from the Commonwealth and an operating budget gain, which includes an increase in general state maintenance appropriation funding and a gain relative to FY2023 for net investment income.

While capital appropriation revenue for FY2024 continues to be material, it decreased significantly from that which was earned in FY2023 because fewer expenses were paid by the Commonwealth for the science and engineering building construction.

Cape Cod Community College’s Net Position

	June 30		
	2024	2023	2022
Current assets	\$ 13,401,764	\$ 15,149,848	\$ 17,552,027
Noncurrent assets	71,964,688	65,715,210	48,779,073
Deferred outflows of resources	<u>1,770,412</u>	<u>1,068,537</u>	<u>1,967,723</u>
Total assets and deferred outflows of resources	87,136,864	81,933,595	68,298,823
Current liabilities	7,761,605	8,709,997	5,501,785
Noncurrent liabilities	<u>8,364,326</u>	<u>7,383,825</u>	<u>9,032,542</u>
Total liabilities	<u>16,125,931</u>	<u>16,093,822</u>	<u>14,534,327</u>
Total deferred inflows of resources	<u>\$ 4,156,573</u>	<u>\$ 6,005,553</u>	<u>\$ 7,194,826</u>
Net position			
Invested in capital assets, net of related debt	\$ 58,094,320	\$ 57,153,331	\$ 46,159,905
Unrestricted	<u>8,760,040</u>	<u>2,680,889</u>	<u>409,765</u>
Total net position	<u>\$ 66,854,360</u>	<u>\$ 59,834,220</u>	<u>\$ 46,569,670</u>

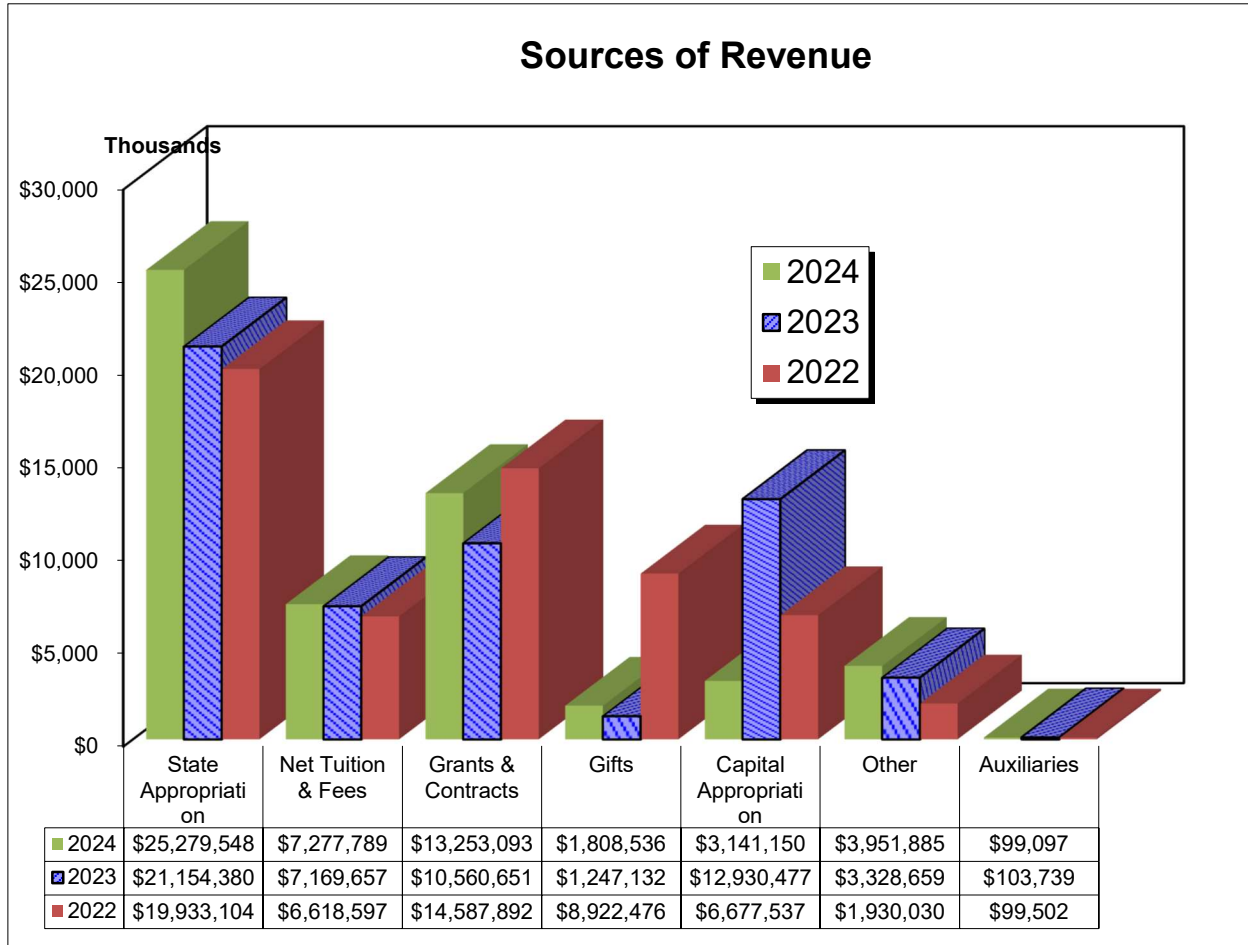
Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management’s Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

The largest portion of the College’s net assets reflects its investment in capital assets (e.g., land, buildings, furnishings and equipment) including capital leases, less any related debt, used to acquire those assets that are still outstanding. The College uses these capital assets to provide services to students, faculty, and administration. Although the College’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt, if any must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition to any debt noted above, which is reflected in the College’s financial statements, the Commonwealth of Massachusetts regularly provides financing for certain capital projects through the issuance of general obligation bonds. These borrowings by the Commonwealth, if any, are not included in the College’s financial statements.

Cape Cod Community College’s Change in Net Position

	Fiscal years ended June 30		
	2024	2023	2022
Total operating revenues	\$ 23,872,177	\$ 20,670,710	\$ 17,251,790
Total operating expenses	<u>47,790,958</u>	<u>43,230,145</u>	<u>41,551,734</u>
Net operating loss	(23,918,781)	(22,559,435)	(24,299,944)
Total net non-operating revenues	<u>27,598,771</u>	<u>22,893,508</u>	<u>33,569,768</u>
Net income (loss) before other revenues	3,679,990	334,073	9,269,824
Capital appropriation and Gifts	<u>3,340,150</u>	<u>12,930,477</u>	<u>7,927,537</u>
Total increase (decrease) in net position	7,020,140	13,264,550	17,197,361
Net position, beginning of year	59,834,220	46,569,670	29,372,309
Current year increase (decrease)	<u>7,020,140</u>	<u>13,264,550</u>	<u>17,197,361</u>
Net position, end of year	<u>\$ 66,854,360</u>	<u>\$ 59,834,220</u>	<u>\$ 46,569,670</u>

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management’s Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

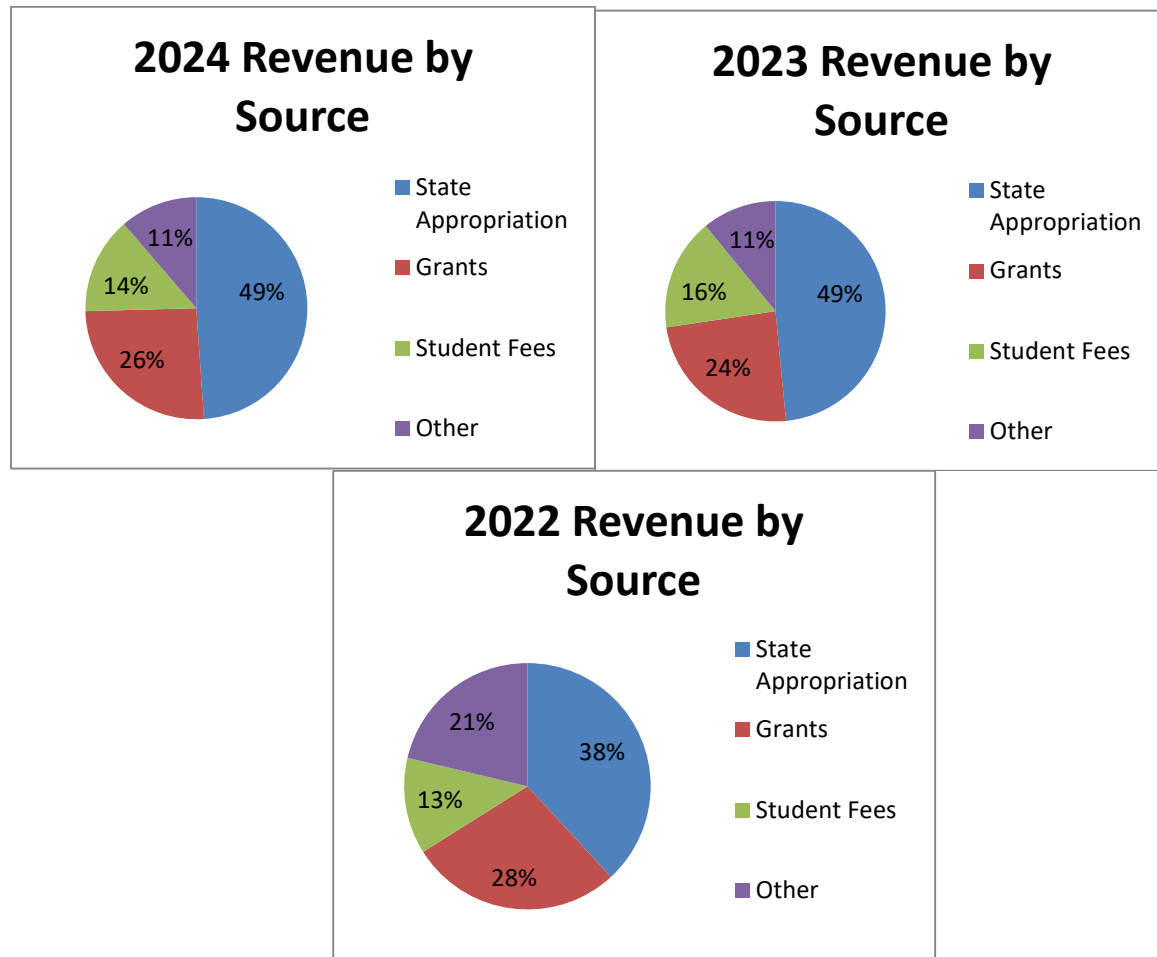


Revenues and Expenses

In FY2024, state appropriations accounted for 46% of total revenues, which represents almost no change in proportionate share to that of FY2023. Net tuition and fees share of total revenue decreased slightly, by 1%, from that of the prior fiscal year and amounted to 13% of total revenue. While actual tuition and fee revenue increased by \$108,132 or 1.51% over the prior year, the primary cause for its slight decrease in total share is due to the increase in grant revenue share. Grant revenue share has increased in proportion to total revenue in FY2024 due to increases in both federal and state grant funding increases related to Pell and the Mass Reconnect program, respectively. Lastly, the “other” revenue segment increased its proportionate share of revenue by 7% relative to prior year.

**Cape Cod Community College
 (an Agency of the Commonwealth of Massachusetts)
 Management’s Discussion and Analysis (Unaudited)
 June 30, 2024 and 2023**

In FY2023, state appropriations accounted for 49% of total revenues, a significant increase in proportionate share to that of FY2022. Net tuition and fees share of total revenue also increased slightly, by 3%, from that of the prior fiscal year and amounted to 16% of total revenue. While actual tuition and fee revenue increased by \$551,060 or 8% over the prior year, the primary cause for its remaining relatively unchanged in total share is due to the material increase in “state appropriation” revenue share, which is driven primarily by state contributions to fund construction of the new science and engineering building. Grant revenue share has decreased in proportion to total revenue in FY2023 due to the net of a large reduction in CARES funding in federal grants and a less material increase in state grants. Lastly, the “other” revenue segment decreased its proportionate share of revenue by 10% relative to prior year.



The total State Appropriation revenue for FY2024 increased by \$4,125,168 or 19.5% relative to FY2023. Unrestricted funding increased by \$4,054,989 as a result of \$1,837,674 additional State funded fringe benefits, a \$1,637,978 increase in the annual appropriation for retroactive collective bargaining salary funding, an increase in funding of the State Maintenance appropriation in the amount of \$577,623, an increase of \$33,894 in tuition remitted to the Commonwealth, an increase in telecom lease payments of \$10,908 and an increase due to the receipt of \$24,700 from another state agency, for services rendered by the College. The restricted portion of total State Appropriation revenue grew by \$70,179, or 8.47% for FY2024. The increase is driven by the net of a reduction in revenue received from Massachusetts Rehabilitation Center of \$9,456, which offsets costs for student interpreter services, an increase in revenue received for the Center for Corporate and Professional Education in the amount of \$5,550 and an increase of funding for the SUCCESS program, in the amount of \$74,085.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

In FY2024 Capital Gifts and Transfers amount to \$1,808,536, which represents a 45.02% or \$561,404 increase from that of FY2023. Private Gifts increased by a net of \$182,604. This is the result of an increase of \$199,000 due to the non-monetary donation of a Cessna aircraft, as well as a decrease in smaller, miscellaneous donations amounting to \$16,396. Transfers from the Foundation increased by \$378,800. Foundation reimbursement of operating expenses increased by \$80,423 in FY2024, funding for scholarship increased by \$54,377 and contributions toward construction of the science and engineering building increased by \$244,000 relative to that of the prior fiscal year.

Net tuition and fee revenue increased by 1.51%, or \$108,132 relative to prior year as the result of the net impact of an increase in revenue attributable to greater student enrollments, a significant increase in scholarship allowances and a modest increase in student fees implemented in FY2024.

State capital appropriations for FY2024 amount to \$3,141,150, representing a decrease of \$9,789,327 from that of FY2023. Specifically, in FY2024 capital funding received from the Commonwealth for the new science and engineering building decreased by \$6,923,682, funding received in FY2023 for the Solar Canopy project, in the amount of \$170,000, was not received in FY2024, revenue for the Commonwealth's energy and water conservation project decreased by \$14,913, funding for the now completed restroom accessibility project was reduced by \$1,966,502 and Commonwealth funding earmarked for campus small capital projects was reduced by \$714,230.

Relative to prior fiscal year, "other sources" of revenue increased by \$620,060 to \$4,142,546 for FY2024. Specifically, investment income grew by \$334,737, or 71.75% as compared to FY2023's results, auxiliary services income decreased by \$4,642 in FY2024, relative to prior year, while miscellaneous income increased by \$289,965. This increase is primarily the result of a \$155,778 gain in revenue generated by the Project Forward program and a \$58,650 increase in facilities use fees, as well as a net increase of miscellaneous income items totaling \$75,537.

FY2024 Grant revenue increased by \$2,692,442 from FY2023 to FY2024. The net increase in grant funding for FY2024 is the result of an increase in federally funded grants, in the amount of \$1,298,028, which was primarily driven by a \$1,100,000 increase in Pell funding, an increase in state funded grants, in the amount of \$1,504,595 which is primarily the result of additional revenues totaling \$1,200,000 for the Mass Reconnect program and the net decrease of \$110,181 of both local and private grant receipts in FY2024.

In comparison, the total State Appropriation revenue for FY2023 increased by \$1,221,276 or 6.13% relative to FY2022. Unrestricted funding increased by \$728, 864, as a result of a \$429,355 in State funded fringe benefits, a \$305,794 increase in the annual State Maintenance appropriation, and increase of \$1,068 in tuition remitted to the Commonwealth and a reduction in telecom lease payments of \$5,217. The restricted portion of total State Appropriation revenue grew by \$492,412, or 146.52% for FY2023. The increase is driven by the net of \$4,618 growth in revenue received from Massachusetts Rehabilitation Center, which offsets costs for student interpreter services, a reduction in revenue received for the Center for Corporate and Professional Education and an increase of funding for the SUCCESS program, in the amount of \$499,487.

In FY2023 Capital Gifts and Transfers amount to \$1,247,132, which represents an 86.02% or \$7,675,344 decline from that of FY2022. Private Gifts decreased by \$1,250,000 due to the fact that FY2022 included a one-time donation for an aircraft, valued at \$1,250,000. Transfers from the Foundation decreased by \$6,425,344, which was primarily driven by the fact that FY2022 included \$7,443,097 in funding for the science building construction project, whereas FY2023 included \$1,000,000 in reimbursement. Additionally, Foundation reimbursement of operating expenses decreased by \$20,132 in FY2023, while funding for scholarship increased by \$24,205 and miscellaneous donations increased by \$13,680.

Net tuition and fee revenue increased by 8.33%, or \$551,060 relative to prior year as the result of the net impact of a decrease in revenue attributable to fewer student enrollments, a decrease in scholarship allowances and very modest increases in student fees implemented in FY2023.

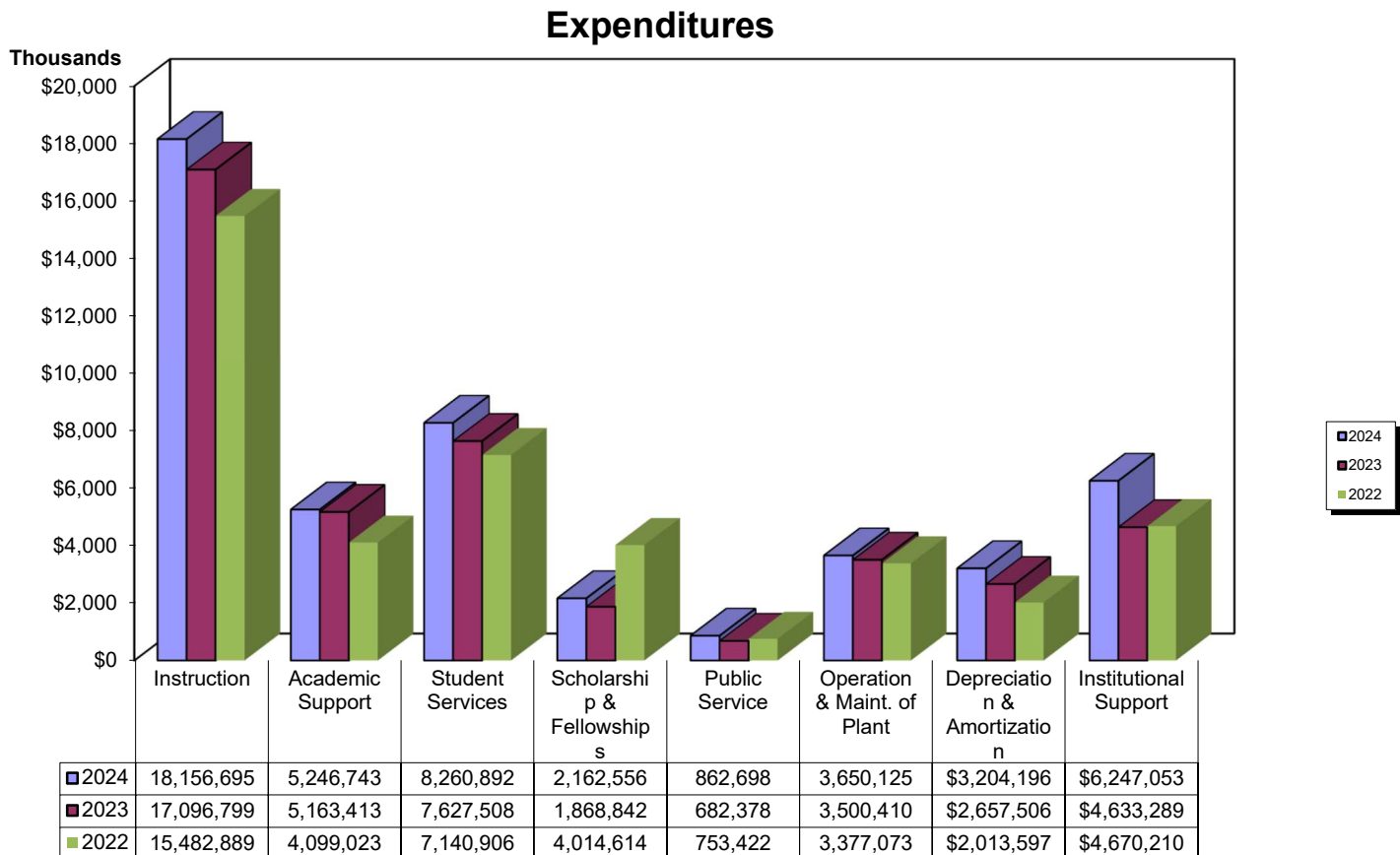
**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management’s Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

State capital appropriations for FY2023 amount to \$12,930,477, representing an increase of \$6,252,940 from that of FY2022. Specifically, in FY2023 capital funding for the solar canopy project increased by \$170,00, funding for the science and engineering building construction project increased by \$3,232,952, funding for Division of Capital and Asset Management’s ongoing energy project decreased by \$185,417, funding for “small capital projects” increased by \$466,469 and funding for the campus-wide accessibility project increased by \$2,568,936.

Relative to prior fiscal year, “other sources” of revenue increased by \$1,308,475 to \$3,522,486 for FY2023. Specifically, investment income grew by \$439,362 as compared to FY2022’s results. Auxiliary services and miscellaneous income increased by \$869,113 to a total of \$3,055,972 for FY2023. This increase was primarily driven by growth in Center for Corporate and Professional Education revenue of \$328,578 as well as increases in the net of solar revenue commissions, extended studies and Project Forward revenue received in FY2023.

FY2023 Grant revenue decreased by \$4,027,241 from FY2022 to FY2023. The primary driver of this decrease was the elimination of Higher Education Emergency Relief Fund revenue which amounted to \$115,570 and \$6,141,558 in FY2023 and FY2022, respectively, which was offset by increases in American Rescue Plan and Capital Skills Grant funding for FY2023.

FY2024 Changes in expenditures, relative to prior fiscal year include a 4.3% increase in operations and maintenance, an increase in student services spending of 8.3%, a 34.8% increase in institutional support spending, a 6.2% increase in spending on instruction, a 15.7% increase in institutional scholarship, a 1.6% increase in academic support spending and a 26.4% increase in public service spending. Depreciation expense grew by 20.6% compared to FY2023, as a result of placing the new science building asset into service.



**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

Major grants and contracts revenue received by the College for the years ended June 30, 2024 and 2023 included the following:

- **AEC** (Adult Education Center) revenues amounted to \$731,915 and \$811,817 as of June 30, 2024 and 2023, respectively. AEC offers small group instruction, individualized tutoring and computer-assisted learning opportunities for adults. Basic literacy and language instruction for beginning readers; preparation for GED (General Education Development Equivalency Diploma) examination and college and career advising are provided by experienced and sensitive staff. Non-native English speakers can enroll in beginning, intermediate, and advanced English language classes. Pronunciation and computer literacy classes are offered as needed. The program is funded by the Massachusetts Department of Elementary and Secondary Education.
- **TRIO Advantage Program** revenues amounted to \$324,859 and \$353,886 as of June 30, 2024 and 2023, respectively. The Advantage Program is a TRIO/Student Support Services program funded by the U.S. Department of Education. The funding cycle is for five years, pending annual appropriations by Congress Our Advantage Program serves approximately 175 participants, at least two-thirds of whom must be first-generation college and low income, or have a documented disability and at least one third of the documented disabled must be low income as well. Services provided include intrusive academic advising, career counseling, peer mentoring, individual tutoring, financial/economic literacy, transfer and personal counseling.
- **SUCCESS** (Supporting Urgent Community College Equity through Student Services) revenues amounted to \$968,330 and \$873,299 as of June 30, 2024 and 2023, respectively. The SUCCESS program was created specifically for Massachusetts community colleges to invest in support and services using models proven to strengthen outcomes for students facing systemic barriers. This program is the result of collaboration among the 15 Massachusetts community colleges, the Massachusetts Association of Community Colleges (MACC) and the Massachusetts Department of Higher Education (DHE) and is designed to improve outcomes for the colleges' most underserved. Support activities are meant to build on proven support services including peer mentoring, academic skills workshops, field trips to four-year universities and scholarship advising. SUCCESS was funded by the Massachusetts legislature at \$14 million in FY2023.
- **EEC Career Pathways** revenues amounted to \$358,694 and \$354,089 as of June 30, 2024 and 2023, respectively. Career Pathways is funded from the Mass Department of Early Education & Care for developing Careers in Early Childhood Education: to provide coursework, certificate credential, and degree attainment, and academic & career advising to early educators and out of school time educators across EEC mixed delivery system.
- **HEERF** (Higher Education Emergency Relief Fund) revenues amounted to \$0 and \$115,570 as of June 30, 2024 and 2023, respectively.
 - Institutional funds were received to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, including Lost Revenue.
 - Student funds were received to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus.

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27, 2020. This bill allotted \$2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately \$14 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management’s Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

The Higher Education Emergency Relief Fund II (HEERF II) is authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260, signed into law on December 27, 2020. In total, the CRRSAA authorizes \$81.88 billion in support for education, in addition to the \$30.75 billion expeditiously provided last spring through the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, Public Law 116-136.

The Higher Education Emergency Relief Fund III (HEERF III) is authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic.

- **Financial Aid** awards at the College amounted to \$8,808,264 and \$6,197,220 as of June 30, 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
The sources of these awards are:		
Federal Government	\$ 4,089,924	\$ 3,055,082
Commonwealth of Massachusetts	4,050,665	2,595,013
Grants and private donations	<u>667,675</u>	<u>547,125</u>
	<u>\$ 8,808,264</u>	<u>\$ 6,197,220</u>

Loss from Operations

Due to the nature of public higher education, institutions incur a loss from operations. The Massachusetts Department of Higher Education presets tuition rates. The College’s Board of Trustees sets student fees and other charges. Commonwealth appropriations to the College funded the majority of the loss from operations not covered by tuition and fees. The College, for the purpose of balancing educational and operational needs with tuition and fee revenue, approves budgets to offset losses after Commonwealth appropriations.

Non-Operating Revenues and Expenses

The Commonwealth’s total appropriation increased by 19.5% or \$4,125,168, to \$25,279,548 in FY2024. The unrestricted portion of state appropriation increased by \$4,054,989, and is the result of the net of an increase in fringe allocation funding, an increase resulting from less tuition remitted to the State, an increase in the state maintenance appropriation, the majority of which was to fund retroactive collective bargaining pay increases and a very slight increase in the Commonwealth’s telecom lease payment. The restricted portion of the total net increase to State appropriations amounted to an increase of \$70,179. This increase is the net result of a decrease in funding from the Massachusetts Rehabilitation Commissions, which offsets direct expenses for student interpreter services, an increase in SUCCESS (Supporting Urgent Community College Equity through Student Services) funding and a slight increase in funding for the Centers for Corporate and Professional Education (CCAPE) program.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management’s Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

For comparison, the Commonwealth’s total appropriation increased by 6.13% or \$1,221,276, to \$21,154,380 in FY2023. The unrestricted portion of state appropriation increased by \$728,864, and is the result of the net of an increase in fringe allocation funding, an increase resulting from less tuition remitted to the State and an increase in the state maintenance appropriation. The restricted portion of the total net increase to State appropriations amounted to an increase of \$492,412. This increase is the net result of an increase in funding from the Massachusetts Rehabilitation Commissions, which offsets direct expenses for student interpreter services, an increase in SUCCESS (Supporting Urgent Community College Equity through Student Services) funding and a decrease in funding for the Centers for Corporate and Professional Education (CCAPE) program.

Gifts and transfers from the Foundation increased by \$561,404 to \$1,808,536 in FY2024 due to an increase in non-monetary donations in the amount of \$182,604, which was primarily driven by the FY2024 donation of an aircraft, valued at \$199,000, an increase in revenue received for College general expense reimbursement in the amount of \$80,423, an increase of \$54,377 in Whitehouse and other scholarship funding and an increase in contribution of the last payment on the construction of the science and engineering building, in the amount of \$244,000.

For comparison, Gifts and transfers from the Foundation decreased by \$7,675,344 to \$1,247,132 in FY2023 due to a decrease in non-monetary donations, which was predominantly driven by the donation of an aircraft, valued at \$1,250,000 in FY2022, a decrease in revenue received for College general expense reimbursement in the amount of \$20,132, an increase of \$24,205 in Whitehouse Scholarship funding, an increase in miscellaneous donations in the amount of \$13,680 and a decrease of \$6,443,097 which is the result of reduced funding due to the completion of construction of the science and engineering building project.

Capital Assets and Noncurrent Liabilities of the College

Capital Assets

The College’s investment in capital assets, net of accumulated depreciation as of June 30, 2024 and 2023 amounts to \$58,094,320 and \$57,153,331, respectively. This amount does not include leased assets. This investment in capital assets includes land, buildings (including improvements), furnishings and equipment (including the cost of capital leases).

The following capital investments were made during FY2024 and FY2023:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Building improvements	\$ 3,126,273	\$ 37,174,648	\$ 2,228,549
Construction in progress	14,877	(24,244,170)	17,238,149
Furnishings and equipment	<u>199,000</u>	<u>-</u>	<u>787,493</u>
	<u>\$ 3,340,150</u>	<u>\$ 12,930,478</u>	<u>\$ 20,254,191</u>

Total capital net additions in FY2024, including year-to-date construction in process for FY2024, include residual expense paid by the Commonwealth in the amount of \$2,163,136 for the construction of the new science and engineering building, an additional \$101,160 invested in the Commonwealth’s energy and water conservation project, the completion of the installation of a new generator in the Lorusso building with a net FY2024 cost of \$113,885, continued spending for building envelope repair, in the amount of \$259,765, the addition of the capital asset of a donated Cessna aircraft, valued at \$199,000 and further investment in the restroom accessibility project, in the amount of \$503,204.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023**

Total capital net additions in FY2023, including year-to-date construction in process for FY2023 include \$9,812,914 for the construction of the new science and engineering building, an additional \$116,073 invested in the Commonwealth's energy and water conservation project, the completion of the installation of a solar canopy, costing \$170,000, completion of the entry repairs to the M.W. Wilkens building, costing \$43,700, a \$50,400 investment in a generator in the Lorusso building, the completion of a parking lot paving project, with a cost of \$472,787 and further investment in the restroom accessibility project, in the amount of \$2,264,604.

Non-current Liabilities

The College's long-term liabilities consist of accruals for compensated absences and worker's compensation, the long-term portions of lease obligations for facilities machinery, IT infrastructure equipment and space rental and long-term soft-ware contract obligations. The accrual for compensated absences consists of the long-term portion of compensatory time, sick and vacation pay relating to employees on the Commonwealth's payroll, and amounts to \$849,870 for FY2024. For FY2024, the College's non-current liability related to worker's compensation amounts to \$377,954. At the end of FY2024, the long-term portion of lease obligations amounts to \$1,051,199.

Additional Information

For FY2024, credit hour enrollment was projected to decline by 6%, to 39,396, relative to FY2023. Actual FY2024 credit hours amounted to 49,705.

With the launch of free community college in Massachusetts via the MassReconnect and MassEducate programs, the College's Enrollment and Strategic Communications and Marketing teams have pivoted strategies to serve a surge of new students. The two teams have collaborated with each other to develop targeted outreach messaging to prospective students and to develop new materials and recruitment campaigns that leverage free college to dramatically increase inquiries, applications, and registrations.

Request for Information

This financial report is designed to provide a general overview of the College's finances for all those with an interest in the College. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Vice President of Finance and Operations, Cape Cod Community College, 2240 Iyannough Road, West Barnstable, Massachusetts 02668-1599.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Statements of Net Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current assets		
Cash and equivalents (Note 2)	\$ 8,370,630	\$ 8,862,482
Cash held by State Treasurer (Note 3)	1,743,291	2,935,708
Accounts receivable, net (Note 4)	2,993,212	3,062,524
Prepaid and other assets	<u>294,631</u>	<u>289,134</u>
Total current assets	<u>13,401,764</u>	<u>15,149,848</u>
Non-current assets		
Investments (Note 2)	12,047,648	6,490,303
Capital assets, net of accumulated depreciation (Note 6)	<u>59,917,040</u>	<u>59,224,907</u>
Total non-current assets	<u>71,964,688</u>	<u>65,715,210</u>
Total assets	<u>85,366,452</u>	<u>80,865,058</u>
Deferred outflows of resources		
Pension related (Note 12)	1,006,897	431,269
OPEB related (Note 13)	<u>763,515</u>	<u>637,268</u>
Total deferred outflows of resources	<u>1,770,412</u>	<u>1,068,537</u>
Total assets and deferred outflows of resources	<u>\$ 87,136,864</u>	<u>\$ 81,933,595</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,678,017	\$ 2,595,774
Due to Cape Cod Community College Educational Foundation	333,333	-
Accrued payroll	1,878,410	1,902,445
Compensated absences (Note 7)	1,941,249	1,766,229
Workers' compensation (Note 7)	50,309	50,309
Students' deposits and unearned revenues	696,057	507,153
Other unearned revenues	412,709	1,270,283
Current portion of SBITA liability (Note 9)	312,966	188,166
Current portion of lease liability (Note 8)	<u>458,555</u>	<u>429,638</u>
Total current liabilities	<u>7,761,605</u>	<u>8,709,997</u>
Non-current liabilities		
Compensated absences (Note 7)	849,870	830,499
Workers' compensation (Note 7)	377,954	377,954
SBITA liability, net of current portion (Note 9)	319,993	264,731
Lease liability, net of current portion (Note 8)	731,206	1,189,041
Net pension liability (Note 12)	2,948,902	2,090,600
Net OPEB liability (Note 13)	<u>3,136,401</u>	<u>2,631,000</u>
Total non-current liabilities	<u>8,364,326</u>	<u>7,383,825</u>
Total liabilities	<u>16,125,931</u>	<u>16,093,822</u>
Deferred inflows of resources		
Pension related (Note 12)	940,369	1,440,130
OPEB related (Note 13)	<u>3,216,204</u>	<u>4,565,423</u>
Total deferred inflows of resources	<u>4,156,573</u>	<u>6,005,553</u>
Net position		
Net investment in capital assets	58,094,320	57,153,331
Unrestricted	<u>8,760,040</u>	<u>2,680,889</u>
Total net position	<u>66,854,360</u>	<u>59,834,220</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 87,136,864</u>	<u>\$ 81,933,595</u>

The Notes to Financial Statements are an integral part of these statements.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Statements of Revenues and Expenses
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues		
Tuition and fees	\$ 13,923,497	\$ 11,498,755
Less: Scholarship allowances	<u>(6,645,708)</u>	<u>(4,329,098)</u>
Net student fees	7,277,789	7,169,657
Federal, state, local, and private grants and contracts	13,253,093	10,445,081
Auxiliary enterprises	99,097	103,739
Other sources	<u>3,242,198</u>	<u>2,952,233</u>
Total operating revenues	<u>23,872,177</u>	<u>20,670,710</u>
 Operating expenses (Note 10)		
Instruction	18,156,695	17,096,799
Academic support	5,246,743	5,163,413
Student services	8,260,892	7,627,508
Scholarships and fellowships	2,162,556	1,868,842
Public service	862,698	682,378
Operation and maintenance of plant	3,650,125	3,500,410
Institutional support	6,247,053	4,633,289
Depreciation and amortization	<u>3,204,196</u>	<u>2,657,506</u>
Total operating expenses	<u>47,790,958</u>	<u>43,230,145</u>
 Net operating loss	<u>(23,918,781)</u>	<u>(22,559,435)</u>
 Non-operating revenues (expenses)		
State appropriations - unrestricted (Note 11)	24,380,879	20,325,890
State appropriations - restricted (Note 11)	898,669	828,490
Transfers to the College from the Foundation	1,609,536	1,247,132
Federal grants	-	115,570
Interest	(91,564)	(90,088)
Interest income	<u>801,251</u>	<u>466,514</u>
Total net non-operating revenues	<u>27,598,771</u>	<u>22,893,508</u>
 Change in net position before other revenues	3,679,990	334,073
Capital gifts	199,000	-
Capital appropriations (Note 11)	<u>3,141,150</u>	<u>12,930,477</u>
 Change in net position	<u>\$ 7,020,140</u>	<u>\$ 13,264,550</u>

The Notes to Financial Statements are an integral part of these statements.

**Cape Cod Community College
 (an Agency of the Commonwealth of Massachusetts)
 Statements of Changes in Net Position
 Years Ended June 30, 2024 and 2023**

	Net Investment in Capital Assets	Unrestricted	Total
	<u> </u>	<u> </u>	<u> </u>
Balance, June 30, 2022	\$ 46,159,905	\$ 409,765	\$ 46,569,670
Change in net position	<u>10,993,426</u>	<u>2,271,124</u>	<u>13,264,550</u>
Balance, June 30, 2023	57,153,331	2,680,889	59,834,220
Change in net position	<u>940,989</u>	<u>6,079,151</u>	<u>7,020,140</u>
Balance, June 30, 2024	<u>\$ 58,094,320</u>	<u>\$ 8,760,040</u>	<u>\$ 66,854,360</u>

The Notes to Financial Statements are an integral part of these statements.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Tuition and student fees	\$ 7,174,964	\$ 7,098,283
Grants and contracts	12,996,335	11,758,300
Payments to suppliers	(9,754,985)	(7,623,354)
Payments to employees	(26,705,619)	(24,681,527)
Payments to students	(2,162,556)	(1,868,842)
Other cash receipts	<u>3,101,520</u>	<u>3,044,300</u>
Net cash used in operating activities	<u>(15,350,341)</u>	<u>(12,272,840)</u>
Non-capital financing activities		
State appropriations	17,986,087	15,664,699
Federal grants	-	115,570
Tuition remitted to state	(276,858)	(242,964)
Gifts and contributions	<u>1,609,536</u>	<u>1,247,132</u>
Net cash provided by non-capital financing activities	<u>19,318,765</u>	<u>16,784,437</u>
Capital and related financing activities		
Interest expense	(91,564)	(90,088)
Principal payments on lease and SBITA obligations	<u>(805,035)</u>	<u>(720,455)</u>
Net cash used in capital and related financing activities	<u>(896,599)</u>	<u>(810,543)</u>
Investing activities		
Purchase of investments	(5,557,345)	(6,490,303)
Interest income	<u>801,251</u>	<u>466,514</u>
Net cash used in investing activities	<u>(4,756,094)</u>	<u>(6,023,789)</u>
Net change in cash and equivalents	(1,684,269)	(2,322,735)
Cash and equivalents		
Beginning of year	<u>11,798,190</u>	<u>14,120,925</u>
End of year	<u>\$ 10,113,921</u>	<u>\$ 11,798,190</u>

The Notes to Financial Statements are an integral part of these statements.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of net operating loss to net cash used in operating activities		
Net operating loss	\$ (23,918,781)	\$ (22,559,435)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	3,204,196	2,657,506
Fringe benefits provided by the State	7,570,319	5,732,645
Net pension activity	(217,087)	(518,272)
Net OPEB activity	(970,065)	(795,658)
Changes in assets and liabilities		
Accounts receivable	69,312	200,204
Prepaid and other current assets	(5,497)	(120,760)
Due to Cape Cod Community College Educational Foundation	333,333	-
Accounts payable and accrued liabilities	(917,757)	1,863,255
Accrued employee compensation and benefits	170,356	237,706
Students' deposits and other unearned revenues	<u>(668,670)</u>	<u>1,029,969</u>
Net cash used in operating activities	<u>\$ (15,350,341)</u>	<u>\$ (12,272,840)</u>
 Reconciliation of cash and equivalents, end of year		
Cash and equivalents	\$ 8,370,630	\$ 8,862,482
Cash held by State Treasurer	<u>1,743,291</u>	<u>2,935,708</u>
	<u>\$ 10,113,921</u>	<u>\$ 11,798,190</u>
 Non-cash transactions		
Fringe benefits provided by the State	<u>\$ 7,570,319</u>	<u>\$ 5,732,645</u>
Capital appropriations	<u>\$ 3,141,150</u>	<u>\$ 12,930,477</u>
SBITA acquisition	<u>\$ 556,179</u>	<u>\$ 172,863</u>
Non cash gift	<u>\$ 199,000</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Component Unit Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and equivalents	\$ 1,593,761	\$ 2,568,477
Pledges receivable	85,692	156,750
Due from Cape Cod Community College	333,333	-
Investments	<u>16,627,342</u>	<u>14,731,230</u>
Total current assets	<u>18,640,128</u>	<u>17,456,457</u>
Other asset		
Long-term pledges receivable	50,500	111,692
Right of use asset - operating, net	<u>956,490</u>	<u>1,178,583</u>
Total other assets	<u>1,006,990</u>	<u>1,290,275</u>
Total assets	<u>\$ 19,647,118</u>	<u>\$ 18,746,732</u>
Liabilities and Net Assets		
Current liabilities		
Scholarships and donations payable	\$ 261,750	\$ 232,450
Current portion of lease liability - operating	231,601	225,080
Accounts payable and accrued expenses	<u>19,968</u>	<u>18,129</u>
Total current liabilities	<u>513,319</u>	<u>475,659</u>
Long-term liability		
Lease liability - operating, net of current portion	<u>752,630</u>	<u>984,231</u>
Net assets		
Without donor restrictions		
Board-designated endowment	871,337	761,381
Unrestricted	1,222,488	1,259,564
With donor restrictions	<u>16,287,344</u>	<u>15,265,897</u>
Total net assets	<u>18,381,169</u>	<u>17,286,842</u>
Total liabilities and net assets	<u>\$ 19,647,118</u>	<u>\$ 18,746,732</u>

The Notes to Financial Statements are an integral part of these statements.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Component Unit Statements of Activities
Years Ended June 30, 2024 and 2023

	2024			2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenues						
Contributions and gifts of cash and other financial assets	\$ 497,365	\$ 1,173,980	\$ 1,671,345	\$ 318,939	\$ 2,411,283	\$ 2,730,222
Investment return, net	503,428	1,392,380	1,895,808	405,707	1,068,787	1,474,494
Lease income	238,572	-	238,572	220,220	-	220,220
Net assets released from restrictions	1,544,913	(1,544,913)	-	2,036,658	(2,036,658)	-
Total revenues	<u>2,784,278</u>	<u>1,021,447</u>	<u>3,805,725</u>	<u>2,981,524</u>	<u>1,443,412</u>	<u>4,424,936</u>
Operating expenses						
Grants and scholarships	312,578	-	312,578	202,878	-	202,878
Support of college programs	2,082,497	-	2,082,497	1,686,768	-	1,686,768
Management and general	176,915	-	176,915	155,393	-	155,393
Other and capital campaign	44,800	-	44,800	44,800	-	44,800
Fundraising	94,608	-	94,608	180,193	-	180,193
Total expenses	<u>2,711,398</u>	<u>-</u>	<u>2,711,398</u>	<u>2,270,032</u>	<u>-</u>	<u>2,270,032</u>
Change in net assets	<u>\$ 72,880</u>	<u>\$ 1,021,447</u>	<u>\$ 1,094,327</u>	<u>\$ 711,492</u>	<u>\$ 1,443,412</u>	<u>\$ 2,154,904</u>

The Notes to Financial Statements are an integral part of these statements.

**Cape Cod Community College
 (an Agency of the Commonwealth of Massachusetts)
 Component Unit Statements of Changes in Net Assets
 Years Ended June 30, 2024 and 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Balance at June 30, 2022	\$ 1,309,453	\$ 13,822,485	\$ 15,131,938
Changes in net assets	<u>711,492</u>	<u>1,443,412</u>	<u>2,154,904</u>
Balance at June 30, 2023	2,020,945	15,265,897	17,286,842
Changes in net assets	<u>72,880</u>	<u>1,021,447</u>	<u>1,094,327</u>
Balance at June 30, 2024	<u>\$ 2,093,825</u>	<u>\$ 16,287,344</u>	<u>\$ 18,381,169</u>

The Notes to Financial Statements are an integral part of these statements.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Cape Cod Community College (the "College") is a state-supported comprehensive two-year college that offers an education leading to Associate degrees in the Arts and Sciences, as well as one-year certificate programs. From its primary campus located in West Barnstable, Massachusetts, along with other centers, the College provides instruction and training in a variety of liberal arts, allied health, engineering technologies and business fields of study. The College also offers, through the Division of Continuing Education, credit, and noncredit courses, as well as community service programs. The College is accredited by the New England Association of Schools and Colleges.

COVID-19

In response to the COVID-19 pandemic, the Federal government provided to the College Higher Education Emergency Relief Funds ("HEERF") and funds for the Strengthening Institution Program ("SIP") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), and American Rescue Plan Act ("ARPA"). The HEERF consisted of the student aid award and the institutional award. Each Act requires a minimum amount to be spent on student aid.

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award and the SIP can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Unless an extension is approved by the Department of Education, the student aid award and the institutional award must be spent by May 2022, while the SIP funding must be spent by August 2022. In April 2022, the Department of Education extended all HEERF funds deadlines to be spent by June 2023.

The College has been awarded the following HEERF and SIP funds as of June 30, 2023:

	<u>Student Aid Award</u>	<u>Institutional Award</u>	<u>Strengthening Institution Program</u>	<u>Total</u>
CARES	\$ 720,005	\$ 720,005	\$ 71,747	\$ 1,511,757
CRRSAA	720,005	2,605,134	139,076	3,464,215
ARPA	<u>2,959,218</u>	<u>2,859,383</u>	<u>335,606</u>	<u>6,154,207</u>
	<u>\$ 4,399,228</u>	<u>\$ 6,184,522</u>	<u>\$ 546,429</u>	<u>\$ 11,130,179</u>

The College has recognized the following as non-operating Federal grants for the years ended June 30, 2023:

	<u>Student Aid Award</u>	<u>Institutional Award</u>	<u>Strengthening Institution Program</u>	<u>Total</u>
CARES	\$ -	\$ -	\$ -	\$ -
CRRSAA	-	-	-	-
ARPA	<u>16,359</u>	<u>16,335</u>	<u>82,876</u>	<u>115,570</u>
	<u>\$ 16,359</u>	<u>\$ 16,335</u>	<u>\$ 82,876</u>	<u>\$ 115,570</u>

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

CARES, CRRSAA, and ARPA funds have been fully spent at June 30, 2023.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") as prescribed by the *Governmental Accounting Standards Board* ("GASB") using the economic resources measurement focus and the accrual basis of accounting. Cape Cod Community College Educational Foundation's (the "Foundation") financial statements are prepared in accordance with accounting and reporting requirements prescribed by the Financial Accounting Standards Board ("FASB"). As such, certain revenue recognition and lease criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

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

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

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

Cape Cod Community College Educational Foundation, Inc. (the "Foundation") is a legally separate tax-exempt component unit of Cape Cod Community College, established in November 1983. The Foundation was established to promote and support the furtherance of the educational and cultural mission of the College and acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the number of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. Because these resources held by the Foundation can only be used by, or are for, the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements in the component unit statements of financial position and component unit statements of activities and changes in net assets.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Separate statements of financial position and activities are presented in this report for the College's discretely presented component unit. The financial statements for the Foundation are presented in accordance with FASB.

Complete financial statements for the Foundation can be obtained from the Executive Director of the Cape Cod Community College Educational Foundation, Inc. at 2240 Iyannough Road, West Barnstable, MA 02668-1599.

Net Position

Resources are classified for accounting purposes into the following four net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted - nonexpendable: Net position subject to externally imposed conditions or by law that the College must maintain in perpetuity.

Restricted - expendable: Net position whose use is subject to externally imposed conditions or by law that can be fulfilled by actions of the College or by the passage of time.

Unrestricted: Net position that is not subject to externally imposed stipulations or categorized as net investment in capital assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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

Trust Funds

In accordance with the requirements of the Commonwealth, the College's operations are accounted for in several trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Cash and Equivalents

The College considers cash held by State Treasurer and all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

Accounts receivable are periodically evaluated for collectability based on past history with students. Provisions for losses on loans receivable are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Capital Assets

Real estate assets, including improvements, are generally stated at cost at date of acquisition. Furnishings, equipment, and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the state's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. Library materials are generally expenses during the year. College capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. Leased and subscription-based information technology arrangement assets are amortized over the shorter of the lease/subscription term or useful life of the underlying asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Amortization of leasehold improvements and leased assets is included within depreciation expense.

Student Deposits and Unearned Revenue

Deposits and advance payments received for tuition and fees related to certain summer programs, as well as tuition received for the following academic year, are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenues are recorded as revenue when earned.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("SERS") and the additions to/deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retirees' Benefit Trust ("SRBT") and additions to/deductions from SRBT's fiduciary net position have been determined on the same basis as they are reported by SRBT. For this purpose, SRBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fringe Benefits

The College participates in the Commonwealth's Fringe Benefit programs, including health insurance, unemployment, pension, workers' compensation, and certain post-retirement benefits. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the College. The Commonwealth provides workers' compensation coverage to its employers on a self-insured basis.

Workers' Compensation

The Commonwealth requires the College to record its portion of the workers' compensation in its records. Workers' compensation costs are actuarially determined based on the College's actual experience.

Compensated Absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, 2024 and 2023. The accrued sick leave balance represents 20% of amounts earned by those employees with 10 or more years of state service at June 30, 2024 and 2023. Upon retirement, these employees are entitled to receive payment for this accrued balance.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Grants

The College receives financial assistance from federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit by the granting agency.

Student Fees

Student tuition and fees are presented net of scholarships and fellowships applied to students' accounts. Certain other scholarship amounts are paid directly to or refunded to students and are generally reflected as expenses.

Income Tax Status

The College is an agency of the Commonwealth and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require.

As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, and determining the net pension and OPEB liabilities.

Future Governmental Accounting Pronouncements Not Implemented

GASB Statement 101 - *Compensated Absences* is effective for reporting periods beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences.

GASB Statement 102 - *Certain Rate Disclosures* is effective for reporting periods beginning after June 15, 2024. The objective of this statement is to update the required disclosures for risks that could negatively impact state and local governments.

GASB Statement 103 - *Financial Reporting Model Improvements* is effective for reporting periods beginning after June 15, 2025. The objective of this statement is to improve the financial reporting model to enhance decision making by the organization and assessing a government's accountability.

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

Implementation of Newly Effective Accounting Standard

As of July 1, 2022, the College implemented GASB Statement 100 - *Accounting Changes and Error Corrections*, an amendment of GASB 62. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and corrections of errors. The adoption of this statement did not have a material impact to the financial statements.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

2. CASH AND INVESTMENTS

Cash and equivalents consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 8,370,630	\$ 8,862,482

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the College would not be able to recover its balance in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Deposits in the banks in excess of the insured amount are uninsured and uncollateralized. The College has a formal deposit policy for custodial credit risk whereby deposits in the bank in excess of the insured amount are insured and collateralized by a third party to certain limits. Cash, equivalents and investments as of June 30, 2024 and 2023 were secured by irrevocable stand-by letters of credit with the Federal Home Loan Bank of Pittsburgh in the amounts of \$20,000,000 and \$18,750,000, respectively.

Investment Policy

In accordance with Chapter 15A of the Massachusetts General Laws, the Board of Trustees has adopted an investment policy that applies to locally held funds that are not appropriated by the state legislature or derived from federal allocations. The principal objectives of the investment policy are: (1) preservation of capital and safety of principal, (2) minimizing price volatility, (3) liquidity, (4) return on investment, and (5) diversification. The Board of Trustees supports the investments of trust funds in a variety of vehicles, including bank instruments, equities, bonds, government and commercial paper of high quality and mutual funds holding in any or all of the above. The Board of Trustees has established investment fund ceilings and broad asset allocation guidelines, but it delegates to the President or his designee the authority to determine exact dollar amounts to be invested within those established limits and guidelines.

Other Matters

The College does not have foreign currency investments, securities lending transactions or derivative investments.

Fair Value Measurements

The College investments have been categorized based upon the fair value hierarchy in accordance with GASB 72 below:

Level 1 - Observable market prices (unadjusted) in active markets for identical assets or liabilities that the College can access at measurement date.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by observable market data.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Certificate of Deposit: Valued at cost plus accrued interest.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Investments of the College

The following schedule sets forth by level, within the fair value hierarchy, the College's investments measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	<u>Level 2</u>	
	<u>2024</u>	<u>2023</u>
Certificates of deposit	\$ 12,047,648	\$ 6,490,303

The College categorizes investments according to the level of risk assumed. At June 30, 2024 and 2023, all investments are insured, registered, or held by the College's agent in the College's name. The entire investment balance is stated at fair market value. The College currently follows investment policies largely defined by the Commonwealth of Massachusetts as well as internal College investment policies. Additionally, the certificates of deposits are unrated in terms of credit risk quality ratings although these funds are insured, up to insurable limits, by the FDIC.

Maturities of investments consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>		
	<u>Investment Maturities (in Years)</u>		
	<u>Less than 1</u>	<u>1 to 5</u>	<u>Total</u>
Certificates of deposit	\$ 9,771,514	\$ 2,276,134	\$ 12,047,648

	<u>2023</u>		
	<u>Investment Maturities (in Years)</u>		
	<u>Less than 1</u>	<u>1 to 5</u>	<u>Total</u>
Certificates of deposit	\$ 6,490,303	\$ -	\$ 6,490,303

Cape Cod Community College Educational Foundation, Inc.

Investments in marketable securities are stated at fair value. Dividends, interest and net gains or losses on investments of endowments and similar funds are reported in the statements of revenues and expenses and changes in net assets.

The Foundation's investments have been categorized based upon the fair value hierarchy in accordance with FASB ASC 820 below.

Level 1 - Observable market prices (unadjusted) in active markets for identical assets or liabilities that the College can access at measurement date.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by observable market data.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation's investments consist of the following at June 30, 2024 and 2023:

	<u>Market Value</u>	
	<u>2024</u>	<u>2023</u>
Equity securities	\$ 6,182,778	\$ 6,047,846
Government bonds	2,217,802	1,575,792
Certificates of deposit	729,513	1,151,094
Exchange traded funds	<u>7,497,249</u>	<u>5,956,498</u>
Total investments	<u>\$ 16,627,342</u>	<u>\$ 14,731,230</u>

As of June 30, 2024 and 2023, the certificates of deposit are classified as level 2 investments; all other investments are classified as level 1.

3. CASH HELD BY STATE TREASURER

Accounts payable and accrued salaries to be funded from state-appropriated funds totaled \$1,743,291 and \$2,935,708 at June 30, 2024 and 2023, respectively. The College has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently utilized to pay for such liabilities.

4. ACCOUNTS RECEIVABLE

The College's accounts receivable include the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Student accounts receivable	\$ 2,157,268	\$ 1,865,539
Grants receivable	746,059	1,346,875
Other receivable	<u>613,047</u>	<u>373,272</u>
	3,516,374	3,585,686
Less: Allowance for doubtful accounts	<u>(523,162)</u>	<u>(523,162)</u>
Total accounts receivable, net	<u>\$ 2,993,212</u>	<u>\$ 3,062,524</u>

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

5. PLEDGES RECEIVABLE

The Foundation has pledges receivable as of June 30, which are expected to be realized in the following time periods:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 85,692	\$ 156,750
Between one and five years	<u>50,500</u>	<u>111,692</u>
Pledges receivable	<u>\$ 136,192</u>	<u>\$ 268,442</u>

6. CAPITAL ASSETS

Capital assets of the College consist of the following at June 30, 2024:

	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated						
Construction in progress	—	\$ 3,184,509	\$ 2,524,061	\$ -	\$ (2,509,184)	\$ 3,199,386
Land	—	<u>82,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,355</u>
Total not depreciated		<u>3,266,864</u>	<u>2,524,061</u>	<u>-</u>	<u>(2,509,184)</u>	<u>3,281,741</u>
Capital assets depreciated						
Building, including improvements	20-40	87,478,399	617,089	-	2,509,184	90,604,672
Furnishings and equipment	5-10	9,073,202	199,000	-	-	9,272,202
Software arrangements	3	806,937	556,179	-	-	1,363,116
Leased buildings	5-8	2,688,986	-	-	-	2,688,986
Leased equipment	3	<u>351,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,572</u>
Total depreciated		<u>100,399,096</u>	<u>1,372,268</u>	<u>-</u>	<u>2,509,184</u>	<u>104,280,548</u>
Less: Accumulated depreciation						
Building, including improvements		(34,933,821)	(2,203,584)	-	-	(37,137,405)
Furnishings and equipment		(7,590,269)	(222,844)	-	-	(7,813,113)
Software arrangements		(334,506)	(367,473)	-	-	(701,979)
Leased buildings		(1,230,885)	(410,295)	-	-	(1,641,180)
Leased equipment		<u>(351,572)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351,572)</u>
Total accumulated depreciation		<u>(44,441,053)</u>	<u>(3,204,196)</u>	<u>-</u>	<u>-</u>	<u>(47,645,249)</u>
Capital assets, net		<u>\$ 59,224,907</u>	<u>\$ 692,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,917,040</u>

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023

Capital assets of the College consist of the following at June 30, 2023:

	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated						
Construction in progress	—	\$ 27,428,679	\$ 2,431,077	\$ -	\$ (26,675,247)	\$ 3,184,509
Land	—	82,355	-	-	-	82,355
Total not depreciated		<u>27,511,034</u>	<u>2,431,077</u>	<u>-</u>	<u>(26,675,247)</u>	<u>3,266,864</u>
Capital assets depreciated						
Building, including improvements	20-40	50,303,752	10,499,400	-	26,675,247	87,478,399
Furnishings and equipment	5-10	9,073,202	-	-	-	9,073,202
Software arrangements	3	634,074	172,863	-	-	806,937
Leased buildings	5-8	2,688,986	-	-	-	2,688,986
Leased equipment	3	351,572	-	-	-	351,572
Total depreciated		<u>63,051,586</u>	<u>10,672,263</u>	<u>-</u>	<u>26,675,247</u>	<u>100,399,096</u>
Less: Accumulated depreciation						
Building, including improvements		(33,249,227)	(1,684,594)	-	-	(34,933,821)
Furnishings and equipment		(7,319,134)	(271,135)	-	-	(7,590,269)
Software arrangements		(152,178)	(182,328)	-	-	(334,506)
Leased buildings		(820,590)	(410,295)	-	-	(1,230,885)
Leased equipment		(242,418)	(109,154)	-	-	(351,572)
Total accumulated depreciation		<u>(41,783,547)</u>	<u>(2,657,506)</u>	<u>-</u>	<u>-</u>	<u>(44,441,053)</u>
Capital assets, net		<u>\$ 48,779,073</u>	<u>\$ 10,445,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,224,907</u>

7. LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2024 and 2023 consist of the following:

	2024					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Other long-term liabilities						
Lease liabilities	\$ 1,618,679	\$ -	\$ (428,918)	\$ 1,189,761	\$ 458,555	\$ 731,206
SBITA liabilities	452,897	556,179	(376,117)	632,959	312,966	319,993
Compensated absences	2,596,728	194,391	-	2,791,119	1,941,249	849,870
Workers' compensation	428,263	-	-	428,263	50,309	377,954
Net pension liability	2,090,600	858,302	-	2,948,902	-	2,948,902
Net OPEB liability	2,631,000	-	505,401	3,136,401	-	3,136,401
Total other long-term liabilities	<u>9,818,167</u>	<u>1,608,872</u>	<u>(299,634)</u>	<u>11,127,405</u>	<u>2,763,079</u>	<u>8,364,326</u>
Total long-term liabilities	<u>\$ 9,818,167</u>	<u>\$ 1,608,872</u>	<u>\$ (299,634)</u>	<u>\$ 11,127,405</u>	<u>\$ 2,763,079</u>	<u>\$ 8,364,326</u>
	2023					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Other long-term liabilities:						
Lease liabilities	\$ 2,122,278	\$ -	\$ (503,599)	\$ 1,618,679	\$ 429,638	\$ 1,189,041
SBITA liabilities	496,890	172,863	(216,856)	452,897	188,166	264,731
Compensated absences	2,617,973	-	(21,245)	2,596,728	1,766,229	830,499
Workers' compensation	460,762	-	(32,499)	428,263	50,309	377,954
Net pension liability	2,084,879	5,721	-	2,090,600	-	2,090,600
Net OPEB liability	3,660,564	-	(1,029,564)	2,631,000	-	2,631,000
Total other long-term liabilities	<u>11,443,346</u>	<u>178,584</u>	<u>(1,803,763)</u>	<u>9,818,167</u>	<u>2,434,342</u>	<u>7,383,825</u>
Total long-term liabilities	<u>\$ 11,443,346</u>	<u>\$ 178,584</u>	<u>\$ (1,803,763)</u>	<u>\$ 9,818,167</u>	<u>\$ 2,434,342</u>	<u>\$ 7,383,825</u>

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023

8. LEASES

A summary of the College's leases at is as follows, at June 30, 2024 and 2023:

<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Liability 2024</u>	<u>Lease Liability 2023</u>
Hanger Lease	10/8/2015	120 months	\$18,640 (monthly)	3.91%	\$ 310,921	\$ 536,729
Hyannis Classroom	5/6/2008	240 months	\$18,352 (monthly)	3.91%	878,840	1,081,950
					<u>\$ 1,189,761</u>	<u>\$ 1,618,679</u>

On October 10, 2015, the College entered into a 10-year lease for Hanger Space for the College's Aviation program, with a fixed interest rate of 3.91% and payments of \$18,640 are due monthly.

On May 6, 2008, the College entered into a 20-year lease for classroom space in Hyannis, Massachusetts for educational purposes, with a fixed interest rate of 3.91% and payments of \$18,352 due monthly.

The College did not make payments for the lease other than the monthly payments for the years ended June 30, 2024 and 2023.

The College's incremental borrowing rate (IBR) for a transaction with similar attributes was used to discount the lease payments to recognize the intangible right to use this asset and the associated lease liability for each of the leases detailed above.

All of the leases above do not have an option to renew.

At June 30, 2024, the total amount of the leased right of use assets and accumulated amortization for leases were \$3,040,558 and \$1,992,752, respectively.

At June 30, 2023, the total amount of the leased right of use assets and accumulated amortization for leases were \$3,040,558 and \$1,582,457, respectively.

Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 458,555	\$ 38,388
2026	284,123	22,570
2027	228,853	13,391
2028	218,230	4,281
	<u>\$ 1,189,761</u>	<u>\$ 78,630</u>

Cape Cod Community College Educational Foundation, Inc.

The Foundation leases its property under a non-cancelable operating lease. The lease has monthly payments escalating from approximately \$18,352 to \$20,187 expiring in August 2028. Additionally, this property is subleased to the College and this lease arrangement is a tenant at will. For the years ended June 30, 2024 and 2023, the Foundation had lease income of \$238,572 and \$220,220 from the College, respectively.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Because the rates implicit in the lease is generally not available, the Foundation utilizes the risk free rate.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as of June 30, 2024:

2025	\$ 242,242
2026	242,242
2027	242,242
2028	242,242
2029	<u>40,373</u>
	1,009,341
Less: Imputed Interest	<u>(25,110)</u>
Lease liability at June 30, 2023	<u>\$ 984,231</u>

Operating lease expense was \$235,584 for the years ended June 30, 2024 and 2023.

Other Information

Cash paid for amounts included in the measurement of lease liabilities:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 238,572	\$ 220,220
Right-of-use assets obtained in exchange for new operating lease liability	-	1,614,955
Weighted-average remaining lease term - operating lease	4.17 years	5.17 years
Weighted-average discount rate - operating lease	1.24%	1.24%

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The College has entered into subscription-based information technology arrangements (SBITAs) for various software products which were initiated in fiscal years ended ranging from June 30, 2021 to 2024. These agreements have expiration dates ranging from August 2025 to November 2027 and have annual payments ranging from \$11,745 to \$182,009. An IBR of 3.91% was used to discount all SBITA arrangement payments to recognize the intangible right to use this asset and the associated SBITA liability. There were no payments made for additional services not included in the annual SBITA payments. The College has no options to renew these agreements and there is no option to purchase the software products.

At June 30, 2024, the total amount of the SBITA right of use assets and accumulated amortization for SBITAs were \$1,363,116 and \$701,979, respectively.

At June 30, 2023, the total amount of the SBITA right of use assets and accumulated amortization for SBITAs were \$806,937 and \$334,506, respectively.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023

Annual requirements to amortize the SBITA liability and related interest subsequent to June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>
2025	\$ 312,966	\$ 14,311
2026	151,335	6,793
2027	<u>168,658</u>	<u>353</u>
	<u>\$ 632,959</u>	<u>\$ 21,457</u>

9. OPERATING EXPENSES

The College's operating expenses, on a natural classification basis, are composed of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Compensation and benefits	\$ 33,259,142	\$ 29,337,948
Supplies and services	9,165,064	9,365,849
Scholarships and fellowships	2,162,556	1,868,842
Depreciation and amortization	<u>3,204,196</u>	<u>2,657,506</u>
	<u>\$ 47,790,958</u>	<u>\$ 43,230,145</u>

10. STATE APPROPRIATIONS

The College's state appropriations are composed of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Direct unrestricted appropriations	\$ 17,087,418	\$ 14,836,209
Add: Fringe benefits for benefited employees on the state payroll	7,570,319	5,732,645
Less: Day school tuition remitted to the state and included in tuition and fee revenue	<u>(276,858)</u>	<u>(242,964)</u>
Total unrestricted appropriations	24,380,879	20,325,890
Restricted appropriations	898,669	828,490
Capital appropriations	<u>3,141,150</u>	<u>12,930,477</u>
Total appropriations	<u>\$ 28,420,698</u>	<u>\$ 34,084,857</u>

Restricted appropriations were designated for specific College programs including for Center for Corporate and Professional and Education ("CCAPE") and Massachusetts Rehabilitation Commission ("MRC") programs.

**Cape Cod Community College
 (an Agency of the Commonwealth of Massachusetts)
 Notes to Financial Statements
 June 30, 2024 and 2023**

11. PENSIONS

Defined Benefit Plan Description

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit pension plan - the Massachusetts State Employees' Retirement System - administered by the Massachusetts State Board of Retirement (the "Board"), which is a public employee retirement system ("PERS"). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees' Retirement System does not issue stand-alone financial statements. Additional information regarding the plan is contained in the Commonwealth's financial statements, which is available on-line from the Office of State Comptroller's website.

Benefit Provisions

SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the "Legislature").

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

Contributions

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

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

<u>Hire Date</u>	<u>Percent of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 - 6/30/1996	8% of regular compensation
7/1/1996 - present	9% of regular compensation
1979 - present	An additional 2% of regular compensation in excess of \$30,000

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

The Commonwealth does not require the College to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees paid from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to approximately \$2,925,000, \$2,465,000, and \$2,281,000 for the years ended June 30, 2024, 2023, and 2022 respectively.

For employees covered by SERS but not paid from state appropriations, the College is required to contribute at an actuarially determined rate. The rate was 16.69%, 16.70%, and 16.11% of annual covered payroll for the fiscal years ended June 30, 2024, 2023, and 2022, respectively. The College contributed approximately \$197,000, \$297,000 and \$212,000 for the years ended June 30, 2024, 2023, and 2022, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, 2023, and 2022, the College reported a liability of \$2,948,902, \$2,090,600, and \$2,084,879, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2024, the reporting date, was measured as of June 30, 2023, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The net pension liability as of June 30, 2023, the reporting date, was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022.

The College's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the College for the fiscal years 2023 and 2022. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2024 and 2023 relative to total contributions of all participating employers for the fiscal years. At June 30, 2024 and 2023, the College's proportion was 0.020% and 0.015%, respectively.

For the years ended June 30, 2024 and 2023, the College recognized pension income of approximately \$217,000 and \$221,000, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	<u>2024</u>	<u>2023</u>
Deferred outflows of resources		
Changes in plan actuarial assumptions	\$ 49,561	\$ 57,558
Net difference between projected and actual investment earnings	79,364	-
Changes in proportion from Commonwealth	24	144
Changes in proportion due to internal allocation	576,680	24,717
Differences between expected and actual experience	104,754	52,005
Contributions subsequent to the measurement date	196,514	296,845
	<u>\$ 1,006,897</u>	<u>\$ 431,269</u>

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 11,145
Differences between expected and actual experience	72,867	81,597
Changes in proportion from Commonwealth	22,528	5,655
Change in proportion due to internal allocation	<u>844,974</u>	<u>1,341,733</u>
	<u>\$ 940,369</u>	<u>\$ 1,440,130</u>

The College's contributions of approximately \$197,000 and \$297,000 made during the fiscal years ended June 30, 2024 and 2023, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Year Ending June 30

2024	\$ (6,232)
2025	64,910
2026	(160,068)
2027	<u>(28,596)</u>
	<u>\$ (129,986)</u>

Actuarial Assumptions

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

Measurement date	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.00%
Investment rate credited to annuity savings fund	3.50%	3.50%

For measurement dates June 30, 2023 and 2022, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females
- Disability - reflects the post-retirement mortality described above, set forward 1 year.

The 2024 pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 and rolled forward to June 30, 2023. The 2023 pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 and rolled forward to June 30, 2022.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Investment assets of SERS are with the Pension Reserves Investment Trust (“PRIT”) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, are summarized in the following table:

<u>Asset Class</u>	<u>2024</u>		<u>2023</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37%	4.90%	39%	4.20%
Portfolio Completion Strategies	10%	3.80%	15%	5.00%
Core Fixed Income	15%	1.90%	15%	7.30%
Private Equity	16%	7.40%	10%	2.70%
Real Estate	10%	3.00%	10%	3.30%
Value Added Fixed Income	8%	5.10%	8%	3.70%
Timber/Natural Resources	4%	4.30%	3%	3.90%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following tables illustrate the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate at June 30, 2024 and 2023:

	<u>2024</u>		
	<u>1.00% Decrease</u>	<u>Current Discount Rate</u>	<u>1.00% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
\$	4,052,870	\$ 2,948,903	\$ 2,014,657

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

2023		
1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
\$ 2,883,413	\$ 2,090,600	\$ 1,419,765

12. OPEB

Plan Description

As an agency of the Commonwealth, certain employees of the University participate in the Commonwealth's single employer defined benefit-OPEB plan - the State Retirees' Benefit Trust ("SRBT"). Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust ("Trustees").

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or deceased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

Management of the SRBT is vested with the board of trustees, which consists of seven members (or their designatee) and includes the Secretary of Administration and Finance, the Executive Director of the GIC, the Executive Director of PERAC, the State Treasurer, the Comptroller, one person appointed by the Governor and one person appointed by the State Treasurer. These members elect one person to serve as chair of the board.

The SRBT does not issue a stand-alone audited financial statement but is reflected as a fiduciary fund in the Commonwealth's audited financial statements

Benefits Provided

Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2024 and 2023, and as of the valuation date (January 1, 2023 and 2022), participants contributed 10% to 20%, respectively, of premium costs, depending on the date of hire and whether the participant's status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). The College is required to contribute based on Massachusetts General Laws; the rate was 7.83% and 7.28%, respectively, of annual covered payroll for the fiscal years ended June 30, 2024 and 2023. The College contributed approximately \$92,000 and \$129,000 for the fiscal years ended June 30, 2024 and 2023, respectively, equal to 100% of the required contribution for the years.

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

At June 30, 2024 and 2023, the College reported a liability of \$3,136,401 and \$2,631,000, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2023 and 2022, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively. The College's proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the College's share of total covered payroll for the fiscal years 2023 and 2022. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2023 and 2022 relative to total contributions of all participating employers for the fiscal year. At June 30, 2024 and 2023, the College's proportion was 0.022% and 0.020%, respectively.

For the years ended June 30, 2024 and 2023, the College recognized OPEB income of approximately \$970,000 and \$635,000, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred outflows of resources related to OPEB		
Net difference between projected and actual earnings on OPEB plan investments	\$ 10,252	\$ 3,999
Changes in proportion from Commonwealth	287	1,209
Changes in proportion due to internal allocation	395,439	260,483
Differences between expected and actual experience	127,566	48,433
Changes of assumptions	137,784	193,782
Contributions subsequent to the measurement date	<u>92,187</u>	<u>129,362</u>
Total deferred outflows related to OPEB	<u>\$ 763,515</u>	<u>\$ 637,268</u>
Deferred inflows of resources related to OPEB		
Differences between expected and actual experience	\$ 352,296	\$ 435,591
Changes in proportion due to internal allocation	2,024,905	3,164,624
Changes in proportion from Commonwealth	30,012	12,993
Changes in plan actuarial assumptions	<u>808,991</u>	<u>952,215</u>
Total deferred inflows related to OPEB	<u>\$ 3,216,204</u>	<u>\$ 4,565,423</u>

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Contributions

The College's contribution of approximately \$92,000 and \$129,000 made during the fiscal years 2024 and 2023, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the succeeding years.

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

Years Ending June 30

2025	\$ (676,562)
2026	(659,548)
2027	(639,675)
2028	(463,378)
2029	<u>(105,713)</u>
	<u>\$ (2,544,876)</u>

Actuarial Assumptions

The total OPEB liability for 2024 and 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>2024</u>	<u>2023</u>
Measurement date:	June 30, 2023	June 30, 2022
Inflation:	2.50%	2.50%
Salary increases:	Rates vary by years of service and group classification, consistent with SERS	Rates vary by years of service and group classification, consistent with SERS
Investment rate of return:	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Health care cost trend rates:	Developed based on the most recent published GAO-Getzen trend rate model, version 2023_1f. Medicare and non-Medicare benefits range from 5.79% to 7.50%	Developed based on the most recent published GAO-Getzen trend rate model, version 2022_f4. Medicare and non-Medicare benefits range from 5.00% to 7.60%

The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021 from the central year, with females set forward one year.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 85% of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	<u>Retirement Age</u>		<u>Retirement Age</u>	
	<u>Under 65</u>	<u>Age 65+</u>	<u>Under 65</u>	<u>Age 65+</u>
Indemnity	27.0%	96.0%	28.0%	96.0%
POS/PPO	63.0%	0.0%	60.0%	0.0%
HMO	10.0%	4.0%	12.0%	4.0%

The actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2023 and 2022 through December 31, 2022 and 2021, depending upon the criteria being evaluated.

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

The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2024 and 2023, are the same as discussed in the pension footnote, and are summarized as follows:

<u>Asset Class</u>	<u>2024</u>		<u>2023</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37%	4.90%	39%	4.20%
Portfolio Completion Strategies	10%	3.80%	15%	5.00%
Core Fixed Income	15%	1.90%	15%	7.30%
Private Equity	16%	7.40%	10%	2.70%
Real Estate	10%	3.00%	10%	3.30%
Value Added Fixed Income	8%	5.10%	8%	3.70%
Timber/Natural Resources	4%	4.30%	3%	3.90%
	<u>100%</u>		<u>100%</u>	

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

Discount Rate

The discount rate used to measure the total OPEB liability for 2023 and 2022 was 4.34% and 4.30%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.65% and 3.54%) as of the measurement date and the expected rate of return. The OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2042 and 2042 for the fiscal years 2024 and 2023, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.00% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate at June 30, 2024 and 2023:

	2024		
	1.00% Decrease	Discount Rate	1.00% Increase
	3.34%	4.34%	5.34%
Net OPEB liability	\$ 3,664,568	\$ 3,136,394	\$ 2,702,997

	2023		
	1.00% Decrease	Discount Rate	1.00% Increase
	3.30%	4.30%	5.30%
Net OPEB liability	\$ 3,069,345	\$ 2,631,000	\$ 2,270,931

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current health care cost trend rates at June 30, 2024 and 2023:

	2024		
	1.00% Decrease	Current Health Care Cost Trend Rate	1.00% Increase
	(B)	(A)	(C)
	\$ 2,628,060	\$ 3,136,394	\$ 3,779,405

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

2023		
1.00% Decrease (B)	Current Health Care Cost Trend Rate (A)	1.00% Increase (C)
\$ 2,205,531	\$ 2,631,000	\$ 3,169,593

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

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

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

13. OTHER FRINGE BENEFITS

Fringe Benefits

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

Group Insurance Commission

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, certain authorities, and other offline agencies, retired municipal teachers from certain cities and towns, and a small number of municipalities as an agent multiple employer program, accounted for as an agency fund activity of the Commonwealth, not the College.

The GIC is a quasi-independent state agency governed by a seventeen-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and it is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended June 30, 2024 and 2023, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage (for employees not covered by collective bargaining), retiree discount vision and dental plans, and a pretax health care spending account and dependent care assistance program (for active employees only).

Other Retirement Plans

The employees of the College can elect to participate in two defined contribution plans offered and administered by the Massachusetts Department of Higher Education - an IRC 403(b) Tax-Deferred Annuity Plan and an IRC 457 Deferred Compensation SMART Plan. Employees can contribute by payroll deduction a portion of before-tax salary into these plans up to certain limits. The College has no obligation to contribute to these plans and no obligation for any future payout.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Financial Statements
June 30, 2024 and 2023**

14. COMMITMENTS AND CONTINGENCIES

Federal, State, and Private Contracts and Grants

The College receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the College. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the College.

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This Program allows individuals to pay in advance for future tuition at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2%. The College is obligated to accept as payment of tuition the amount determined by this Program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the College. The effect of this program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the College.

Litigation

The College is periodically involved in legal actions arising in the ordinary course of business. Costs for all known claims not covered by insurance, if any, are recognized in the financial statements. Although the ultimate outcome of certain of these actions cannot be determined, management's opinion is that the College has adequate legal defense with respect to each of these actions, and that the amount of any additional liability would not have a material impact on the financial statements.

Risk Management

The College participates in the various programs administered by the Commonwealth for property, general liability, automobile liability and workers' compensation. The Commonwealth is self-insured for employees' workers' compensation, casualty, theft, tort claims, and other losses. Such losses, including estimates of amounts incurred but not reported, are obligations of the Commonwealth. For workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury or property damages, Massachusetts General Laws limit the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances.

15. MASSACHUSETTS MANAGEMENT ACCOUNTING AND REPORTING SYSTEM

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS"), on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. Management believes the amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

No timing differences occurred where the College had additional revenue that was reported to Massachusetts Management Accounting and Reporting System ("MMARS") after June 30, 2024 and 2023 (unaudited).

16. PASS-THROUGH GRANTS

The College distributed \$1,955,353 and \$1,622,478 during 2024 and 2023, respectively, for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Schedule of Proportionate Share of Net Pension Liability (Unaudited)
June 30, 2024 and 2023

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2015	June 30, 2016	June 30, 2015
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2014	June 30, 2015	June 30, 2014
Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2014	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	0.020%	0.015%	0.020%	0.026%	0.028%	0.033%	0.030%	0.040%	0.043%	0.040%
Proportionate share of the collective net pension liability	\$ 2,948,902	\$ 2,090,600	\$ 2,084,879	\$ 4,413,150	\$ 4,074,332	\$ 4,422,643	\$ 3,796,847	\$ 2,976,652	\$ 4,845,997	\$ 2,976,652
College's covered payroll	\$ 1,777,515	\$ 1,313,097	\$ 1,621,033	\$ 1,974,112	\$ 2,298,905	\$ 2,595,034	\$ 2,326,231	\$ 2,974,086	\$ 2,565,242	\$ 2,974,086
College's proportionate share of the net pension liability as a percentage of its covered payroll	165.90%	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	100.09%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	76.32%	67.87%	76.32%

See Independent Auditor's Report.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Schedule of Contributions - Pension (Unaudited)
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 196,514	\$ 296,845	\$ 211,540	\$ 237,644	\$ 277,955	\$ 277,248	\$ 305,695	\$ 231,460	\$ 266,529	\$ 266,529
Contributions in relation to the statutorily required contribution	<u>(196,514)</u>	<u>(296,845)</u>	<u>(211,540)</u>	<u>(237,644)</u>	<u>(277,955)</u>	<u>(277,248)</u>	<u>(305,695)</u>	<u>(231,460)</u>	<u>(266,529)</u>	<u>(266,529)</u>
Contribution (excess)/deficit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 1,177,436	\$ 1,777,515	\$ 1,313,097	\$ 1,621,033	\$ 1,974,112	\$ 2,298,905	\$ 2,595,034	\$ 2,326,231	\$ 2,565,242	\$ 2,565,242
Contribution as a percentage of covered payroll	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	10.39%	10.39%

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

See Independent Auditor's Report.

**Cape Cod Community College
 (an Agency of the Commonwealth of Massachusetts)
 Schedule of Proportionate Share of Net OPEB Liability (Unaudited)
 June 30, 2024 and 2023**

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.022%	0.020%	0.020%	0.027%	0.044%	0.052%	0.042%
Proportionate share of the collective net OPEB liability	\$ 3,136,401	\$ 2,631,000	\$ 3,660,564	\$ 5,678,690	\$ 7,680,789	\$ 9,677,564	\$ 7,384,880
College's covered payroll	\$ 1,777,515	\$ 1,313,097	\$ 1,621,033	\$ 1,974,112	\$ 2,298,905	\$ 2,595,034	\$ 2,326,231
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	176.45%	200.37%	225.82%	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	13.80%	13.00%	10.70%	6.40%	6.96%	7.38%	5.39%

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

See Independent Auditor's Report.

Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Schedule of Contributions - OPEB (Unaudited)
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 92,187	\$ 129,362	\$ 100,463	\$ 124,789	\$ 143,988	\$ 202,167	\$ 231,447
Contributions in relation to the statutorily required contribution	<u>(92,187)</u>	<u>(129,362)</u>	<u>(100,463)</u>	<u>(124,789)</u>	<u>(143,988)</u>	<u>(202,167)</u>	<u>(231,447)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 1,177,436	\$ 1,777,515	\$ 1,313,097	\$ 1,621,033	\$ 1,974,112	\$ 2,298,905	\$ 2,595,034
Contribution as a percentage of covered payroll	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%

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

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

See Independent Auditor's Report.

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Required Supplementary Information (Unaudited)
June 30, 2024 and 2023**

1. CHANGE IN PLAN ACTUARIAL AND ASSUMPTIONS

Measurement date - June 30, 2023

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement date - June 30, 2021

The investment rate of return changed from 7.15% to 7.00%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement Date - June 30, 2020

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

Measurement Date - June 30, 2019

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

Measurement Date - June 30, 2018

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

The mortality rate assumptions were changed as follows:

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

Measurement Date - June 30, 2017

The mortality rates were changed as follows:

- Pre-retirement - was changed from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Post-retirement - was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Disability - did not change

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Required Supplementary Information (Unaudited)
June 30, 2024 and 2023**

Measurement Date - June 30, 2016

The assumption for salary increases changed from a range of 3.5% to 9.0%, depending on group and length of service, to a range of 4.0% to 9.0%, depending on group and length of service. Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan (“ORP”) to transfer to the SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately \$400 million as of June 30, 2016.

Measurement Date - June 30, 2015

The discount rate to calculate the pension liability decreased from 8.0% to 7.5%.

In May 2015, Chapter 19 of the Acts of 2015 created an Early Retirement Incentive (“ERI”) for certain members of SERS who, upon election of the ERI, retired effective June 30, 2015. As a result, the total pension liability of SERS increased by approximately \$230 million as of June 30, 2015.

The mortality rates were changed as follows:

- Pre-retirement - was changed from RP-2000 Employees table projected 20 years with Scale AA (gender distinct) to RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Post-retirement - was changed from RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct) to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Disability - was changed from RP-2000 table projected 5 years with Scale AA (gender distinct) set forward three years for males to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct)

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Required Supplementary Information - OPEB (Unaudited)
June 30, 2024 and 2023**

1. CHANGE IN PLAN ACTUARIAL AND ASSUMPTIONS

Fiscal year June 30, 2023

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2022_f4. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.00% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2022

Assumptions:

Change in Per Capita Claims Costs

Per capita claims costs were updated to reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

Change in Medical Trend Rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2021_b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Investment Rate

The investment rate of return decreased from 7.15% to 7.00%.

Change in Mortality Rates

The mortality projection scale was updated from MP-2016 to MP-2020.

Change in Discount Rate

The discount rate was increased to 2.77% (based upon a blend of the Bond Buyer Index rate (2.16%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2021

Assumptions:

Change in Per Capita Claims Costs

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

Change in Medical Trend Rates

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

Change in Investment Rate

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

**Cape Cod Community College
(an Agency of the Commonwealth of Massachusetts)
Notes to Required Supplementary Information - OPEB (Unaudited)
June 30, 2024 and 2023**

Change in Salary Scale

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

Change in Discount Rate

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

Fiscal year June 30, 2020

Assumptions:

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

Change in Investment Rate

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

Change in Trend on Future Costs

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

Change in Discount Rate

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

Fiscal year June 30, 2019

Assumptions:

Change in Trend on Future Costs

The healthcare trend rate decreased from 8.5% to 8.0%, which impacts the high cost excise tax.

Change in Mortality Rates

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members - would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year.

Change in Discount Rate

The discount rate was increased to 3.95% (based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2018

Assumptions:

Change in Discount Rate

The discount rate was increased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.58%) as of the measurement date as required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

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 Trustees of
Cape Cod Community College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Cape Cod Community College (the "College"), and its discretely presented major component unit, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Withum Smith + Brown, PC

October 21, 2024