

SOUTH SHORE EDUCATIONAL COLLABORATIVE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

(With Independent Auditors' Report Thereon)

SOUTH SHORE EDUCATIONAL COLLABORATIVE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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SOUTH SHORE EDUCATIONAL COLLABORATIVE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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Independent Auditors' Report

To the Board of Directors
South Shore Educational Collaborative

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Shore Educational Collaborative (the "Collaborative"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Collaborative, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards")*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collaborative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 Collaborative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of cumulative surplus and the required disclosures for Massachusetts Educational Collaboratives but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026, on our consideration of the Collaborative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Collaborative's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, New Hampshire
October 14, 2026

Management's Discussion and Analysis

South Shore Educational Collaborative

Management's Discussion and Analysis

June 30, 2026

As management of the South Shore Educational Collaborative (the "Collaborative"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2026. The Collaborative complies with financial reporting requirements issued by the Governmental Accounting Standards Board ("GASB"). Management's discussion and analysis are part of these requirements. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the South Shore Educational Collaborative's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

The *statement of activities* presents information showing how the Collaborative's net position changed during the most recent 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 periods (e.g., uncollected revenues and earned but unused sick leave).

The government-wide financial statements distinguish functions that are principally supported by tuition, charges for services and intergovernmental revenues (*governmental activities).* The governmental activities include administration and office expenses, instruction services, other student services, facilities, unallocated depreciation, state funded pension benefits, and interest.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Collaborative's budgetary comparisons and its pension and other postemployment obligations, as well as *other information* as required by M.G.L Chapter 43 of the Acts of 2012.

Financial Summary

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $4.8 million at the close of 2026. This deficit is due to the recording of a net liability for other postemployment benefits (OPEB) in the amount of $7.3 million.

Key components of the Collaborative's governmental financial position are listed below.

	2026	2025
Assets:		
Current assets	$ 7,800,461	$ 6,524,707
Capital assets, net of accumulated depreciation	10,537,843	12,139,441
Total assets	**18,338,304**	**18,664,148**
Deferred outflows of resources	**991,412**	**1,268,870**
Liabilities:		
Current liabilities (excluding debt)	2,028,398	2,187,449
Noncurrent liabilities (excluding debt)	8,402,172	7,619,872
Current debt	1,621,836	1,569,610
Noncurrent debt	9,598,604	11,220,440
Total liabilities	**21,651,010**	**22,597,371**
Deferred inflows of resources	**2,468,887**	**3,224,361**
Net position:		
Net investment in capital assets	(682,597)	(650,609)
Restricted	122,246	90,078
Unrestricted	(4,229,830)	(5,328,183)
Total net position	$ **(4,790,181)**	$ **(5,888,714)**

Net position/(deficit) of ($683 thousand) reflects the Collaborative's net investment in capital assets (e.g., right to use building, equipment, furniture and fixtures, and vehicles); less any related debt used to acquire those assets that is still outstanding. The deficit balance was the result of the right-to-use lease liability exceeding the carrying value of the related right-to-use asset. In the earlier years of a lease, the interest expense component of the lease payments is higher due to the application of the interest rate on the lease liability. Therefore, a larger portion of the lease payments are allocated to interest expense, resulting in a slower reduction of the lease liability in the initial periods. The related right-to-use asset is amortized on a straight-line basis over the lease term, leading to a consistent annual amortization expense. This results in a faster reduction in the carrying amount of the asset compared to the lease liability in the earlier years of a lease, which results in deficit net investment in capital assets.

Net position of $122,000 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a $4.2 million year end deficit. The governmental activities of the Collaborative are summarized below.

	2026	2025
Program Revenues:		
Charges for services	$ 952,070	$ 683,739
Operating grants and contributions	2,086,337	3,874,056
General Revenues:		
Tuition	27,343,780	25,559,606
Unrestricted investment income	175,531	171,438
Total revenues	**30,557,718**	**30,288,839**
Expenses:		
Administration and office	2,611,336	2,028,320
Instruction services	21,006,895	19,859,453
Other student services	798,407	767,158
Facilities	1,068,779	940,785
Unallocated depreciation	1,663,018	1,656,876
Interest	310,010	355,605
State funded pension benefits	2,000,740	3,794,060
Total expenses	**29,459,185**	**29,402,257**
Change in net position	**1,098,533**	**886,582**
Net position, beginning of year	**(5,888,714)**	**(6,775,296)**
Net position, end of year	$ **(4,790,181)**	$ **(5,888,714)**

Detailed Analysis

The Collaborative's net position increased approximately $1.1 million in 2026 as compared to an increase of $887,000 in 2025. This increase was primarily attributable to positive budgetary operations, which reported an excess of revenues over expenditures totaling $1.4 million. Offsetting this increase was the increase in the Collaborative's net other postemployment benefit liability, net of related deferred outflows/(inflows) of resources totaling approximately $253,000.

Tuition revenues increased $1.8 million, which is mainly the result of an increase in rates for both member and non member districts, and across all programs. There was a decrease in revenue related to operating grants and contributions totaling $1.8 million. This decrease was attributable to the Collaborative's portion of the collective pension expense, contributed by the Commonwealth for employees who are part of the Massachusetts Teachers' Retirement System and Massachusetts State

Employees' Retirement System. As more fully described in Note 11, Massachusetts pension law requires the Commonwealth to assume 100% of the liability and payment of pensions earned. Therefore, the Collaborative is in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor to these systems. The Collaborative's portion is reported as operating grants and contributions as well as pension benefit expense.

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

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

At the end of the current year, governmental funds reported combined ending fund balances of $6.2 million. The general fund balance increased by approximately $945,000, the capital reserve fund increased by $475,000 and the nonmajor governmental funds increased by approximately $32,000.

The general fund is the Collaborative's chief operating fund. At year end, unassigned fund balance in the general fund totaled $5.5 million, while total fund balance was $5.6 million. The increase in the general fund was mainly related to budgetary operations offset by a transfer into the capital reserve fund.

In 2026, the Collaborative voted to establish a capital reserve fund to accumulate resources for future capital needs. In 2026, the Collaborative transferred $475,000 from cumulative surplus to establish the fund. No other activity was reported within the fund in 2026.

Significant Capital Asset and Long-Term Financing Activity

The Collaborative's net capital assets totaled $10.5 million as of June 30, 2026, consisting primarily of the right-to-use building lease. Depreciation expense in the amount of approximately $1.7 million was recorded in 2026.

The Collaborative has agreements for the use of classroom and administrative office space under non-cancelable leases. In fiscal year 2025, the Collaborative entered into a 3-year classroom space lease agreement. General fund debt service expenditures associated with the Collaborative's building leases totaled approximately $1.9 million during 2026, including principal and interest payments.

Please refer to Notes 4, 5 and 7 of the basic financial statements for further discussion of the capital asset and debt activity.

Currently Known Facts, Decisions, or Conditions

Management is aware of several matters that may affect the Collaborative's future financial position and operating results. For 2027, the Collaborative's Board of Directors approved tuition and service rate adjustments to address increasing personnel costs, inflationary pressures, and investments in educational programming. The Collaborative will continue to monitor enrollment trends among member districts, as changes in student participation may impact future revenues and staffing requirements.

Requests for Information

This financial report is designed to provide a general overview of the South Shore Educational Collaborative's finances for all those with an interest in the Collaborative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, South Shore Educational Collaborative, 75 Abington Street, Hingham, Massachusetts 02043.

Basic Financial Statements

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South Shore Educational Collaborative

Statement of Net Position

June 30, 2026

	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents	$ 5,438,021
Receivables, net of allowance for uncollectibles:	
Departmental and other	115
Tuition due from member communities and others	2,362,325
Total current assets	7,800,461
NONCURRENT:	
Capital assets, net of accumulated depreciation	10,537,843
TOTAL ASSETS	18,338,304
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to other postemployment benefits	991,412
LIABILITIES	
CURRENT:	
Warrants payable	575,311
Accrued payroll	256,329
Payroll withholdings	161,077
Lease obligations	1,621,836
Compensated absences	384,218
Unearned revenue	651,463
Total current liabilities	3,650,234
NONCURRENT:	
Lease obligations	9,598,604
Compensated absences	1,111,527
Net other postemployment benefits liability	7,290,645
Total noncurrent liabilities	18,000,776
TOTAL LIABILITIES	21,651,010
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to other postemployment benefits	2,468,887
NET POSITION	
Net investment in capital assets	(682,597)
Restricted for:	
Other	55,629
Gifts and grants	66,617
Unrestricted	(4,229,830)
TOTAL NET POSITION	$ (4,790,181)

See notes to basic financial statements.

South Shore Educational Collaborative

Statement of Activities

Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Primary Government:				
Governmental Activities:				
Administration and office expenses	$ 2,611,336	$ 627,244	$ 4,942	$ (1,979,150)
Instruction services	21,006,895	324,587	80,655	(20,601,653)
Other student services	798,407	239	-	(798,168)
Facilities	1,068,779	-	-	(1,068,779)
Unallocated depreciation	1,663,018	-	-	(1,663,018)
State funded pension benefits	2,000,740	-	2,000,740	-
Interest	310,010	-	-	(310,010)
Total Governmental Activities	$ 29,459,185	$ 952,070	$ 2,086,337	$ **(26,420,778)**

(Continued)

See notes to basic financial statements.

South Shore Educational Collaborative

Statement of Activities (Continued)

Year Ended June 30, 2026

		Governmental Activities
Changes in net position:		
Net (expense) revenue from previous page	$	**(26,420,778)**
General revenues:		
Tuition		27,343,780
Unrestricted investment income		175,531
Total general revenues		27,519,311
Change in net position		1,098,533
Net position:		
Beginning of year		(5,888,714)
End of year	$	(4,790,181)

See notes to basic financial statements.

South Shore Educational Collaborative

Governmental Funds Balance Sheet

June 30, 2026

	General	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,832,959	$ 475,000	$ 130,062	$ 5,438,021
Receivables, net of uncollectibles:				
Departmental and other	-	-	115	115
Tuition due from member communities and others	2,361,625	-	700	2,362,325
TOTAL ASSETS	$ 7,194,584	$ 475,000	$ 130,877	$ 7,800,461
LIABILITIES				
Warrants payable	$ 566,680	$ -	$ 8,631	$ 575,311
Accrued payroll	256,329	-	-	256,329
Payroll withholdings	161,077	-	-	161,077
Unearned revenue	651,463	-	-	651,463
TOTAL LIABILITIES	1,635,549	-	8,631	1,644,180
FUND BALANCES				
Restricted	-	-	122,246	122,246
Committed	-	475,000	-	475,000
Assigned	44,469	-	-	44,469
Unassigned	5,514,566	-	-	5,514,566
TOTAL FUND BALANCES	5,559,035	475,000	122,246	6,156,281
TOTAL LIABILITIES AND FUND BALANCES	$ 7,194,584	$ 475,000	$ 130,877	$ 7,800,461

See notes to basic financial statements.

South Shore Educational Collaborative

Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position

June 30, 2026

Total governmental fund balances		$ 6,156,281
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		10,537,843
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported		(1,477,475)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Net other postemployment benefits liability	(7,290,645)	
Lease obligations	(11,220,440)	
Compensated absences	(1,495,745)	
Net effect of reporting long-term liabilities		(20,006,830)
Net position of governmental activities		$ (4,790,181)

See notes to basic financial statements.

South Shore Educational Collaborative

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2026

	General	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Special education tuition	$ 27,343,780	$ -	$ 3,500	$ 27,347,280
Occupational and physical education services	294,211	-	-	294,211
Service revenue	239	-	-	239
Other departmental revenue	635,675	-	25,294	660,969
Operating grants and contributions	3,705	-	75,043	78,748
Intergovernmental - State provided pension benefits	2,000,740	-	-	2,000,740
Investment income	175,531	-	-	175,531
TOTAL REVENUES	30,453,881	-	103,837	30,557,718
EXPENDITURES:				
Current:				
Administration and office expenditures	2,296,190	-	4,942	2,301,132
Instruction services	18,770,406	-	65,903	18,836,309
Other student services	797,583	-	824	798,407
Facilities	1,068,729	-	-	1,068,729
Employee benefits	2,220,821	-	-	2,220,821
State funded pension benefits	2,000,740	-	-	2,000,740
Debt service:				
Principal - right to use leases	1,569,610	-	-	1,569,610
Interest - right to use leases	310,010	-	-	310,010
TOTAL EXPENDITURES	29,034,089	-	71,669	29,105,758
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,419,792	-	32,168	1,451,960
OTHER FINANCING SOURCES (USES):				
Transfers in	-	475,000	-	475,000
Transfers out	(475,000)	-	-	(475,000)
TOTAL OTHER FINANCING SOURCES (USES)	(475,000)	475,000	-	-
NET CHANGE IN FUND BALANCES	944,792	475,000	32,168	1,451,960
FUND BALANCES AT BEGINNING OF YEAR	4,614,243	-	90,078	4,704,321
FUND BALANCES AT END OF YEAR	$ 5,559,035	$ 475,000	$ 122,246	$ 6,156,281

See notes to basic financial statements.

South Shore Educational Collaborative

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2026

Net change in fund balances - total governmental funds		$ 1,451,960
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	61,420	
Depreciation expense	(1,663,018)	
Net effect of reporting capital assets		(1,601,598)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.		
Principal payments on leases	1,569,610	
Net effect of reporting long-term debt		1,569,610
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences accrual	(68,855)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits	478,016	
Net change in net other postemployment benefits liability	(730,600)	
Net effect of recording long-term liabilities		(321,439)
Change in net position of governmental activities		$ 1,098,533

See notes to basic financial statements.

South Shore Educational Collaborative

Statement of Fiduciary Net Position

June 30, 2026

	Other Postemployment Benefit Trust Fund
ASSETS	
Cash and cash equivalents	$ 59,050
Investments:	
Fixed income mutual funds	370,814
Equity mutual funds	1,178,645
TOTAL ASSETS	1,608,509
NET POSITION	
Restricted for other postemployment benefits	$ 1,608,509

See notes to basic financial statements.

South Shore Educational Collaborative

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2026

	Other Postemployment Benefit Trust Fund
ADDITIONS:	
Contributions:	
Employer contributions to the trust	$ 45,000
Employer contributions for other postemployment benefit payments	164,907
Total contributions	209,907
Net investment income:	
Investment income	112,884
Less: investment expense	(4,346)
Net investment income	108,538
TOTAL ADDITIONS	318,445
DEDUCTIONS:	
Other postemployment benefit payments	164,907
NET INCREASE IN NET POSITION	153,538
NET POSITION AT BEGINNING OF YEAR	1,454,971
NET POSITION AT END OF YEAR	$ 1,608,509

See notes to basic financial statements.

South Shore Educational Collaborative

Notes to Basic Financial Statements

Year Ended June 30, 2026

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Shore Educational Collaborative (the "Collaborative") was formed in 1976 as authorized by Chapter 40 Section 4E and Chapter 797 of the General Laws of the Commonwealth of Massachusetts, by member school districts from the Cities and Towns of Braintree, Cohasset, Hingham, Hull, Marshfield, Milton, Norwell, Quincy, Randolph, Scituate, Weymouth, and the Whitman-Hanson Regional School District. The primary purpose of the Collaborative is to expand the quality of educational services that can be provided more effectively and efficiently by pooling the resources and students of several school districts. Since inception, the Collaborative has been able to substantially broaden the quantity and quality of programs and services available to students in surrounding school districts.

The Collaborative's programs and services are primarily intended for its members; however, nonmembers may also participate.

Governance of the Collaborative is vested in a 12-member Board of Directors (the "Board") composed of one representative appointed by each member school committee. The Board appoints an Executive Director who is the chief operating official for the Collaborative and who reports directly to the Board.

The accompanying basic financial statements of the South Shore Educational Collaborative have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Collaborative accounting policies are described herein.

A. Reporting Entity

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

The primary government consists of all funds and departments which provide various services including administration and office expenses, instruction services, other student services, facilities, unallocated depreciation, state funded pension benefits, and interest. The Collaborative Board of Directors and Executive Director are directly responsible for these activities.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

- Charges to recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

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

The *capital reserve* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *nonmajor governmental funds* consist of other special revenue funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

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

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to account for other postemployment benefit (OPEB), which accumulate resources to provide funding for future OPEB liabilities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Collaborative reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value.

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Tuition Due from Member Communities and Others

Tuition due from member communities and others represents funds due to the Collaborative from member communities and non-member communities for services provided.

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

Intergovernmental

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

The Collaborative did not have any intergovernmental receivables at June 30, 2026.

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide Financial Statements

Capital assets, which include a right to use building, equipment, furniture and fixtures, and vehicles, are reported in the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, when actual historical cost could not be determined. Donated capital assets are recorded at acquisition value.

All purchases and construction costs in excess of $5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Right to use - buildings……	Shorter of the lease term or useful life of the asset
Equipment, Furniture, & Fixtures……	5-15
Vehicles……	3-5

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

The Collaborative reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Should the expected cash flows be less than the carrying value, an impairment loss would be recognized to reduce the carrying value. There was no impairment loss recorded during 2026.

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Collaborative reported deferred inflows related to other postemployment benefits in this category.

Government Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents amounts that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Collaborative did not have any elements that qualify for reporting in this category.

J. Interfund Receivables and Payables

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

Fund Financial Statements

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been restricted for "Gifts and grants" which represent assets that have restrictions placed on them from outside parties.

Net position has been restricted for "Other" which represents amounts held for other Collaborative purposes.

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

M. Long-Term Debt

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

N. Investment Income

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

O. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave benefits are reported as liabilities and expensed for leave that has been earned by employees and is attributable to services already rendered, to the extent it is probable that the benefits will either be paid through cash settlements or taken as time off.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Collaborative's deposits may not be returned to it. The Collaborative does not have a formal deposit policy for custodial credit risk.

At year-end, the carrying amount of deposits totaled $2,482,492 and the bank balance totaled $2,482,707. Of the bank balance, $250,000 was covered by Federal Depository Insurance, $2,173,657 was collateralized, and $59,050 was subject to custodial credit risk because it was uninsured and uncollateralized.

Fair Value of Investments

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

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

As of June 30, 2026, the Collaborative's fiduciary fund had $1,178,645 invested in equity mutual funds and $370,814 invested in fixed income mutual funds. These investments are classified in Level 1 of the fair value hierarchy as they are valued using prices quoted in active markets for those securities.

As of June 30, 2026, the Collaborative had $3,014,579 invested in MMDT reported within cash and cash equivalents. MMDT, which is an external investment pool that is overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, "Certain External Investment Pools and Pool Participants," to report its investments at amortized cost; therefore, the Collaborative reports its investments in MMDT at amortized cost which approximates the net asset value of $1.00 per share. MMDT has a maturity of less than 1 year and is not rated.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the entity will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Collaborative does not have a formal investment policy for custodial credit risk.

Interest Rate Risk

The Collaborative does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Collaborative participates in MMDT, which maintains a cash portfolio, and at June 30, 2026, MMDT's cash portfolio had a weighted average of 45 days.

Credit Risk

The Collaborative has not adopted a formal policy related to Credit Risk.

Concentration of Credit Risk

The Collaborative places no limit on the amount the government may invest in any one issuer. At June 30, 2026, the Collaborative did not have any investments in one issuer that exceeded 5% of total investments.

NOTE 3 – RECEIVABLES

At June 30, 2026, general fund receivables totaled approximately $2.4 million and consisted of tuition due from member communities and others. The Collaborative also reported $115 of departmental receivables in its nonmajor governmental funds.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets being depreciated:				
Equipment, furniture, & fixtures	$ 893,447	$ 61,420	$ -	$ 954,867
Vehicles	108,595	-	-	108,595
Right to use - building	18,154,453	-	-	18,154,453
Total capital assets being depreciated	19,156,495	61,420	-	19,217,915
Less accumulated depreciation for:				
Equipment, furniture, & fixtures	(856,975)	(16,068)	-	(873,043)
Vehicles	(108,595)	-	-	(108,595)
Right to use - building	(6,051,484)	(1,646,950)	-	(7,698,434)
Total accumulated depreciation	(7,017,054)	(1,663,018)	-	(8,680,072)
Total governmental activities capital assets, net	$ 12,139,441	$ (1,601,598)	$ -	$ 10,537,843

Unallocated depreciation expense totaled $1,663,018 for the year ended June 30, 2026.

NOTE 5 – RIGHT TO USE LEASE – BUILDING

The Collaborative has entered into a lease agreement for classroom and administrative office space under a non-cancelable lease. The lease at 75 Abington Street, which began on July 1, 2013, will expire on June 30, 2033. The cost of the lease for the year ended June 30, 2026, totaled $1.7 million, and is reported as debt service relating to leases in the general fund.

In 2025, the Collaborative entered into a three-year lease agreement for classroom space at Hull Public Schools, commencing on July 1, 2024, and expiring on June 30, 2027. During 2026, the Collaborative made payments totaling $181,120 in connection with this lease, and is reported as debt service related to leases in the general fund.

The cost and accumulated depreciation related to these leases totaled $18,154,453 and $7,698,434.

The future principal and interest lease payments related to lease obligations are as follows:

Years ending June 30:	Principal	Interest	Total
2027	$ 1,621,836	$ 349,217	$ 1,971,053
2028	1,482,427	302,073	1,784,500
2029	1,527,517	256,983	1,784,500
2030	1,573,978	210,522	1,784,500
2031	1,621,852	197,048	1,818,900
2032	1,671,182	147,718	1,818,900
2033	1,721,648	97,251	1,818,899
Total	$ 11,220,440	$ 1,560,812	$ 12,781,252

NOTE 6 – INTERFUND TRANSFERS

For the year ended June 30, 2026, there was a $475,000 transfer from the general fund to establish the capital reserve fund.

NOTE 7 – LOANS PAYABLE AND OTHER LONG-TERM LIABILITIES

Line of Credit

The Collaborative has an agreement with a financial institution to borrow up to $3.0 million under a revolving line of credit arrangement. For the year ended June 30, 2026, the Collaborative has not drawn down any amounts on this line of credit.

Changes in Long-term Liabilities

During the year ended June 30, 2026, the following changes occurred in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Lease obligations	$ 12,790,050	$ -	$ (1,569,610)	$ 11,220,440	$ 1,621,836
Compensated absences	1,426,890	435,918	(367,063)	1,495,745	384,218
Net other postemployment benefits	6,560,045	940,507	(209,907)	7,290,645	-
Total governmental activity long-term liabilities	$ 20,776,985	$ 1,376,425	$ (2,146,580)	$ 20,006,830	$ 2,006,054

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

As of June 30, 2026, the governmental fund balances consisted of the following:

	General	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Restricted for:				
Evans Henry Foundation	$ -	$ -	$ 3,150	$ 3,150
Community School Revolving	-	-	13,766	13,766
Mini School Revolving	-	-	15,261	15,261
In-service Workshops	-	-	1,929	1,929
South Shore Special Education	-	-	4,641	4,641
Flutie Autism Grant	-		749	749
Overhead	-	-	1,051	1,051
Revolving	-	-	14,625	14,625
Food Service	-	-	62,718	62,718
Assistive Technology	-	-	4,356	4,356
Committed to:				
Capital Reserve	-	475,000	-	475,000
Assigned to:				
Administration and office expense	10,428	-	-	10,428
Instructional	3,851	-	-	3,851
Other student services	3,639	-	-	3,639
Facilities	17,826	-	-	17,826
Employee benefits	8,725	-	-	8,725
Unassigned	5,514,566	-	-	5,514,566
Total Fund Balances	$ 5,559,035	$ 475,000	$ 122,246	$ 6,156,281

NOTE 9 – RISK FINANCING

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

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

NOTE 10 – PREPAID TUITION

Member communities are allowed to prepay a portion of the next year's tuition. At June 30, 2026, the Collaborative received $651,463 in prepaid tuition payments, which has been reported as unearned revenue.

NOTE 11 – PENSION PLAN

*Plan Description*s

The Collaborative is a member of the Massachusetts State Employees' Retirement System (MSERS), a public employee retirement system that administers a cost-sharing multi-employer defined benefit plan covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The MSERS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting https://www.macomptroller.org/gasb-68-reports/.

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

Special Funding Situations

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Collaborative's teachers and retired teachers to the MTRS. Therefore, the Collaborative is considered to be in a special funding situation as

defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Collaborative does not contribute directly to MTRS, the Collaborative does not have a net pension liability. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2025. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of $1,538,305 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is $28,154,200 as of the measurement date.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, the Collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives. Therefore, the Collaborative does not have a net pension liability. The Collaborative's required contribution to MSERS equaled its actual contribution for the year ended June 30, 2025, which was $377,886 and 6.1% of covered payroll.

The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the non-teaching employees of the Collaboratives and therefore has a 100% special funding situation. The total of the Commonwealth provided contributions are allocated based on each employer's covered payroll to the total covered payroll of employers in MSERS as of the measurement date of June 30, 2025. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of $462,435 is reported as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is $10,366,186 as of the measurement date.

Benefits Provided

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

are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Summary of Significant Accounting Policies

For purposes of measuring the 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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Funding Policy

Contribution requirements are also negotiated between the Collaborative and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Collaborative contributes 50 percent of the cost of only medical insurance premiums for eligible retired plan members and their

spouses. Plan members receiving benefits contribute the remaining portion of their premium costs. For 2026, the Collaborative contributed $209,907 towards these benefits, including the additional contribution to pre-fund future liabilities as described below.

The Commonwealth of Massachusetts passed special legislation that has allowed the Collaborative to establish a postemployment benefit trust fund and to enable the Collaborative to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2026, the Collaborative contributed $45,000 towards pre-funding future OPEB liabilities. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2026, the balance of this fund totaled $1.6 million.

Plan Membership

The following table represents the Plan's membership on July 1, 2025:

Active members……	284
Inactive members currently receiving benefits……	26
Total……	310

Components of OPEB liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2026:

Total OPEB liability……	$ 8,899,154
Less: OPEB plan's fiduciary net position…….	(1,608,509)
Net OPEB liability……	$ 7,290,645
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability…	18.07%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2024, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2026, to be in accordance with GASB Statement #74 and Statement #75:

Valuation date	July 1, 2024
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value of Assets as of the Measurement Date, June 30, 2026.
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Discount rate	5.20%, net of OPEB plan investment expense, including inflation
Inflation rate	2.50% as of June 30, 2026 and for future periods
Salary increases	3.00% annually as of June 30, 2026, and for future periods
Municipal bond rate	4.32% as of June 30, 2026 (Source: S&P Municipal Bond 20-Year High Grade index-SAPIHG)
Mortality rates:	
Pre-Retirement mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 1 year for females Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Employees projected generationally with scale MP-2021
Post-Retirement mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Healthy Annuitants projected generationally with scale MP-2021
Disabled mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females Teachers: PubT-2010 Mortality Table (Headcount-Weighted) for Healthy Annuitants projected generationally with scale MP-2021

Rate of Return

For the year ended June 30, 2026, the annual money-weighted rate of return on investments, net of investment expense, was 7.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of 4.25% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 6.75%.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2026 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity-large cap	48.75%	4.60%
Domestic equity-small/mid cap	5.25%	4.98%
International equity-developed markets	11.50%	4.95%
International equity-emerging markets	2.75%	5.51%
Domestic fixed income	25.75%	2.70%
International fixed income	1.00%	2.36%
Alternatives	5.00%	6.10%
Real estate	0.00%	3.98%
Cash and cash equivalents	0.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20% as of June 30, 2026 and 5.39% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Collaborative's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until fiscal year 2055 and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.32% as of June 30, 2026. The S&P Municipal Bond 20 – Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

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

The table on the following page presents the net other postemployment benefit liability, calculated using the discount rate of 5.20%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate.

	1% Decrease (4.20%)	Current Discount Rate 5.20%	1% Increase (6.20%)
Net OPEB liability……	$ 9,028,185	$ 7,290,645	$ 5,932,938

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

The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability……	$ 5,751,081	$ 7,290,645	$ 9,342,176

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2025….	$ 8,015,016	$ 1,454,971	$ 6,560,045
Changes for the year:			
Service cost……	379,880	-	379,880
Interest……	448,099	-	448,099
Changes of assumptions……	221,066	-	221,066
Investment income……	-	108,538	(108,538)
Employer contributions to Trust……	-	209,907	(209,907)
Benefit Payments….	(164,907)	(164,907)	-
Net change……	884,138	153,538	730,600
Balances at June 30, 2026….	$ 8,899,154	$ 1,608,509	$ 7,290,645

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

For the year ended June 30, 2026, the Collaborative recognized OPEB expense of $462,491. At June 30, 2026, the Collaborative reported deferred outflows of resources and deferred inflows of resources related to OPEB of $991,412 and $2,468,887, respectively, from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ -	$ (1,175,742)	$ (1,175,742)
Difference between projected and actual earnings, net	-	(73,501)	(73,501)
Changes in assumptions	991,412	(1,219,644)	(228,232)
Total deferred outflows/(inflows) of resources	$ 991,412	$ (2,468,887)	$ (1,477,475)

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

Year ended June 30:	
2027	$ (332,058)
2028	(503,698)
2029	(251,530)
2030	(251,938)
2031	(169,837)
Thereafter	31,586
Total	$ (1,477,475)

Changes of Assumptions

- The discount rate has been changed from 5.39% to 5.20%.

Changes in Plan Provisions

- None.

NOTE 13 – CONTINGENCIES

The Collaborative is subject to various risks and uncertainties that arise in the ordinary course of operations. Management is not aware of any pending or threatened litigation or claims that would have a material adverse effect on the Collaborative's financial position as of June 30, 2026.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 14, 2026, which is the date the financial statements were available to be issued.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2026, the following GASB pronouncements were implemented:

- The GASB issued GASB Statement #103, Financial Reporting Model Improvements. This pronouncement was implemented in the basic financial statements.
- The GASB issued GASB Statement #104, Disclosure of Certain Capital Assets. This pronouncement did not impact the basic financial statements.

The following GASB pronouncement will be implemented in the future:

- The GASB issued GASB Statement #105, Subsequent Events, which is required to be implemented for fiscal years beginning after June 15, 2026.

Management is currently assessing the impact the implementation of this pronouncement will have on the basic financial statements.

Required Supplementary Information

General Fund
Budgetary Comparison Schedule

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

South Shore Educational Collaborative

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Year Ended June 30, 2026

	Budgeted Amounts					
	Original Budget	Final Budget	Variance of Original to Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance of Actual to Final Budget
REVENUES:						
Special education tuition	$ 26,712,876	$ 27,133,953	$ 421,077	$ 27,343,780	$ -	$ 209,827
Occupational and physical education services	225,000	265,000	40,000	294,211	-	29,211
Service revenue	-	239	239	239	-	-
Other departmental revenue	157,000	556,396	399,396	635,675	-	79,279
Operating grants and contributions	-	3,705	3,705	3,705	-	-
Investment income	125,000	160,000	35,000	175,531	-	15,531
TOTAL REVENUES	27,219,876	28,119,293	899,417	28,453,141	-	333,848
EXPENDITURES:						
Current:						
Administration and office expense	2,113,506	2,424,815	311,309	2,347,875	10,428	66,512
Instructional	19,215,941	19,131,838	(84,103)	18,951,526	3,851	176,461
Other student services	804,650	803,527	(1,123)	797,583	3,639	2,305
Facilities	2,836,671	2,921,530	84,859	2,767,229	17,826	136,475
Employee benefits	2,339,601	2,251,227	(88,374)	2,220,821	8,725	21,681
TOTAL EXPENDITURES	27,310,369	27,532,937	222,568	27,085,034	44,469	403,434
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(90,493)	586,356	676,849	1,368,107	(44,469)	737,282
OTHER FINANCING SOURCES (USES):						
Use of prior year reserves	158,081	158,081	-	-	-	(158,081)
Use of cumulative surplus	-	520,000	520,000	-	-	(520,000)
Transfers out	-	(475,000)	(475,000)	(475,000)	-	-
TOTAL OTHER FINANCING SOURCES	158,081	203,081	45,000	(475,000)	-	(678,081)
NET CHANGE IN FUND BALANCE	67,588	789,437	721,849	893,107	(44,469)	59,201
FUND BALANCES AT BEGINNING OF YEAR	4,843,200	4,843,200	4,843,200	4,843,200	-	-
FUND BALANCES AT END OF YEAR	$ 4,910,788	$ 5,632,637	$ 5,565,049	$ 5,736,307	$ (44,469)	$ 59,201

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

South Shore Educational Collaborative

Schedule of the Special Funding Amounts of the Net Pension Liability

Massachusetts State Employees' Retirement System

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2026	$ 10,366,186	$ 462,435	76.10%
2025	12,598,682	1,300,515	72.90%
2024	13,792,103	1,637,550	70.71%
2023	12,763,273	1,003,228	71.05%
2022	7,893,845	482,110	77.54%
2021	14,943,262	2,230,790	62.48%
2020	12,185,865	2,024,254	66.28%
2019	10,336,943	1,361,820	67.91%
2018	8,176,147	1,057,936	67.21%
2017	11,936,310	1,657,692	63.48%

See notes to required supplementary information.

South Shore Educational Collaborative

Schedule of the Special Funding Amounts of the Net Pension Liability

Massachusetts Teachers' Retirement System

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2026.....	$ 28,154,200	$ 1,538,305	65.85%
2025.....	30,209,551	2,493,545	61.45%
2024.....	34,229,930	3,196,053	58.48%
2023.....	35,398,426	2,911,866	57.75%
2022.....	29,303,917	2,351,517	62.03%
2021.....	39,292,311	4,853,163	50.67%
2020.....	33,829,657	4,102,433	53.95%
2019.....	31,145,905	3,156,186	54.84%
2018.....	29,105,438	3,037,819	54.25%
2017.....	29,573,474	3,016,688	52.73%

See notes to required supplementary information.

South Shore Educational Collaborative

Schedule of the Collaborative's Contributions

Massachusetts State Employees' Retirement System

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

Year	Collaborative's Statutory Required and Actual Contribution for Normal Cost	Collaborative's Covered Payroll	Amount of Contributions Recognized by the Pension Plan in Relation to Covered Payroll
2026.....	$ 377,886	$ 6,194,852	6.10%
2025.....	371,704	6,093,508	6.10%
2024.....	345,375	5,661,885	6.10%
2023.....	328,444	5,384,328	6.10%
2022.....	238,677	3,912,738	6.10%
2021.....	368,214	6,036,295	6.10%
2020.....	300,396	4,924,525	6.10%
2019.....	254,476	4,171,738	6.10%
2018.....	229,284	4,094,357	5.60%
2017.....	270,010	4,821,607	5.60%

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

South Shore Educational Collaborative

Schedule of the Changes in the Collaborative's Net OPEB Liability and Related Ratios

Other Postemployment Benefits Plan

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026
Total OPEB Liability										
Service Cost	$ 518,377	$ 392,932	$ 322,538	$ 365,372	$ 385,291	$ 488,389	$ 375,668	$ 474,782	$ 452,378	$ 379,880
Interest	239,531	355,623	303,252	291,714	306,994	366,043	419,180	410,711	451,683	448,099
Differences between expected and actual experience	-	-	(495,170)	(43,896)	(409,544)	-	(1,257,969)	-	(809,341)	-
Changes of assumptions	-	(1,725,343)	(291,552)	268,861	1,692,932	(1,658,387)	1,306,836	(554,496)	(600,542)	221,066
Benefit payments	(90,083)	(110,219)	(123,169)	(153,774)	(168,550)	(133,148)	(151,693)	(138,494)	(155,192)	(164,907)
Net change in total OPEB liability	667,825	(1,087,007)	(284,101)	728,277	1,807,123	(937,103)	692,022	192,503	(661,014)	884,138
Total OPEB liability - beginning	6,896,491	7,564,316	6,477,309	6,193,208	6,921,485	8,728,608	7,791,505	8,483,527	8,676,030	8,015,016
Total OPEB liability - ending (a)	$ 7,564,316	$ 6,477,309	$ 6,193,208	$ 6,921,485	$ 8,728,608	$ 7,791,505	$ 8,483,527	$ 8,676,030	$ 8,015,016	$ 8,899,154
Plan fiduciary net position										
Employer contributions	$ 124,929	$ 125,000	$ 126,000	$ 153,000	$ 183,000	$ 82,300	$ 93,625	$ -	$ -	$ 45,000
Employer contributions for OPEB payments	90,083	110,219	123,169	153,774	168,550	133,148	151,693	138,494	155,192	164,907
Net investment income (loss)	(3)	5,446	29,356	39,089	177,297	(75,807)	122,513	146,860	122,366	108,538
Benefit payments	(90,083)	(110,219)	(123,169)	(153,774)	(168,550)	(133,148)	(151,693)	(138,494)	(155,192)	(164,907)
Net change in plan fiduciary net position	124,926	130,446	155,356	192,089	360,297	6,493	216,138	146,860	122,366	153,538
Plan fiduciary net position - beginning of year	-	124,926	255,372	410,728	602,817	963,114	969,607	1,185,745	1,332,605	1,454,971
Plan fiduciary net position - end of year (b)	$ 124,926	$ 255,372	$ 410,728	$ 602,817	$ 963,114	$ 969,607	$ 1,185,745	$ 1,332,605	$ 1,454,971	$ 1,608,509
Net OPEB liability - ending (a)-(b)	$ 7,439,390	$ 6,221,937	$ 5,782,480	$ 6,318,668	$ 7,765,494	$ 6,821,898	$ 7,297,782	$ 7,343,425	$ 6,560,045	$ 7,290,645
Plan fiduciary net position as a percentage of the total OPEB liability	1.65%	3.94%	6.63%	8.71%	11.03%	12.44%	13.98%	15.36%	18.15%	18.07%
Covered-employee payroll	$ 14,312,401	$ 14,741,773	$ 15,509,076	$ 15,974,348	$ 15,744,580	$ 16,216,917	$ 16,540,613	$ 17,036,831	$ 18,250,000	$ 18,797,500
Net OPEB liability as a percentage of covered-employee payroll	51.98%	42.21%	37.28%	39.56%	49.32%	42.07%	44.12%	43.10%	35.95%	38.79%

See notes to required supplementary information.

South Shore Educational Collaborative

Schedule of the Collaborative's Contributions

Other Postemployment Benefits Plan

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2026……	$ 704,587	$ (209,907)	$ 494,680	$ 18,797,500	1.12%
June 30, 2025……	751,405	(155,192)	596,213	18,250,000	0.85%
June 30, 2024……	793,452	(138,494)	654,958	17,036,831	0.81%
June 30, 2023……	677,934	(245,318)	432,616	16,540,613	1.48%
June 30, 2022……	791,473	(215,448)	576,025	16,216,917	1.33%
June 30, 2021……	682,030	(351,550)	330,480	15,744,580	2.23%
June 30, 2020……	726,601	(336,774)	389,827	15,974,348	2.11%
June 30, 2019……	662,246	(249,169)	413,077	15,509,076	1.61%
June 30, 2018……	829,981	(235,219)	594,762	14,741,773	1.60%
June 30, 2017……	870,263	(215,012)	655,251	14,312,401	1.50%

See notes to required supplementary information.

South Shore Educational Collaborative

Schedule of Investment Returns

Other Postemployment Benefit Plan

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2026	7.39%
June 30, 2025	9.18%
June 30, 2024	12.39%
June 30, 2023	11.93%
June 30, 2022	-7.62%
June 30, 2021	26.33%
June 30, 2020	1.89%
June 30, 2019	9.52%
June 30, 2018	3.50%
June 30, 2017	-0.02%

See notes to required supplementary information.

South Shore Educational Collaborative

Notes to Required Supplementary Information

Year Ended June 30, 2026

NOTE A – BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Information

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

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

The Collaborative adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2026 approved budget for the general fund authorized approximately $27.3 million in appropriations. During 2026, the budget increased to $28.0 million, inclusive of transfers out, once more information regarding enrollments was known. Furthermore, throughout the year, the Collaborative voted to use general fund balance to established a capital reserve fund totaling $475,000 and to fund the OPEB trust fund totaling $45,000.

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

South Shore Educational Collaborative

Notes to Required Supplementary Information

Year Ended June 30, 2026

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, a budgetary basis of accounting is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2026, is presented below:

Net change in fund balance - budgetary basis	$	893,107
Basis of accounting differences:		
Net change in recording accrued expenditures		115,402
Net change in recording accrued payroll		(63,717)
Recognition of revenue for on-behalf payments		2,000,740
Recognition of expenditures for on-behalf payments		(2,000,740)
Net change in fund balance - GAAP basis	$	944,792

NOTE B – PENSION PLAN

Pension Plan Schedules

A. Schedule of Collaborative's Contributions

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

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

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

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

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios

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

Schedule of the Collaborative's Contributions

The Schedule of the Collaborative's Contributions includes the Collaborative's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Collaborative is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

South Shore Educational Collaborative

Notes to Required Supplementary Information

Year Ended June 30, 2026

Valuation date	July 1, 2024
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value of Assets as of the Measurement Date, June 30, 2026.
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Discount rate	5.20%, net of OPEB plan investment expense, including inflation
Inflation rate	2.50% as of June 30, 2026 and for future periods
Salary increases	3.00% annually as of June 30, 2026, and for future periods
Municipal bond rate	4.32% as of June 30, 2026 (Source: S&P Municipal Bond 20-Year High Grade index-SAPIHG)
Mortality rates:	
Pre-Retirement mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 1 year for females Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Employees projected generationally with scale MP-2021
Post-Retirement mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Healthy Annuitants projected generationally with scale MP-2021
Disabled mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females Teachers: PubT-2010 Mortality Table (Headcount-Weighted) for Healthy Annuitants projected generationally with scale MP-2021

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes of Assumptions

- The discount rate has been changed from 5.39% to 5.20%.

Changes in Provisions

None.

Other Information

South Shore Educational Collaborative

Required Disclosures For Massachusetts Educational Collaboratives

Year Ended June 30, 2026

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

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

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

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

The Collaborative has entered into rental agreements for classroom and administrative office space under non-cancelable leases that expire through June 30, 2033. The cost of the leases for the year ended June 30, 2026, totaled approximately $1.9 million and is reported as debt service relating to leases in the general fund. Future minimum lease payments are provided in Note 5 to the financial statements.

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

The following employees were the five highest compensated employees of the Collaborative for 2026:

Name	Employee Position	Total Compensation
Michael Losche.....	Executive Director.....	$ 181,288
Maureen Gattine.....	Program Director.....	163,429
Hannah Cappellucci.....	Program Director.....	144,241
Jonathan Reynard….....	Business Manager.....	140,945
Christina Shaughnessy….	Teacher….....	139,066

South Shore Educational Collaborative

Required Disclosures For Massachusetts Educational Collaboratives

Year Ended June 30, 2026

NOTE 4 – AMOUNTS EXPENDED ON ADMINISTRATION AND OVERHEAD

For the year ended June 30, 2026, the Collaborative expended approximately $6.1 million and $6.5 million for amounts related to administration and overhead, respectively.

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

At June 30, 2026, there are no accounts held by the Collaborative that may be spent at the discretion of another person or entity. The Collaborative did establish an OPEB Trust Fund in 2018 that is under the direction of the OPEB Board of Trustees.

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

For the year ending June 30, 2026, the Collaborative did not have expenditures related to services for individuals with disabilities, 22 years of age or older.

NOTE 7 – ANNUAL DETERMINATION AND DISCLOSURE OF CUMULATIVE SURPLUS

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

The Board of Directors voted to approve and retain $5,514,566 as the amount designated as Cumulative Surplus from general funds remaining in the Collaborative's accounts as of June 30, 2026. This amount does not exceed the limit of 25% of general fund expenditures for the year as shown in the table on the following page.

South Shore Educational Collaborative

Schedule of Cumulative Surplus

Year Ended June 30, 2026

South Shore Educational Collaborative

Cumulative Surplus Calculation Fiscal Year 2026	LEA Enter values below	LEA Calculated Column	Other Enter values below	Other Calculated Column	Total Calculated Total	Total Calculated Total	Page in FY26 FS
(A) **Cumulative Surplus as of 6/30/25** *(FY25 Unassigned General Fund Balance)*	$ 4,456,162		$ -		$ 4,456,162		(A) **p. 18**
(B) **Board voted uses of cumulative surplus funds during FY26**		$ 406,388		$ -		$ 406,388	
b(1) used to support the FY26 budget	$ (158,081)		$ -		$ (158,081)		**p. 50**
b(2) used to support the FY27 budget	$ 44,469		$ -		$ 44,469		**p. 50**
b(3) issued as credits to member districts	$ -		$ -		$ -		
b(4) issued as a check(s) to member district(s)	$ -		$ -		$ -		
b(5) deposited to a restricted account(s) *(OPEB/Capital Reserve)*	$ 520,000		$ -		$ 520,000		**p. 18**
FY25 Cumulative Surplus after REDUCTIONS *(if applicable)*							
Credited to member districts for tuition, services, etc.	$ -		$ -		$ -		
Deposited to an established trust and/or reserve fund	$ -		$ -		$ -		
Returned (check) to school districts/towns	$ -		$ -		$ -		
(C) **FY26 Unexpended General Funds** *(FY26 Unassigned General Fund Balance)*	$ 1,464,792		$ -		$ 1,464,792		(C) **p. 16**
(D) Cumulative Surplus as of 6/30/26	(A) - (B) + (C) = (D)	$ 5,514,566	(A) - (B) + (C) = (D)	$ -	(A) - (B) + (C) = (D)	$ 5,514,566.00	
(E) **FY26 Total General Fund Expenditures***	$ 27,033,349		$ -		$ 27,033,349		(E) **p. 18**
(F) FY26 Cumulative Surplus Percentage	(D) ÷ (E)	**20.40%**					
(G) Allowable Cumulative Surplus based upon Expenditures		$ 6,758,337					

FY26 CUMULATIVE SURPLUS REDUCTION *(if necessary)*
Allowable uses of surplus to reduce excess to or below the 25% limit

(D)	Cumulative surplus as of 6/30/26 before Reductions	$ 5,514,566	
(F)	FY26 Cumulative Surplus Percentage before Reductions	**20.40%**	
(G)	Allowable Cumulative Surplus based upon Expenditures	$ 6,758,337	
(H)	Cumulative Surplus **REDUCTIONS**	$ -	
(h)1 Credited to member districts for tuition, services, etc.		$ -	
(h)2 Deposited to an established trust and/or reserve fund		$ -	
(h)3 Returned (check) to school districts/towns		$ -	
	FY26 Cumulative Surplus after Reductions	**$ 5,514,566**	
	FY26 Cumulative Surplus Percentage after Reductions	**20.40%**	

* Exclusive of the gross up of state funded pension benefits related to the Massachusetts Teachers' Retirement System and the Massachusetts State Employees' Retirement System

Report on Internal Control Over Financial Reporting and on Compliance

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Independent Auditors' 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*

To the Board of Directors
South Shore Educational Collaborative

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Shore Educational Collaborative (the "Collaborative"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CBIZ CPAs P.C.

Merrimack, New Hampshire
October 14, 2026