To the Board of Trustees of
Cape Cod Community College
West Barnstable, Massachusetts

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

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

O'Connor + Drew, P.C.

The following discussion and analysis provides management's view of the financial position of Cape Cod Community College (the "College") as of June 30, 2021 and 2020 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 5,800 credit and non-credit seeking students, with 63 full-time faculty and 150 full-time staff members. The main campus is located in West Barnstable, with alternate instructional locations at Plymouth for its Aviation Maintenance Technology program and at Bridgewater State University for its Funeral Service program, and the Center for Corporate and Professional Education located in downtown Hyannis, which served 1,535 students in FY2021. 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 23 concentrations, 16 Associate in Science degree programs, an Applied Associate in Science Degree for Aviation Maintenance Technology, and, 39 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.

The FY2021 state unrestricted appropriation of $18,624,554 reflects a $411,509, or 2.26% increase over prior year's appropriation of $18,213,045. The net increase is due to the following factors; an increase in state funded fringe benefit costs of $201,394, an increase of $567,712 in the annual state maintenance appropriation, decreased funding in the amount of $100,000, which was funded for a Ernst and Young cyber security audit in FY2020 but not in FY2021, decreased funding in the amount of $397,521, which was funded for MCCC retroactive pay increases in FY2020 but not funded in FY2021, an increase in Performance Funding of $71,318, a decrease in tuition remitted to the state in the amount of $63,170 and an increase of $5,436 in state telecom lease payments.

State restricted appropriation for FY2021 is $151,634, which represents a decrease of $166,715, or 52.37% from last year's appropriation of $318,349. The net decrease was primarily the result of a State mandate requiring certain State grants to be recorded on the Commonwealth's financial platform for the prior fiscal year. This state mandated change in accounting policy was rescinded for FY2020, and accounts for a decrease of $51,567. This revenue, as in prior years, is once again reported in the grant revenue line item on the Statement of Revenues and Expenses. Additional changes from prior year include a decrease of $137,653 in revenue for the Center for Corporate and Professional Education and an increase from Massachusetts Rehabilitation Commission in the amount of $22,505, to fund student interpreter costs.

Capital appropriation increased by $7,799,776, from $1,867,319 in FY2020 to $9,667,095 in FY2021, 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 funding received for new or on-going projects, most notably, the Science and Technology building project. Specifically, in FY2021 state funds received and spent by the College include $14,391 for a sewer upgrade, $165,491 to repair the stairs in the Tilden Arts building and $180,115 to upgrade the Wilkens parking lot, each of which project was completed in FY2021. Funding received and spent in FY2021 for projects considered to be ongoing include $940,347 to improve exterior lighting and $915,495 to further weatherproof the Lorusso building.

During FY2021, major capital improvement net additions totaled $9,710,047, which includes an increase in Furnishings and Equipment, in the amount of $61,798. This increase is solely due to the purchase of a campus police cruiser in FY2021. Building Improvements increased by $656,199, which is comprised of a net of construction in progress and current year expenditures made of $209,448 for the campus-wide sewer upgrade, $180,115 spent to upgrade the Wilkens parking lot, $101,145 to replace the nursing area flooring and $165,491 for repairs to the stairs in the Tilden Arts building.

Also included in the net change in fixed assets is current year to date construction in process, in the following amounts; $7,163,249 for expenses incurred related to construction of the science

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Financial Analysis-Continued

from the Commonwealth. It is worth noting that capital appropriation revenue for FY2021 was material for FY2021, at $9,667,095. The majority of this funding, $6,587,510, was received for the on-going construction of the science and engineering building. Further, the increase was driven by the receipt of $3,537,730 in pandemic assistance in the form of federal grant funds.

Current assets		$	
Noncurrent assets			
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of			

Financial Analysis – Continued

Revenues and Expenses – Continued

contracts in FY2020, offset by increased State paid fringe costs,

Revenues and Expenses – Continued

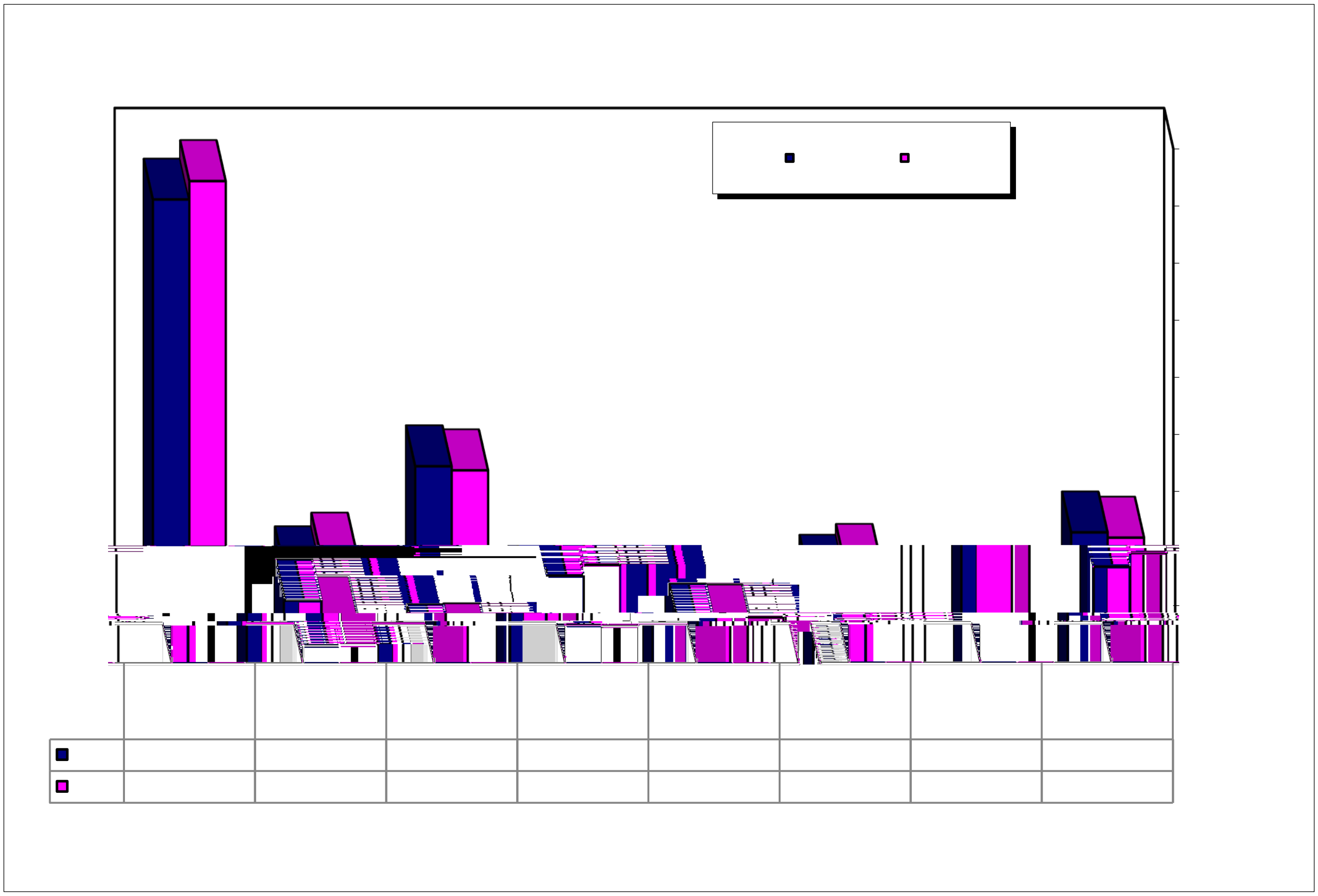
In FY2021, gift revenues decreased by $288,542 due to the net of a $157,000 decrease in non-monetary donations, an increase in revenue received for College general expense reimbursement in the amount of $50,745 and a decrease of $182,287 in Whitehouse Scholarship funding. Net tuition and fee revenue increased by 1%, or $57,425 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 FY2021.

Capital appropriations increased by $7,799,776 in FY2021 and increased by $44,072 in FY2020. Increased revenue in FY2021 is the net result of increases in new and continued projects, which include, most significantly, $6,587,510 in FY2021 revenue dedicated to the construction of the new science building, and continued work on the energy and water project, the exterior lighting project, repairs to the entry of the Wilken's library and the continued work on the weatherization of the Lorusso building, revenue received to complete the Tilden Arts building stair repairs and to complete parking accessibility upgrades, offset by a decrease in revenue received for the campus exterior accessibility project and the sewer upgrade project, due to the project completion in the prior fiscal year.

Increased revenue in FY2020 was the net result of increases in new and continued projects, which included the new science building, and continued work on the energy and water project, the lighting project, upgrades to the sewer system and repairs to the entry of the Wilken's library, offset by a decrease in revenue received for the campus exterior accessibility project, due to the project completion.

Changes in expenditures, relative to prior fiscal year include a 10.94% decrease in operations and maintenance, an increase in student services spending of 2.11%, a 4.18% increase in institutional support spending, a 3.82% decrease in spending on instruction, a 37.06% increase in institutional scholarship, a 12.53% decrease in academic support spending and a 4.64% decrease in public service spending.

Revenues and Expenses – Continued



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.

The Commonwealth's total appropriation increased by 1.3% or $244,794, to $18,776,188 in FY2021. The unrestricted portion of state appropriation increased by $411,509, 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 performance funding, a decrease related supplemental funding received for a cyber-security audit received in FY2020 but not in FY2021, a decrease related to supplemental funding for retroactive MCCC increases received in FY2020 but not in FY2021 and an increase in the state maintenance appropriation. The restricted portion of the total net increase to State appropriations amounted to a decrease of $166,715. This decrease was the net result of a decrease related to a shift in revenue reporting for both ESOL and Perkins funding, an increase of Massachusetts Rehabilitation Commission's funding of interpreter costs and a decrease in revenue received for the Center for Corporate and Professional Education.

Transfers from the Foundation decreased by $288,542 to $218,622 for FY2021, as the net a result of decreases in non-monetary donations, an increase in revenue received for College expense reimbursement and a decrease in revenue received for Whitehouse Scholarship.

For comparison, the Commonwealth's total appropriation increased by 1.13% or $207,300, to $18,531,394 in FY2020. The unrestricted portion of state appropriation increased by $945,283, and is the result of the net of an increase in fringe allocation funding, a decrease resulting from slightly more tuition remitted to the State, an increase in performance funding, an increase related to supplemental funding received for a cyber security audit and an increase in the state maintenance appropriation, which included additional revenue to fund retroactive salary increases. The restricted portion of the total net increase to State appropriations amounted to a decrease of $737,983. This decrease was the net result of a decrease in ESOL revenue, an increase due to Massachusetts Rehabilitation Commission's funding of interpreter costs, a decrease in Perkins funding and a material decrease which was the result of a FY2019 State mandate requiring certain State grants to be recorded on the Commonwealth's financial platform. This was a change in accounting policy, and was rescinded for FY2020.

Transfers from the Foundation decreased by $85,182 to $507,164 for FY2020, as the net a result of decreases in non-monetary donations, a decrease in revenue received for College expense reimbursement and partially offset by an increase in revenue received for Whitehouse Scholarship.

Additionally, in FY2021 $3,537,730 was received in Higher Education Emergency Relief Funding, as a result of the ongoing COVID-19 pandemic. For comparison, funding received in FY2020 amounted to $1,219,750.

Capital Assets

The College's investment in capital assets, net of accumulated depreciation as of June 30, 2021 and 2020 amounts to $26,944,921 and $18,494,230, respectively. 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 FY2021 and FY2020:

		2020
Building improvements		$ 2,758,771
Construction in progress		(846,568)
Furnishings and equipment		207,202
		$ 2,119,405

Total capital net additions, including year-to-date construction in process for FY2021 include $7,163,249 for construction of the science and engineering building, $168,016 for the continuing energy and water conservation initiative, $14,391 for the completed sewer upgrade, $915,495 in upgrades to the Lorusso building, $180,115 for the completed parking accessibility project, $940,347 for the continuing exterior lighting improvements, $101,145 for the completed nursing flooring replacement, $165,491 for completion of stair replacement in the Tilden Arts building and $61,798 for the purchase of a police cruiser.

Capital spending within FY2020 includes $749,916 sp
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Non-current Liabilities

$85,844 spent to upgrade campus door lock systems and $57,202 spent to upgrade a campus storage area network server. Additionally, capital increased by $150,000 due to the donation of a Cessna aircraft.

The College's long-term liabilities consist of accruals for compensated absences and worker's compensation, and the long-term portions of capital lease obligations for facilities machinery and IT infrastructure equipment. 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 $823,220 for FY2021. For FY2021, the College's non-current liability related to worker's compensation amounts to $415,976. At the end of FY2021, the long-term portion of capital lease obligations amounts to $95,979.

For FY2021, credit hour enrollment was projected to be down 5.0% relative to FY2020. Actual enrollment performance for fiscal FY2021 amounted to a decrease from prior year of 4.5%.

The College's enrollment management team continues to examine its efforts to improve the student intake process and to identify, recruit and retain recent and prospective students. Leveraging online and in-person options as well as the College's Quick Term semesters, the team works closely with the College's Strategic Communications and Marketing Department to develop materials and targeted messaging campaigns that align with enrollment goals and strengthen recruitment and retention efforts college-wide.

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.

	2020	
	College	Foundation
Cash and equivalents (Note 2)	$ 5,409,231	$ 7,023,405
Cash held by state treasurer (Note 3)	954,011	-
Certificate of deposit (Note 2)	6,243,987	263,462
Accounts receivable, net (Note 4)	3,012,652	-
Pledges receivable (Note 5)		357,627
Prepaid and other assets	145,480	-
	15,765,361	7,644,494
Long-term investments	-	11,433,015
Pledges receivable (Note 5)	-	474,815
Capital assets, net of accumulated depreciation (Note 6)	18,771,463	-
	18,771,463	11,907,830
	34,536,824	19,552,324
Pension related, net (Note 10)	1,286,551	-
OPEB related, net (Note 11)	2,761,889	-
	4,048,440	-
	$ 38,585,264	$ 19,552,324
Accounts payable and accrued liabilities	$ 1,010,160	$ 299,669
Accrued payroll	1,258,558	-
Compensated absences (Note 7)	1,573,800	-
Workers' compensation (Note 7)	64,061	-
Students’ deposits and unearned revenues	179,012	-
Other unearned revenues	127,408	-
Current portion of capital lease (Note 7)	88,888	-
	4,301,887	299,669
Compensated absences (Note 7)	754,555	-
Workers' compensation (Note 7)	287,923	-
Capital lease obligations (Note 7)	188,345	-
Net pension liability	4,074,332	-
Net OPEB liability	7,680,789	-
	12,985,944	-
	17,287,831	299,669
Pension related	1,129,580	-
OPEB related	2,839,048	-
	$ 3,968,628	$ -
Net investment in capital assets	18,494,230	-
Restricted:		
Nonexpendable	-	6,872,340
Expendable	-	11,700,598
Unrestricted (Note 9)	(1,165,425)	679,717
	17,328,805	19,252,655
	$ 38,585,264	$ 19,552,324

The accompanying notes are an integral part of the financial statements.

	2020 College	2020 Foundation
Tuition and fees	$ 13,624,252	$ -
Less: scholarship allowances	(5,663,413)	-
Net student fees	7,960,839	-
Federal, state, local, and private grants and contracts	8,979,884	-
Gifts and contributions	-	2,305,331
Auxiliary enterprises	95,114	-
Rental income	-	220,220
Other sources	2,007,543	-
	19,043,380	2,525,551
Instruction	16,864,344	-
Academic support	3,829,253	-
Student services	6,737,667	-
Scholarships and fellowships	1,600,073	227,800
Public service	658,878	-
Operation and maintenance of plant	3,432,547	-
Institutional support	4,386,271	633,499
Depreciation and amortization	1,312,878	-
	38,821,911	861,299
	(19,778,531)	1,664,252
State appropriations - unrestricted (Note 9)	18,213,045	-
State appropriations - restricted (Note 9)	318,349	-
Transfers to the College from the Foundation	507,164	(507,164)
Federal grants	1,219,750	-
Net investment income	139,099	441,146
	20,397,407	(66,018)

		2020
Tuition and student fees		$ 7,776,531
Grants and contracts		7,493,701
Payments to suppliers		(10,840,286)
Payments to employees		(19,424,717)
Payments to students		(1,600,073)
Other cash receipts		2,169,377
Net Cash Applied to Operating Activities		(14,425,467)
State appropriations		14,118,252
Federal grants		1,219,750
Tuition remitted to state		(329,000)
Gifts and contributions		507,164
Net Cash Provided by Non-Capital Financing Activities		15,516,166
Purchase of capital assets		(252,086)
Payments on capital leases		

	2020
Net operating loss	$ (19,778,531)
Adjustments to reconcile net loss to net cash applied to operating activities:	
Depreciation	1,312,878
Fringe benefits provided by the State	4,742,142
Net pension activity	186,411
Net OPEB activity	544,882
Changes in assets and liabilities:	
Accounts receivable	(1,439,389)
Prepaid and other current assets	35,691
Accounts payable and accrued liabilities	(46,885)
Accrued employee compensation and benefits	181,716
Students' deposits and other unearned reven Td(181,716)Tj-3139 0 T-1pR Tf35696 0 Td((2 Td855BT/TT-1pR eposi(181,716)Tj-6u520)TjI	(46,885)

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Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB").

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

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 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 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 reliance on the guidance issued by the Massachusetts Department of Higher Education, the College and its discretely presented component unit have classified the prior matching contributions from the Commonwealth of Massachusetts to the Endowment Incentive Program, as well as the underlying gift from the donor, in accordance with either the donor’s original intent or this previously issued guidance. Accordingly, these amounts may be classified as restricted-nonexpendable,ted-

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

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

GASB Statement 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans,* is effective for reporting periodsit Cr

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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, 2021 and 2020 were secured by irrevocable stand-by letters of credit with the Federal Home Loan Bank of Pittsburgh in the amounts of $15,600,000 and $12,550,000, respectively. The College's bank balances as of June 30, 2021 and 2020 were $17,059,708 and $13,161,405, respectively. Of these balances, $1,209,708 and $361,405 as of June 30, 2021 and 2020, respectively, was exposed to custodial credit risk as uninsured and uncollateralized.

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.

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to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2021 and 2020, the certificates of deposit are classified as level 2 investments.

Concentration of Credit Risk
All of the above investments are at TD Bank, N.A.

Other Matters
The College does not have debt investments, foreign currency investments, securities lending transactions

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Note 6 -

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

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Note 6-

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

	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated:						
Construction in progress	—	$ 2,045,049	$ 1,076,441	$ -	$ (1,923,009)	$ 1,198,481
Land	—	82,355	-	-	-	82,355
Total not depreciated		2,127,404	1,076,441	-	(1,923,009)	1,280,836
Capital assets depreciated:						
Building, including improvements	20-40	44,660,233	835,762	-	1,923,009	47,419,004
Furnishings and equipment	5-10	8,016,711	207,202	-	-	8,223,913
Total depreciated		52,676,944	1,042,964	-	1,923,009	55,642,917
Less: accumulated depreciation:						
Building, including improvements		(29,950,772)	(1,037,759)	-	-	(30,988,531)
Furnishings and equipment		(6,888,640)	(275,119)	-	-	(7,163,759)
Total accumulated depreciation		(36,839,412)	(1,312,878)	-	-	(38,152,290)
Capital assets, net		$ 17,964,936	$ 806,527	$ -	$ -	$ 18,771,463

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Note 7 -

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

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Capital Leases
In 2019, the College had a capital lease for equipment for $73,630, requiring fixed annual payments of $16,623, including interest at 4.18%, that expired in June 2021.

During the year ended June 30, 2019, the College purchased new equipment for

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Note 9 -

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

	2020
Direct unrestricted appropriations	$ 13,799,903
Add: fringe benefits for benefited employees on the	
state payroll89.1 (on)63.5 (s)TJĳ-1.16.9 (o9 64 TweficiareC(s)8.3 21)Tns	

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

Note 10 -

Defined Benefit Plan Description
Certain employees of the College participate in a cost-sharing, multiple-employer, defined benefit pension plan – the Massachusetts State Employees' Retirement System ("SERS") – 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.

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The Massachusetts State Employees' Retirement System does not issue a stand-alone financial statement. Additional information regarding the plan is contained in the Commonwealth's financial statements, which is available online 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, 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.

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

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:

Years Ending June 30,	
2021	$ 19,074
2022	74,837
2023	82,302
2024	19,936
2025	(22,363)
Total	$ 173,786

Actuarial Assumptions

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

Measurement date	June 30, 2020	June 30, 2019
Inflation	3.00%	3.00%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.15%	7.25%
Investment rate credited to annuity savings fund	3.50%	3.50%

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

> Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected with Scale MP-2016 and set forward 1 year for females
>
> Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected with Scale MP-2016 and set forward 1 year for females

The 2021 pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 and rolled forward to June 30, 2020. The 2020 pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 and rolled forward to June 30, 2019.

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

	2020		2019	
Asset Class	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Global Equity	39%	4.80%	39%	4.90%
Core Fixed Income	15%	0.70%	15%	1.30%
Private Equity	13%	8.20%	13%	8.20%
Real Estate	10%	3.20%	10%	3.60%
Portfolio Completion Strategies	11%	3.50%	11%	3.90%
Value Added Fixed Income	8%	4.20%	8%	4.70%
Timber/Natural Resources	4%	4.10%	4%	4.10%
	100%		100%	

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Note 11 -

Plan Description

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

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

Management of the SRBT is vested with the board of trustees, which consists of 7 members, including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), 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 of trustees.

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

Benefits Provided

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

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Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2021 and 2020 and as of the valuation dates (January 1, 2020 and 2019), participants contributed 0% to 20% of premium costs, depending on the date of hire and whether the participant's status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs.

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). The College is required to contribute based on Massachusetts General Laws; the rate was 7.70% and 7.29% of annual covered payroll for the fiscal years ended June 30, 2021 and 2020, respectively. The College contributed approximately $125,000 and $144,000 for the fiscal years ended June 30, 2021 and 2020, 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, 2021 and 2020, the College reported a liability of $5,678,690 and $7,680,789, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019. The College’s proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the College's share of total covered payroll for the fiscal years 2020 and 2019. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2020 and 2019 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the College’s proportion was 0.027% and 0.044%, respectively.

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

For the years ended June 30, 2021 and 2020, the College recognized OPEB expense of approximately $137,000 and $739,000, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:,

		2020
Deferred Outflows of Resources Related to OPEB		
Net difference between projected and actual earnings on OPEB plan investments	$	-
Changes in proportion from Commonwealth		18,728
Changes in proportion due to internal allocation		2,285,228
Differences between expected and actual experience		308,035
Changes of assumptions		5,910
Contributions subsequent to the measurement date		143,988
Total deferred outflows related to OPEB	$	2,761,889

Deferred Inflows of Resources Related to OPEB

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

The College's contribution of approximately $125,000 and $144,000 made during the fiscal years 2021 and 2020, 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 increased (decreases) in OPEB expense as follows:

Years Ending June 30,	
2021	$ (593,888)
2022	(567,381)
2023	(477,408)
2024	(471,835)
2025	(98,867)
Total	$(2,209,379)

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Actuarial Assumptions
The total OPEB liability for 2021 and 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

The participation rates are actuarially assumed as below:

> 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.
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> All current o Indem1.1pee me100.24tovee100.24ta in o00.24ts(coverage4.339f0.0003ong)]

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35% of employees currently opting out of active health coverage are assumed to elect to enroll in retiree coverage for measurement date June 30, 2020.

80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.

Actives, upon retirement, take coverage, and are assumed to have the following coverage:

The actuarial assumptions used in the January 1, 2020 and 2019 valuations were based on the results of an actuarial experience study for

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The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2021 and 2020 are the same as discussed in the Pension footnote (note 10).

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2021 and 2020 was 2.28% and 3.63%, respectively. This rate was based on a blend of the Bond Buyer Index rate (2.21% and 3.51%) as of the measurement date and the expected rate of return. The OPEB plan’s fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2025 and 2023 for the fiscal years 2021 and 2020, respectively. Therefore, the long-term expected rate of return on OPEB plan investments of 7.15% and 7.25% per annum, respectively, was not applied to all periods of projected benefit payments to determine the total OPEB liability.

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Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - continued

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Note 12 -

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, 2021 and 2020, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain 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).

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Risk Management

The College participates in the

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Note 15 -

The College distributed $1,493,860 and $2,048,722 during 2021 and 2020, respectively, for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

Note 16 -

Management has evaluated the activity of the College through October 12, 2021, the date these financial statements were available for issuance, and has concluded that no events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

Year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Valuation date	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Proportion of the collective net pension liability	0.026%	0.028%	0.033%	0.030%	0.024%
Proportionate share of the collective net pension liability	$ 4,413,150	$ 4,074,332	$ 4,422,643	$ 3,796,847	$ 3,281,453
College's covered payroll	$ 1,974,112	$ 2,298,905	$ 2,595,034	$ 2,326,231	$ 1,808,307
College's proportionate share of the net pension liability as a percentage of its covered payroll	223.55%	177.23%	170.43%	163.22%	181.47%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 237,644					

Year ended	June 30, 2021	June 30, 2020	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date	January 1, 2020	January 1, 2019	January 1, 2018
Proportion of the collective net OPEB liability	0.027%	0.044%	0.052%
Proportionate share of the collective net OPEB liability	$ 5,678,690	$ 7,680,789	$ 9,677,564
College's covered payroll	$ 1,974,112	$ 2,298,905	$ 2,595,034
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	287.66%	334.11%	372.93%
Plan fiduciary net position as a percentage of the total OPEB liability	6.40%	6.96%	7.38%

Notes:

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

See accompanying notes to the required supplementary information.

	2021	2020	2019
Statutorily required contribution	$ 124,789	$ 143,988	$ 202,167
Contributions in relation to the statutorily required contribution	(124,789)	(143,988)	(202,167)
Contribution (excess)/deficit	$ -	$ -	$ -
College's covered payroll	$ 1,621,037	$ 1,974,112	$ 2,298,905
Contribution as a percentage of covered payroll	7.70%	7.29%	8.79%

Notes:

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 accompanying notes to the required supplementary information.

Note 1 - ________________________________

Measurement Date – June 30, 2020

The investment rate of return changed from 7.25% to 7.5%. 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

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)

Government Auditing Standards

Government Auditing Standards

To the Board of Trustees of
Cape Cod Community College
West Barnstable, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cape Cod Community College (the "College"), which comprise the statements of net position as of June 30, 2021 and 2020, the related statements of revenues and expenses, changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Cape Cod Community College's basic financial statements, and have issued our report thereon dated October 12, 2021.

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

O'Connor + Drew, P.C.