

**CENTRAL MASSACHUSETTS
SPECIAL EDUCATION COLLABORATIVE**

**FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITORS REPORT**

JUNE 30, 2012

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

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REPORT OF INDEPENDENT AUDITORS

Honorable Members of the Board of Directors
Central Massachusetts Special Education Collaborative
Worcester, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Central Massachusetts Special Education Collaborative (“Collaborative”), as of and for the year ended June 30, 2012, which collectively comprise the Collaborative’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Collaborative’s Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Collaborative’s Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Central Massachusetts Special Education Collaborative, as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 2012 on our consideration of the Central Massachusetts Special Education Collaborative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on Pages 5 through 8 and 14 be presented to supplement the basic financial statements. Such information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Collaborative's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining non-major fund financial statements has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Providence, Rhode Island
November 27, 2012

Blair P.C.

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

Honorable Members of the Board of Directors
Central Massachusetts Special Education Collaborative
Worcester, Massachusetts

We have audited the financial statements of the Central Massachusetts Special Education Collaborative as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Central Massachusetts Special Education Collaborative is responsible for establishing and maintaining effective internal control over financial planning. In planning and performing our audit, we considered Central Massachusetts Special Education Collaborative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Massachusetts Special Education Collaborative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Massachusetts Special Education Collaborative's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Massachusetts Special Education Collaborative's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those 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*.

This report is intended for the information of the management of Central Massachusetts Special Education Collaborative and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Providence, Rhode Island
November 27, 2012

Brawn P.C.

Management's Discussion and Analysis (MD&A)

Introduction

The Management's Discussion and Analysis (MD&A) of the Central Mass. Special Education Collaborative's (the Collaborative), financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Collaborative's financial performance as a whole. The MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued in June 1999.

Financial Highlights

The total assets of the Collaborative on June 30, 2012 were \$4,662,037 exceeding liabilities by \$2,199,606 (net assets). Of this net asset amount, \$848,331 is considered unrestricted. Unrestricted net assets may be used to meet the Collaborative's ongoing financial obligations. Net assets were reduced in fiscal 2012 by \$111,737. The total cost of all collaborative services for Fiscal 2012 was \$11,406,369, which was an increase of \$165,168 from the prior year. Revenues in the amount of \$11,194,319 were primarily derived from program revenue and increased by \$100,313 from the prior year. The increase in revenues was offset by a similar amount of increased expenses, to show a reduced net income of \$111,737 from the prior year.

The 2012 increases in salaries, rental of properties, outside agencies and building maintenance were partly offset by savings realized by the collaborative in health benefits, the federal payroll tax reduction from 6.2% to 4.2%, and other reductions in other expense categories. The increase in revenues was due to 1% increase in member program income.

This school year saw the closing of the Fanning Program and the restructuring of the Hartwell Learning Center from a K-8 to a K-6 school. The middle school population from Hartwell Learning began attending the newly opened Central MA Prep program, which increased the capacity for middle school students and created a self-contained environment for this age group. Despite the closing of one program and the reopening of another, there was no financial impact to the collaborative.

At the beginning of fiscal 2012, the State Auditor began an initiative to review collaboratives across the state for fiscal years 2009 through fiscal year 2011. The areas reviewed included the administration of benefit programs, budgeting and program pricing, accounting methods, compliance with DESE requirements, banking and reconciliation practices, payroll expenses, and procurement of goods and services. At this time, the specific findings made by the State Auditor for the Collaborative have all been resolved, except the finding regarding the administration of benefits programs, which is pending resolution with the Mass. State Board of Retirement.

Fund financial statements: A fund is a grouping of related accounts that is used to record activity and maintain control over resources that have been segregated for specific activities or objectives. The Collaborative uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds are governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as Collaborative activities in the Government-wide financial statements. However, unlike the Government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Collaborative's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Governmental-wide financial statement. By doing so, readers may better understand the long-term impact of the Collaborative's near-term financial decisions. A reconciliation to facilitate the comparison between the governmental financial statements and governmental activities is provided on Page 13.

The Collaborative maintains a general funds, state and federal grant funds and special revenue funds. Information is presented separately in the governmental fund statements of revenues, expenditures and changes in fund balances for the general fund. Data from the other categories of funds are combined into a single, aggregated presentation under the caption, "other governmental funds".

The basic governmental fund financial statements can be found on Pages 11-12 of this report. A combining statement of revenue, expenditures and changes in fund balance other governmental funds can be found on Page 33 of this report.

Notes to the 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. The notes to the financial statements can be found on Pages 17 through 30 of this report.

Government-wide Financial Statement Analysis:

Assets (in \$000's) on June 30:

	000's <u>2012</u>	000's <u>2011</u>
Current assets	\$ 4,662	\$ 4,585
Capital assets (Net)	-	
Total assets	<u>\$ 4,662</u>	<u>\$ 4,585</u>
Current liabilities	\$ 1,366	\$ 1,744
Non-current liabilities	<u>1,097</u>	<u>530</u>
Total liabilities	<u>\$ 2,463</u>	<u>\$ 2,274</u>
Net assets:		
Invested in capital assets, net of related debt	-	-
Restricted	\$ 1,351	\$ 837
Unrestricted	<u>848</u>	<u>1,474</u>
Total net assets	<u>\$ 2,199</u>	<u>\$ 2,311</u>

Analysis

The Board's assets exceeded liabilities by \$2,199,606 at the close of the fiscal year. Included within current assets is \$4,605,776 cash and cash equivalents, and receivables from member and non-member towns for tuition based programs, therapeutic services and transportation of \$56,216.

Current Liabilities include warrants payable and accrued expenses of \$1,365,408.

Non-current liabilities for other post-employment benefits totals \$1,097,023.

The Collaborative's net assets include resources that are considered restricted. Such designations totaling \$1,351,275 include special revenue funds (programs) and state and federal grant funds.

Financial Analysis of Governmental Funds

As noted earlier, the Collaborative uses fund accounting to ensure and demonstrate compliance with local, state and federal requirements.

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 financial requirements. In particular, the undesignated fund balance may serve as a useful measure of Collaborative's net resources available for spending at the end of the fiscal year.

The general fund accounts for administrative costs for all Collaborative programs. At June 30, 2012 the general fund, fund balance was \$1,945,354.

General Fund

Program Revenues derived from member and non-member communities constitute the largest revenue source representing 96% of the Collaborative's total revenues.

Member communities under the terms of the Collaborative agreement should be assessed certain administrative costs based upon the census of students enrolled on October 1. This amount is supplemented by budgeted transfers in from program funds. Member towns were assessed \$459,850 for fiscal year 2012. The Collaborative's budget must be approved by the Board of Directors annually and requires a majority vote of the Board.

General Fund Budgetary

Actual administrative costs were \$569,805. The actual results generated an overall excess of revenue over expenditures of \$455,625.

Request for Information

This financial report is designed to provide a general overview of the Collaborative's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Executive Director, Central Massachusetts Special Education Collaborative, 11 McKeon Road, Worcester, Massachusetts 01610.

BASIC FINANCIAL STATEMENTS

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Pooled cash and cash equivalents	\$ 4,605,776
Accounts receivable	<u>56,261</u>
TOTAL ASSETS	<u>4,662,037</u>
LIABILITIES	
CURRENT LIABILITIES	
Warrants Payable and accrued expenses	<u>1,365,408</u>
TOTAL CURRENT LIABILITIES	<u>1,365,408</u>
NON-CURRENT LIABILITIES	
Net OPEB Liability--Note 12	<u>1,097,023</u>
TOTAL LIABILITIES	<u>2,462,431</u>
NET ASSETS	
Restricted	1,351,275
Unrestricted	<u>848,331</u>
TOTAL NET ASSETS	<u>\$ 2,199,606</u>

See accompanying notes to the financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Charges for Expenses</u>	<u>Program Revenues Services</u>	<u>Net Expense (Revenue) and Changes in Net Assets Total Governmental Activit</u>
Governmental Activities:			
Administration	\$ 1,137,167	\$ -	\$ 1,137,167
Central MA Academy	1,196,257	1,276,652	(80,395)
Basics Program	752,639	797,035	(44,396)
Central MA Prep	735,159	1,020,031	(284,872)
Clinical Services	1,123,226	1,029,928	93,298
Fanning Learning Center	5,494		5,494
Goddard Academy	2,277,063	2,353,422	(76,359)
Hartwell Learning Center	2,201,244	2,251,039	(49,795)
Summer Program	93,612	95,705	(2,093)
Woodward Day Satellite	532,080	600,772	(68,692)
Woodward Day School	1,352,428	1,358,737	(6,309)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$11,406,369</u>	<u>\$ 10,783,321</u>	<u>623,048</u>
General Revenues:			
Administration			459,850
Interest			13,054
Other			<u>38,407</u>
TOTAL GENERAL REVENUES			<u>511,311</u>
Change in Net Assets			(111,737)
Net Assets - Beginning of Year			<u>2,311,343</u>
NET ASSETS - END OF YEAR			<u>\$ 2,199,606</u>

See accompanying notes to the financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Pooled cash and cash equivalents	\$ 4,605,776	\$ -	\$ 4,605,776
Due from other funds		1,351,275	1,351,275
Accounts receivable	<u>56,261</u>	<u>-</u>	<u>56,261</u>
TOTAL ASSETS	<u>\$ 4,662,037</u>	<u>\$ 1,351,275</u>	<u>\$ 6,013,312</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable & Accrd Exp	\$ 1,365,408	\$ -	\$ 1,365,408
Due to other funds	<u>1,351,275</u>		<u>1,351,275</u>
TOTAL LIABILITIES	<u>2,716,683</u>	<u>-</u>	<u>2,716,683</u>
Fund Balances			
Committed	-	1,351,275	1,351,275
Unassigned	<u>1,945,354</u>	<u>-</u>	<u>1,945,354</u>
TOTAL FUND BALANCES	<u>1,945,354</u>	<u>1,351,275</u>	<u>3,296,629</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,662,037</u>	<u>\$ 1,351,275</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Net OPEB Liability (1,097,023)

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 2,199,606**

See accompanying notes to the financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Member assessments	\$ 459,850	\$ -	\$ 459,850
Programs	-	10,783,321	10,783,321
State Aid Intergovernmental on behalf payments--Note 3	-	162,889	162,889
Interest	13,054	-	13,054
Other revenue	<u>38,407</u>	<u>-</u>	<u>38,407</u>
TOTAL REVENUES	<u>511,311</u>	<u>10,946,210</u>	<u>11,457,521</u>
EXPENDITURES:			
Administration	569,805	-	569,805
Basics Program		752,639	752,639
Central MA Prep		735,159	735,159
Central MA Academy	-	1,196,257	1,196,257
Clinical Services	-	1,123,226	1,123,226
Fanning Learning Center	-	5,494	5,494
Goddard Academy	-	2,277,063	2,277,063
Hartwell Learning Center	-	2,201,244	2,201,244
Summer Program	-	93,612	93,612
Woodward Day Satellite	-	532,080	532,080
Woodward Day School	-	1,352,428	1,352,428
MA-state reimbursement on behalf payments	<u>-</u>	<u>162,889</u>	<u>162,889</u>
TOTAL EXPENDITURES	<u>569,805</u>	<u>10,432,091</u>	<u>11,001,896</u>
Excess of revenues over/(under) expenditures	<u>(58,494)</u>	<u>514,119</u>	<u>455,625</u>
Net Change in Fund Balances	(58,494)	514,119	455,625
Fund Balances July 1, 2011	<u>2,003,848</u>	<u>837,156</u>	<u>2,841,004</u>
FUND BALANCES/(DEFICIT) JUNE 30, 2012	<u>\$ 1,945,354</u>	<u>\$ 1,351,275</u>	<u>\$ 3,296,629</u>

See accompanying notes to the financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2012

Net changes in Fund Balances - Total Governmental Funds	\$ 455,625
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 governmental funds. – Note 12	<u>(567,362)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (111,737)</u>

See accompanying notes to the financial statements.

**CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**

JUNE 30, 2012

	Original/Final Operating Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Programs and Assessments	\$10,622,745	\$11,243,171	\$ 620,426
Interest	-	13,054	13,054
Other Revenue	-	38,407	38,407
	<u>10,622,745</u>	<u>11,294,632</u>	<u>671,887</u>
TOTAL REVENUE			
Expenditure			
Administration	459,850	569,805	(109,955)
Central MA Academy	1,216,438	1,196,257	20,181
Clinical Services	941,363	1,123,226	(181,863)
Fanning Learning Center	-	5,494	(5,494)
Basic Program	540,663	752,639	(211,976)
Central MA Prep	-	735,159	(735,159)
Goddard Academy	2,528,909	2,277,063	251,846
Hartwell Learning Center	2,851,282	2,201,244	650,038
Summer Program	45,000	93,612	(48,612)
Woodward Day Satellite	659,847	532,080	127,767
Woodward Day School	1,379,393	1,352,428	26,965
	<u>10,622,745</u>	<u>10,839,007</u>	<u>(216,262)</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>\$ -</u>	<u>\$ 455,625</u>	<u>\$ 455,625</u>

See accompanying notes to the financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	<u>Health-Insurance Trust</u>
ASSETS	
Cash and investments	<u>\$ 1,028,239</u>
TOTAL ASSETS	1,028,239
LIABILITIES	<u>-</u>
NET ASSETS	<u>\$ 1,028,239</u>

See accompanying notes to the financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

JUNE 30, 2012

	<u>Health-Insurance Trust</u>
ADDITIONS	
Interest earnings	\$ <u>22,716</u>
TOTAL ADDITIONS	22,716
DEDUCTIONS	
Benefits	<u>-</u>
Change in Net Assets	22,716
Net Assets – Beginning of Year	<u>1,005,523</u>
NET ASSETS – END OF YEAR	<u>\$ 1,028,239</u>

See accompanying notes to the financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Central Massachusetts Special Education Collaborative was established in 1975 and operates under the provisions of Massachusetts general laws Chapter 40, Section 4E as amended by Chapter 797 of the acts of 1974. The Collaborative includes the City of Worcester and the Town of Webster, which are separate legal entities with their own governing bodies. Their operations are not a part of the Collaborative's financial statements.

Assessments: Under the terms of the Collaborative agreement, each member community should be annually assessed for administrative costs, Member Towns were assessed \$10,622,745 for fiscal year 2012 as approved by the Board of Directors.

Certain services are provided through the Collaborative to member communities on a tuition basis or assessment fee basis to cover direct operation expenditures. The Board of Directors may also allow non-member communities to participate in specific programs on a cost reimbursement basis. Programs administered on tuition or assessment basis are accounted for in the Special Revenue Fund.

B. Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through assessments to member towns, intergovernmental revenues and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Collaborative does not allocate indirect expenses to functions in the statement of Activities. Program revenues included (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

B. Basis of Presentation--Continued

Government-wide Financial Statements--Continued

provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds business-type and fiduciary funds.

As a general rule, the effect of interfund activity has been eliminated from the Collaborative's financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures.

Government Activities

Governmental funds are identified as either general, special revenue, capital projects or permanent funds based upon the following guidelines.

General Fund

The General Fund is the general operating fund of the Collaborative and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are restricted to expenditures for specified purposes -- see combining statement of revenue, expenditures and changes in fund balance other governmental funds, Page 33.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

B. Basis of Presentation--Continued

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Fiduciary funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the payment of OPEB expenditures.

C. Basis of Accounting

The Collaborative's Statement of Net Assets and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gain, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds, proprietary funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

State general aid and other entitlements are recognized as revenue in the period the Collaborative's entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the Collaborative, which are not available, are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

C. Basis of Accounting--Continued

Revenues susceptible to accrual include state aid, expenditure-driven programs and interest income.

Charges for services provided to other education agencies and private parties are recognized as revenue when services are provided.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Measurement Focus

On the Statement of Net Assets and Statement of Activities governmental activities and business-type activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays debt proceeds and debt retirements, are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated, using expendable available financial resources, are included as liabilities in the Collaborative's government wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. Accounts Receivable

Represents amounts due from Collaborative members and communities participating in the various programs offered by the Collaborative. There is no allowance for doubtful accounts: all receivables were considered collectable at June 30, 2012.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

F. Interfund Receivables and Payables

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

G. Budgets

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for the general fund as described in Note 1 D.

H. Compensated Absences and Other Employee Benefit Amounts

The Collaborative's policies allows no carryover of vacation or sick pay.

I. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the Collaborative's financial statements as expense when the related liabilities are incurred. There were no claims or judgments at year-end.

J. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributed to the acquisition construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. The Collaborative has no bonded debt.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

J. Equity Classifications--Continued

Government-wide Statements--continued

- b. Restricted net assets-Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

Statement No. 54 revises the classification of fund equities for Governmental Fund financial statements into five categories as described below:

- Nonspendable: Fund balances that cannot be spent because they are either:
 - Not in Spendable Form: Generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification would also include some long-term amounts such as property acquired for resale or the long-term portion of loans receivable.
 - Legally or Contractually Required to be Maintained Intact. Amounts that are required to be maintained intact, such as the principal of a permanent fund.
- Restricted: Amounts that can be used only for specific purposes because of (a) constitutional provisions or enabling legislation or (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.)
- Committed: Amounts that can be used only for specific purposes because of a formal action by the government's highest level of decision-making authority (School Committee). This classification might also include contractual obligations if existing resources have been committed for use in satisfying those contractual requirements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

J. Equity Classifications--Continued

Fund Statements--continued

- Assigned: Amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom that authority has been given. This is the residual fund balance classification for all governmental funds except the general fund.
- Unassigned: This is the residual classification for the general fund – that is, everything that is not in another classification or in another fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2 - POOLED CASH AND CASH EQUIVALENTS

Cash and investments of Collaborative funds is restricted by state statues. Massachusetts General Law authorizes the Collaborative to invest in term deposits, Certificates of Deposit: in trust companies, national banks, savings banks or in obligations issued by the U.S. Government or one of its agencies.

Credit Risk

The carrying amount of the Collaborative’s deposits is separately displayed on the balance sheet as “pooled cash and cash equivalents.” The carrying amount represents reconciled book balances.

	<u>June 30, 2012</u>	
	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC and DIF)	<u>\$ 5,634,015</u>	<u>\$ 5,967,884</u>

Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 and deposits, including Certificates of Deposits in Massachusetts-chartered savings banks are insured in full above the FDIC limit from the Depositors Insurance Fund of Massachusetts. FDIC insurance coverage is generally less than the Collaborative’s normal carrying amount of cash deposits.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 2 - POOLED CASH AND CASH EQUIVALENTS--CONTINUED

Credit Risk--Continued

Pooled cash and cash equivalents are reported in the financial statements as follows:

Governmental Activities	\$ 4,605,776
Fiduciary – Type Activities	<u>1,028,239</u>
	<u>\$ 5,634,015</u>

NOTE 3 - RETIREMENT BENEFIT PLANS

Teaching Staff

Teachers, certain administrative personnel and other professional employees (“teachers”) are covered by and must participate in the Massachusetts Teachers’ Retirement System (MTRS). The Collaborative is not legally required to contribute to MTRS. MTRS is fully funded by the Commonwealth of Massachusetts and contribution from covered employees. The amount of the current funding by the Commonwealth is not available.

Benefits fully vest after 10 years of full-time employment. An employee may receive retirement benefits after 20 years of service, or after 10 years of service and having attained the age of 55.

Covered employees are required by state statute to contribute to the plan 5% to 11% of their salaries, depending on date of employment, and, for the employees hired after December 31, 1978, an additional 2% of their salaries in excess of \$30,000 may be contributed for those who do not contribute at the 11% rate. The Commonwealth is required to make actuarially determined contributions that maintain the financial integrity of the retirement system. The payroll for teaching staff covered by MTRS for the year ended June 30, 2012 was \$6,223,322.

In accordance with Government Accounting Standards Board (GASB) Statement No. 24 (Accounting and Financial Reporting for Certain Grants and Other Financial Assistance), the District is required to report on-behalf payments including pension payments made to the Collaborative retirees by the Massachusetts Teachers’ Retirement Board on their behalf. The Massachusetts Teachers’ Retirement Board paid a total of \$162,889 in pension benefits for the fiscal year ended June 30, 2012 to teachers who were employed by the District when they retired. The Collaborative is not legally responsible for these contributions.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 3 - RETIREMENT BENEFIT PLANS--CONTINUED

Post-Retirement Benefits

Under the Consolidation Omnibus Budget Reconciliation Act (COBRA), the Collaborative provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government of this coverage. The premiums are paid in full by the insured. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the Collaborative under this program.

NOTE 4 - LEASE DISCLOSURES

The Collaborative rents classroom and office space as a tenant-at-will from several of its member communities on an annual basis. The following summarizes rent by location.

<u>Location</u>	<u>Rental Space</u>	<u>Annual Rent</u>
West Boylston – 100 Hartwell St	School Building	\$ 772,762
Worcester – 11 McKeon Rd.	School Building	\$ 139,988
Worcester – 190 Freemont St	School Building	\$ 79,450

Rent expense, which is allocated to the respective programs, totaled \$992,200 for the fiscal year ended June 30, 2012.

In addition, the Collaborative leases copy equipment. Future minimum lease payments, by year and in the aggregate, under noncancellable operating equipment leases with initial or remaining terms of one year or more consisted of the following at June 30, 2012.

	<u>Operating Leases</u>
2013	\$ 12,429
2014	1,172
Total Minimum Lease Payments	<u>\$ 13,601</u>

Rent expense for operating leases for fiscal 2012 totaled \$29,471.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 5 - GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the Statement of Net Assets at June 30, 2012 includes the following:

Governmental Activities

Restricted	
Special revenue funds	\$ 1,351,275
Unrestricted	<u>848,331</u>
Total Governmental Activities Net Assets	<u>\$ 2,199,606</u>

NOTE 6 - GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2012 include the following:

Committed	
Special Revenue Funds	\$ 1,351,275
Unassigned	
Unreserved Fund balance	<u>1,945,354</u>
Total Governmental Fund Balances	<u>\$ 3,296,629</u>

NOTE 7 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the Statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment is as follows:

Other Post Employment Benefits	<u>\$ (567,362)</u>
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CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 8 - RISK MANAGEMENT

The Collaborative is exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets; errors and omissions; workers compensation and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage. There were no significant changes in coverage compared to the prior year.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

From time to time, the Collaborative may be party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Collaborative's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Collaborative's financial position or results of operations.

The Collaborative has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

In a recent audit of the Collaborative (CMS) by the Office of the State Auditor of the Commonwealth of Massachusetts, it was discovered that CMS has been improperly withholding Social Security from certain of its employees who were eligible to participate and contribute to the Massachusetts State Employees' Retirement System (MSERS). As a result, CMS has been working with MSERS to determine how to correct the situation. CMS has accrued a liability of \$205,516 which is the estimated amount at present that CMS could be required to reimburse MSERS for the benefit of those employees who will retroactively become participants to MSERS.

NOTE 10 – OPERATING BUDGET--2012

The operating budget for salary and expenditure reports were reviewed at Board meetings each month in fiscal 2012. The operating budget appears on Page 14 of these financial statements.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 11 - BUDGETED EXPENDITURES FOR THE 2013 FISCAL YEAR

Expenditures budgeted for fiscal 2013 which were approved by the Collaborative's Board of Directors totaled \$11,914,266 as follows:

	<u>Operating Costs</u>
Provided by:	
Assessments to member towns	\$ 9,843,677
Tuition based receipts/other	1,102,397
Transfer from surplus	<u>968,192</u>
	<u>\$ 11,914,266</u>

NOTE 12--OTHER POST-EMPLOYMENT BENEFITS PAYABLE

GASB Statement No. 45

The Collaborative implemented GASB Statement No. 45, Financial Reporting by Employers for Post-Employment Benefits Other than Pensions, for certain post-employment health care and life insurance benefits provided by the Collaborative.

Plan Description

The Collaborative, will pay 99 percent of health care benefits for retirees and their spouses who retired prior to 1991. Subsequent to that, the Collaborative will pay 75% of health care benefits. The Plan is held in an irrevocable trust.

Funding Policy

Required contributions are based on projected pay-as-you-go financing. The cost of administering the Plan is paid by the Collaborative. The Collaborative provided required contributions of \$36,434 toward the annual Other Post-Employment Benefit (OPEB) cost, comprised of benefit payments made on behalf of retirees (net of reinsurance), administrative expenses, and reinsurance payments, and net of retiree contributions. In addition the irrevocable trust earned \$22,716.

Annual OPEB Cost and Net OPEB Obligation

The Collaborative's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Collaborative has engaged an actuary to calculate the ARC and related information in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 12--OTHER POST-EMPLOYMENT BENEFITS PAYABLE--CONTINUED

Annual OPEB Cost and Net OPEB Obligation--continued

The following table shows the components of the Collaborative's annual OPEB costs for the fiscal year, the amount actually contributed to the Plan and changes in the Collaborative's net OPEB obligation to the Plan at June 30, 2012:

Annual OPEB Costs

Normal Cost	\$ 507,826
Amortization of unfunded actuarial accrued liability	<u>74,784</u>
Annual required contribution	582,610
Interest on OPEB obligation	<u>21,186</u>
Annual OPEB cost (expense)	603,796
Net OPEB contributions made during the fiscal year	<u>(36,434)</u>
Increase in net OPEB obligation	567,362
Net OPEB obligation, beginning of year	<u>529,661</u>
Net OPEB obligation, end of year	<u>\$ 1,097,023</u>

The Collaborative's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2012 was as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u>	<u>Expected</u> <u>OPEB</u> <u>Obligation</u>
6/30/12	\$ 603,796	6%	\$1,097,023

Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

JUNE 30, 2012

NOTE 12--OTHER POST-EMPLOYMENT BENEFITS PAYABLE--CONTINUED

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The Collaborative's OPEB actuarial valuation as of July 1, 2010, used the projected unit credit actuarial cost method to estimate both the unfunded actuarial liability as of June 30, 2011 and to estimate the Collaborative's Fiscal Year 2012 annual required contribution. A trust has been established with a balance of \$1,028,239 which is included in the actuarial assumptions which also includes a 4.00 percent rate of return on invested assets. The actuarial assumptions also include an unexpected payroll growth of -0- percent, and an annual health care cost trend rate of 10 percent for medical for Fiscal Year 2012. The medical cost rate is reduced to a final cost rate of 5 percent in fiscal year 2016. The unfunded actuarial accrued liability is being amortized at 4 percent per year over 30 years at transition. The remaining amortization period at July 1, 2010 is 29 years.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Honorable Members of the Board of Directors
Central Massachusetts Special Education Collaborative
Worcester, Massachusetts

We have audited the financial statements of Central Massachusetts Special Education Collaborative as of and for the period ended June 30, 2012, and our report thereon dated November 27, 2012, which expressed an unqualified opinion on those financial statements, appears on Pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on Pages 32 to 35 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blair P. C.

Providence, Rhode Island
November 27, 2012

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

SCHEDULE OF TREASURER'S CASH

JUNE 30, 2012

COMPOSITION OF CASH AT YEAR END:

Interest Bearing Accounts:

Cash is comprised of:

Hometown Bank (7 accounts)	\$ 1,045,674
Bay State Savings Bank	1,991
Webster First Federal Credit Union (4 bank accounts)	<u>4,586,350</u>
TOTAL CASH	<u>\$ 5,634,015</u>

Presentation of cash in accompanying statements:

Governmental Funds	\$ 4,605,776
Health-Insurance Trust Fund	<u>1,028,239</u>
	<u>\$ 5,634,015</u>

See independent auditors' report on supplemental information.

**CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE – OTHER GOVERNMENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds										TOTAL
	Basics Program	Central MA Academy	Central MA Prep	Clinical Services	Fanning Learning Center	Goddard Academy	Hartwell Learning Center	Summer Program	Woodward Day Satellite	Woodward Day School	
Member Program Income	\$ 639,329	\$ 1,216,438	\$ 900,000	\$ 941,363	\$ -	\$ 1,889,580	\$ 1,850,970	\$ 45,000	\$ 600,772	\$ 1,329,441	\$ 9,412,893
Non-Member Student Tuition - Other Programs	157,705	60,008	119,962	-	-	458,229	389,029	50,705	-	29,000	1,264,638
Other Income	-	205	69	88,565	-	5,614	6,830	-	-	296	95,395
	-	-	-	-	-	-	4,212	-	-	-	10,396
TOTAL REVENUES	797,034	1,276,651	1,020,031	1,029,928	-	2,353,423	2,251,041	95,705	600,772	1,358,737	10,783,322
EXPENDITURES											
Building Maintenance	315	2,351	46,074	-	-	11,909	13,613	-	1,432	7,800	83,494
Consultants & Training	-	-	-	435	-	-	-	-	-	120	555
Dues & Subscriptions	-	-	-	-	-	-	360	-	-	-	360
Equipment Maintenance	-	104	-	-	-	156	-	-	-	121	381
Fundraiser Events	-	214	-	-	-	2,860	107	-	-	-	3,181
General School Supplies	-	-	141	-	-	313	32	-	-	133	619
Instructional Equipment	-	-	-	-	-	462	-	-	-	-	462
Instructional Materials	-	727	1,704	-	-	5,096	1,598	-	491	3,151	12,767
Insurance	1,199	12,054	8,358	7,681	-	23,351	19,688	-	5,634	11,654	89,619
Outside Agencies	641,276	6,504	41,543	-	-	(228)	10,580	-	-	716	700,391
Rental of Equipment	-	5,374	1,936	-	150	6,794	6,844	-	575	6,806	28,481
Rental of Property	109,848	-	70,066	-	-	290,001	302,847	-	-	219,438	992,200
Utilities	-	254	90	-	-	2,955	2,787	-	1,770	12,967	20,823
Total Employee Benefits	-	110,080	43,737	116,067	4,203	181,695	220,434	-	36,898	114,116	827,230
Total Payroll Expenses	-	25,462	14,170	13,561	218	55,141	51,674	-	7,874	16,414	184,514
Total Summer Program Pay	-	3,225	3,400	-	-	6,450	9,910	93,612	1,930	480	119,007
Wages & Salaries - Other	-	1,023,033	489,989	985,323	860	1,672,842	1,538,970	-	474,389	951,516	7,136,922
Other	-	6,874	13,946	160	65	17,266	21,802	-	1,087	6,995	68,197
TOTAL EXPENDITURES	752,638	1,196,256	735,158	1,123,227	5,496	2,277,063	2,201,246	93,612	532,080	1,352,427	10,269,203
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	44,396	80,395	284,873	(93,299)	(5,496)	76,360	49,795	2,093	68,692	6,310	514,119
FUND BALANCE JULY 1, 2011		249,161		22,088	(45,994)	(106,905)	551,752	29,752	(62,692)	199,994	837,156
FUND BALANCE JUNE 30, 2012	\$ 44,396	\$ 329,556	\$ 284,873	\$ (71,211)	\$ (51,490)	\$ (30,545)	\$ 601,547	\$ 31,845	\$ 6,000	\$ 206,304	\$ 1,351,275

See independent auditors' report on supplemental information

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

SCHEDULE OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS

JUNE 30, 2012

Actuarial Valuation Date	Value of Assets (a)	Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2012	\$1,028,239	\$4,338,750	\$3,310,511	24%	\$6,887,846	48%

See independent auditors' report on supplemental information.

CENTRAL MASSACHUSETTS SPECIAL EDUCATION COLLABORATIVE

INFORMATION REQUIRED BY MGL CHAPTER 43

JUNE 30, 2012

Transactions between the education collaborative and any related for-profit or non-profit organization (n/a).

Transactions or contracts related to the purchase, sales, rental or lease of real property (Note 4).

The duties and total compensation of the 5 most highly compensated employees:

<u>NAME</u>	<u>TITLE</u>	<u>Total Compensation</u>
J. Dio	Executive Director	\$ 127,099
Dr. P. Rosen	Director Clinical Services	\$ 123,308
A. Ortiz	CMA Program Director	\$ 105,763
T. O'Neill	Assistant Program Director	\$ 97,021
J. Pitsillides	HLC Program Director	\$ 95,491

The amounts expended on administration and overhead \$569,805.

Any accounts held by the collaborative that may be spent at the discretion of another person or entity.

The amounts expended on services age 22 and older (n/a).

Any other items as may be required by regulation (none).