

**Assabet Valley Collaborative**

Financial Statements

For the Year Ended June 30, 2023

**Assabet Valley Collaborative**  
Contents  
For the Year Ended June 30, 2023

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Other Postemployment Benefits Trust (Fiduciary Fund)	
Statement of Fiduciary Net Position	14
Statement of Changes in Fiduciary Net Position	15
Notes to Financial Statements	16-28
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund – Budget to Actual – Budgetary Basis	30
OPEB Plan – Required Supplementary Information	31-34
Schedule of the Collaborative's Proportionate Share of Net Pension Liability	35
Schedule of Pension Contributions	36
Other Supplementary Information:	
Statement of Revenues and Expenditures and Changes in Fund Balance by Program	38
Schedule of Treasurer's Cash	39
Information Required by MGL Chapter 40	40-41
Independent Auditor's 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	42-43



**FRITZ DEGUGLIELMO LLC**  
*CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Assabet Valley Collaborative  
Marlborough, Massachusetts

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Assabet Valley Collaborative (a collaborative organized under the General Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Assabet Valley Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Assabet Valley Collaborative, as of June 30, 2023, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Assabet Valley Collaborative, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Assabet Valley 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 Assabet Valley 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, budgetary comparison information, OPEB Plan – Required Supplementary Information and pension schedules on pages 3-7 and 30-36 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Assabet Valley Collaborative's basic financial statements. The supplementary information on pages 38-41 is presented for the purpose of additional analysis and is 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2023, on our consideration of Assabet Valley Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Assabet Valley 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 Assabet Valley Collaborative's internal control over financial reporting and compliance.

 Justin D. Maguire LLC

Certified Public Accountant

Newburyport, Massachusetts  
December 1, 2023

**Assabet Valley Collaborative**  
Management's Discussion & Analysis  
(unaudited)  
June 30, 2023

The following discussion and analysis of Assabet Valley Collaborative's (the Collaborative) financial performance provides an overview of the Collaborative's financial activities for the fiscal year ended June 30, 2023 and summarized comparative information for 2022. Please read it in conjunction with the Collaborative's financial statements, which follow.

**THE COLLABORATIVE AS A WHOLE**

The Collaborative was established for the purpose of conducting educational programs and/or services, which meet low-incidence special needs children for whom its member school committees are responsible. The Collaborative also provides clinical services as requested by its member districts. Non-member school districts may contract for program and clinical services as capacity allows. The Collaborative is supported through program tuition and fees for clinical services from contracting municipalities. The Collaborative is governed by a twelve-member Board of Directors consisting of one representative from each district.

During fiscal year 2023, the Collaborative continued to lease a 17-classroom building in Marlborough where its therapeutic middle and high school program is based as part of a 25-year lease agreement with the City of Marlborough. Highlights of the agreement include: exclusive use of the facility, responsibility for building improvements, repair and landscaping. The Collaborative also owns administrative offices and professional development space located at 28 Lord Road, Marlborough, Massachusetts. Their Marlborough Evolution post graduate program and Family Success Partnership are also located there.

The Collaborative's Orchard Street Academy (OSA) - a tuition based therapeutic middle and high school program that includes an extended evaluation option (SOAR), served 71 students, equating to 52.52 full time equivalent (FTE) students. Enrollment in AVC's REACH program - a tuition-based program serving students with multiple and severe disabilities totaled 18 students equating to 12.46 FTE students. REACH program classrooms are located in member district schools. AVC's Evolution program - a tuition-based post-graduate program for students 18-22 years of age is now located entirely at AVC's headquarters in Marlborough after the lease at Shrewsbury High School expired. In FY23, Evolution served 27 students equating to 24.44 FTE students.

Fiscal year 2023 marked the eleventh year of a transportation contract with VanPool Inc which transported over 500 students during the year. Therapeutic and consultation services were provided to over 135 students from 4 member districts and 2 private special education school in the following disciplines: occupational, physical, and music therapies. The Family Success Partnership is in its 16th year of providing wrap-around and served 129 families; districts also received 42 consultations from FSP faculty. The 129 families receiving service during this fiscal year totaled 390 individuals served. FSP also partnered with Northborough Public Schools to provide 1:1 check-ins with students who are struggling to access learning through a grant provided by the Metrowest Health Foundation. A total of 31 students were served.

The Collaborative had a general fund balance of \$2,020,432 as of June 30, 2023.

**Assabet Valley Collaborative**  
Management's Discussion & Analysis  
(unaudited)  
June 30, 2023

**OVERVIEW OF THE FINANCIAL REPORTS**

This discussion and analysis is intended to serve as an introduction to the Collaborative's financial statements. The Collaborative's financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Statements:**

The government-wide financial statements report information about the Collaborative as a whole using accounting methods similar to those used by private sector companies.

- The **Statement of Net Position** presents information on all of the Collaborative's assets and liabilities with the difference between the two reported as net position. It is one way of measuring the Collaborative's financial health or position.
- The **Statement of Activities** presents information showing how the Collaborative's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

Over time, increases or decreases in the Collaborative's net position is an indicator of whether its financial position is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions when evaluating the overall financial health of the Collaborative.

**Fund Financial Statements:**

Funds are accounting devices used to keep track of specific sources of funding and spending in particular categories: governmental funds, proprietary funds, and fiduciary funds. Presently, the Collaborative has only governmental and fiduciary funds.

- **Governmental funds** – The Collaborative's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Collaborative's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information (reconciliation schedules) is provided following the governmental funds statements that explains the relationship (or differences) between these two types of financial statement presentations.
- **Fiduciary fund** – 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 Financial Statements:**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the Collaborative's financial statements.

**Assabet Valley Collaborative**  
Management's Discussion & Analysis  
(unaudited)  
June 30, 2023

**Supplementary information:**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. This report also includes other supplementary information, which provides more detail supporting the financial statements and information required by the Massachusetts Department of Elementary and Secondary Education.

**GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS**

The following summarized Statement of Net Position is for the fiscal year 2023 with comparative information from fiscal year 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current assets, i.e. cash, accounts receivable and prepaid expenses	\$ 3,335,000	\$ 3,827,000
Non-current assets*	3,374,000	3,286,000
Deferred outflows related to OPEB	<u>2,023,000</u>	<u>2,314,000</u>
	<u>\$ 8,732,000</u>	<u>\$ 9,427,000</u>
Current liabilities, i.e. accounts payable, accrued expenses, current portion of long-term debt and unearned revenue	\$ 1,461,000	\$ 1,302,000
Non-current liabilities*	<u>9,178,000</u>	<u>8,770,000</u>
Total Liabilities	<u>\$ 10,639,000</u>	<u>\$ 10,072,000</u>
Deferred inflows related to OPEB	<u>\$ 5,502,000</u>	<u>\$ 5,967,000</u>
Net Position:		
Invested in capital and right-of-use assets*	\$ 507,000	\$ 345,000
Restricted	-	50,000
Unrestricted	<u>(7,916,000)</u>	<u>(7,007,000)</u>
Total Net Position	<u>\$ (7,409,000)</u>	<u>\$ (6,612,000)</u>

During fiscal year 2023, net position decreased by approximately \$797,000. The decrease in net position is primarily due to a deficit from operations of approximately \$344,000 and increases in the net retirement health benefit obligations required by GASB Statement No. 75 of approximately \$453,000.

Current assets decreased approximately \$492,000 and current liabilities increased by approximately \$159,000, due primarily to the deficit in operations. The Collaborative made no transfers into its OPEB trust during fiscal year 2023 and utilized \$50,013, the full balance, of its Capital Reserve Fund to help cover space build out costs.

**Assabet Valley Collaborative**  
Management's Discussion & Analysis  
(unaudited)  
June 30, 2023

As indicated in the following summarized Statement of Activities, total revenue increased by approximately \$1,378,000 and expenses increased approximately \$719,000 during fiscal year 2023. Charges for services increased approximately \$1,397,000 from fiscal year 2022 primarily due to significant rebound in services subsequent to the impacts of the COVID-19 pandemic. Other postemployment benefits expense decreased approximately \$583,000 over fiscal year 2022. Education and other services expenses increased by approximately \$1,241,000, primarily due to necessary increases in staffing expenditures to provide necessary services. Administration expenses decreased by approximately \$77,000 primarily due to reductions in various expense categories.

	<b><u>Year ended</u></b> <b><u>June 30, 2023</u></b>	<b><u>Year ended</u></b> <b><u>June 30, 2022</u></b>	<b><u>% Change</u></b>
<b>Revenues:</b>			
Assessments to member towns	\$ 180,000	\$ 180,000	
Charges for services	16,123,000	14,726,000	
Intergovernmental revenue	1,253,000	1,100,000	
Grants and contributions	152,000	247,000	
Interest income	6,000	5,000	
Other	-	78,000	
<b>Total Revenues</b>	<b><u>17,714,000</u></b>	<b><u>16,336,000</u></b>	<b>+8%</b>
<b>Expenses:</b>			
Administration	1,302,000	1,379,000	
Education and other services	15,189,000	13,948,000	
Intergovernmental expense	1,253,000	1,100,000	
Other postemployment benefits	453,000	1,036,000	
Interest expense*	132,000	136,000	
Depreciation and amortization*	182,000	193,000	
<b>Total Expenses</b>	<b><u>18,511,000</u></b>	<b><u>17,792,000</u></b>	<b>+4%</b>
Change in net position before member credits	(797,000)	(1,456,000)	
Member credits	-	-	
Net position - beginning of year (as restated)*	<u>(6,612,000)</u>	<u>(5,156,000)</u>	
<b>Net position - end of year</b>	<b><u>\$ (7,409,000)</u></b>	<b><u>\$ (6,612,000)</u></b>	

\*During 2022, the Collaborative implemented GASB Statement No. 87 and as a result, made adjustments effective July 1, 2021 for right-of-use leased assets and related liabilities. The information above includes information reported under GASB Statement No. 87.



**Assabet Valley Collaborative**  
Management's Discussion & Analysis  
(unaudited)  
June 30, 2023

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

During 2023, the Collaborative incurred approximately \$213,000 of capital asset expenditures. The Collaborative's debt consists of two mortgages to finance the purchase of real estate. As of June 30, 2023, and 2022, the remaining principal balance of the loans was \$704,900 and \$760,973, respectively. During fiscal 2023 and 2022, the principal of the loans was paid down by \$56,073 and \$53,510, respectively.

Additional information on the Collaborative's capital assets and loans can be found in Note D in the notes to the financial statements.

**LEASED ASSETS AND LIABILITIES**

During 2022, the Collaborative implemented GASB Statement No. 87 which requires recording right-of-use leased assets and related liabilities for all long-term leases. The Collaborative recorded the lease assets and liabilities effective July 1, 2021 with a cumulative effect for a change in accounting principal to the prior year ending net position of \$496,537. As of June 30, 2023, the Collaborative recognized total right-of-use assets of \$2,626,660, net of accumulated amortization of \$1,031,431 and lease liabilities of \$2,162,543 for a facility lease and copier leases. The copier leases were entered into during fiscal year 2023 and a related asset and liability in the amount of \$57,700 was recorded as a result. See Note G in the notes to the financial statements for additional information on the Collaborative's leases.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget for fiscal year 2023 provided for a deficit of approximately \$430,000, to be covered by the Collaborative's Capital Reserve Funds and prior year cumulative general fund surplus. In fiscal year 2023, actual revenues, excluding intergovernmental revenue, were lower than budgeted amounts by approximately \$776,000, primarily due to lower than expected services revenues from decreased enrollment. Total expenditures, excluding intergovernmental expense, were lower than budgeted amounts by approximately \$701,000, primarily due to lower than expected services costs, to offset the decreased revenues in program services.

**KNOWN FACTS, DECISIONS, OR CONDITIONS**

The Collaborative implemented a new standard from the GASB Statement No. 96, Subscription-Based Information Technology Agreements ("SBITAs"), in fiscal year 2023. The standard changes the recognition of SBITAs in the Collaborative's financial statements. Long-term SBITAs are required to be recorded as assets with related liabilities for future lease payments. The change could significantly impact the Collaborative's total assets and liabilities in its government-wide financial statements. However, the Collaborative evaluated its agreements and determined it has no agreements required to be recorded in accordance with GASB Statement No. 96.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the 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 information should be addressed to the Business Office of the Collaborative.

**Assabet Valley Collaborative**  
Statement of Net Position  
June 30, 2023

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,510,958
Accounts receivable, net	1,823,700
Prepaid expenses	200
<b>Total Current Assets</b>	<b>3,334,858</b>
<b>Non-current Assets</b>	
Capital assets	2,719,479
Accumulated depreciation	(940,391)
Right-of-use lease assets	2,626,660
Accumulated amortization	(1,031,431)
<b>Total Non-current Assets</b>	<b>3,374,317</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources Related to OPEB	2,023,214
<b>Total Deferred Outflows of Resources</b>	<b>2,023,214</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 8,732,389</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Current portion of long-term debt	\$ 58,674
Current portion of lease liability	87,691
Accounts payable and accrued expenses	1,314,426
<b>Total Current Liabilities</b>	<b>1,460,791</b>
<b>Non-current Liabilities:</b>	
Long-term debt	646,226
Long-term lease liability	2,074,852
Other postemployment benefits	6,456,976
<b>Total Long Term Liabilities</b>	<b>9,178,054</b>
<b>Total Liabilities</b>	<b>10,638,845</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources Related to OPEB	5,502,385
<b>Total Deferred Inflows of Resources</b>	<b>5,502,385</b>
<b>Net Position</b>	
Invested in capital assets, net of related debt	1,074,188
Invested in right-of-use leased assets, net of related liabilities	(567,314)
Restricted - capital reserve fund	-
Unrestricted	(7,915,715)
<b>Total Net Position</b>	<b>(7,408,841)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 8,732,389</b>

See accompanying notes to financial statements and independent auditor's report.

**Assabet Valley Collaborative**  
Statement of Activities  
For the Year Ended June 30, 2023

Functions/ Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Administration	\$ 1,302,396	\$ 238,668	\$ -	\$ (1,063,728)
Education and related	7,689,889	7,769,151	152,361	231,623
Transportation	7,498,334	8,114,986	-	616,652
Intergovernmental revenue and expense	1,252,846	-	1,252,846	-
Other postemployment benefits	453,343	-	-	(453,343)
Interest expense	132,038	-	-	(132,038)
Depreciation and amortization	182,057	-	-	(182,057)
<b>Total Governmental Activities</b>	<b>\$ 18,510,903</b>	<b>\$ 16,122,805</b>	<b>\$ 1,405,207</b>	<b>(982,891)</b>
<b>General Revenues and Credits:</b>				
Assessments to member districts				180,000
Interest				5,961
<b>Total General Revenues and Credits</b>				<b>185,961</b>
<b>Change in Net Position</b>				<b>(796,930)</b>
<b>Net Position, Beginning of Year</b>				<b>(6,611,911)</b>
<b>Net Position, End of Year</b>				<b>\$ (7,408,841)</b>

See accompanying notes to financial statements and independent auditor's report.

**Assabet Valley Collaborative**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2023

	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,510,958	\$ -	\$ 1,510,958
Accounts receivable, net	1,823,700	-	1,823,700
Prepaid expenses	200	-	200
<b>Total Assets</b>	<b>\$ 3,334,858</b>	<b>\$ -</b>	<b>\$ 3,334,858</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,314,426	\$ -	\$ 1,314,426
<b>Total Liabilities</b>	<b>1,314,426</b>	<b>-</b>	<b>1,314,426</b>
<b>Fund Balances:</b>			
Nonspendable	200	-	200
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	2,020,232	-	2,020,232
<b>Total Fund Balances</b>	<b>2,020,432</b>	<b>-</b>	<b>2,020,432</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,334,858</b>	<b>\$ -</b>	<b>\$ 3,334,858</b>

See accompanying notes to financial statements and independent auditor's report.

**Assabet Valley Collaborative**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2023

**Total fund balances, governmental funds** \$ 2,020,432

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of related debt, used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position 1,074,188

Right-of-use leased assets, net of accumulated amortization and related liabilities, used in governmental activities are not financial resources and therefore are not reported in the funds. (567,314)

Deferred outflows relating to the other postemployment benefit obligations are not a current financial resource and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 2,023,214

The Other postemployment benefit (OPEB) liability is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the Statement of Net Position. (6,456,976)

Deferred inflows relating to the other postemployment benefit obligations are not a current obligation and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position (5,502,385)

**Net Position of Governmental Activities** \$ (7,408,841)

**Assabet Valley Collaborative**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023

	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Capital Project Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues and Credits:</b>				
Member assessments	\$ 180,000	\$ -	\$ -	\$ 180,000
Program revenues	15,884,137	-	-	15,884,137
Federal and state grants	152,361	-	-	152,361
Intergovernmental revenue	1,252,846	-	-	1,252,846
Interest	5,956	5	-	5,961
Other	238,668	-	-	238,668
Credits to member districts	-	-	-	-
<b>Total Revenues and Credits</b>	<b>17,713,968</b>	<b>5</b>	<b>-</b>	<b>17,713,973</b>
<b>Expenditures:</b>				
Administration	1,302,396	-	-	1,302,396
REACH/Crossroads	1,983,476	-	-	1,983,476
Transportation	7,498,334	-	-	7,498,334
Alternative programs (OSA/SOAR)	3,688,053	-	-	3,688,053
Vocational program (Evolution)	1,354,553	-	-	1,354,553
Family success partnership (FSP)	633,807	-	-	633,807
Other	30,000	-	-	30,000
Intergovernmental expense	1,252,846	-	-	1,252,846
Capital outlay	-	-	213,409	213,409
Lease right-of-use asset	57,700	-	-	57,700
Debt Service:				
Debt principal	56,073	-	-	56,073
Debt interest	34,213	-	-	34,213
Lease Service:				
Lease financing principal	74,183	-	-	74,183
Lease interest	97,825	-	-	97,825
<b>Total Expenditures</b>	<b>18,063,459</b>	<b>-</b>	<b>213,409</b>	<b>18,276,868</b>
Excess of Expenditures Over Revenues	<u>(349,491)</u>	<u>5</u>	<u>(213,409)</u>	<u>(562,895)</u>
<b>Other Financing Sources:</b>				
Transfer from Capital Reserve Fund	-	(50,013)	50,013	-
Transfer to Capital Project Fund	(163,396)	-	163,396	-
Lease financing	57,700	-	-	57,700
Net Other Financing Sources	<u>(105,696)</u>	<u>(50,013)</u>	<u>213,409</u>	<u>57,700</u>
<b>Net Change in Fund Balances</b>	<b>(455,187)</b>	<b>(50,008)</b>	<b>-</b>	<b>(505,195)</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,475,619</b>	<b>50,008</b>	<b>-</b>	<b>2,525,627</b>
<b>Fund Balances, End of Year</b>	<b><u>\$ 2,020,432</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,020,432</u></b>

See accompanying notes to financial statements and independent auditor's report.

**Assabet Valley 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, 2023

**Net change in fund balances - total governmental funds** \$ (505,195)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays and related financing inflows for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay purchases	213,409
Depreciation	(75,452)
	137,957

Governmental funds report debt service and lease financing payments as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only the current year interest accrued on the liability as expense.

Debt principal payments	56,073
Lease financing principal	74,183
Lease amortization	(106,605)
Lease right-of-use asset	57,700
Lease financing	(57,700)
	23,651

Other postemployment benefits 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 other postemployment benefits (OPEB) accrual	(453,343)
--	-----------

**Change in net position of governmental activities** **\$ (796,930)**

**Assabet Valley Collaborative**  
Statement of Fiduciary Net Position  
Other Postemployment Benefits Trust  
June 30, 2023

**ASSETS**

Cash and cash equivalents	\$ 203,412
<b>Total Assets</b>	<u><u>\$ 203,412</u></u>

**NET POSITION**

Net position held in trust for other postemployment benefits	\$ 203,412
<b>Total Net Position</b>	<u><u>\$ 203,412</u></u>

See accompanying notes to financial statements and independent auditor's report.



**Assabet Valley Collaborative**  
Statement of Changes in Fiduciary Net Position  
Other Postemployment Benefits Trust  
For the year ended June 30, 2023

**Additions:**

Contributions	\$ -
Interest and dividend income	899
	899
Total Additions	899

**Deductions:**

Retiree health insurance expense	-
	-
Total Deductions	-

Change in Net Position	899
Net Position - Beginning of Year	202,513
Net Position - End of Year	\$ 203,412

See accompanying notes to financial statements and independent auditor's report.

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE A - NATURE OF ORGANIZATION AND REPORTING ENTITY

#### **Organization**

The Assabet Valley Collaborative (the Collaborative) was established and operates under provisions of Massachusetts General Law Chapter 40, Section 4E, as amended by Chapter 43 of the Acts of 2012. The Collaborative includes the school districts of the City of Marlborough and towns of Auburn, Berlin, Bolton, Boylston, Hudson, Maynard, Northborough, Southborough, Westborough, Stow and Shrewsbury, Massachusetts and Algonquin Regional High School, Nashoba Regional High School, Tahanto Regional High School and Assabet Valley Regional Vocational High School, which are separate legal entities with their own governing bodies. Their operations are not part of the Collaborative's financial statements.

Assessments: According to the Collaborative Agreement, each member of the community is annually assessed a membership fee which is determined annually by the Board of Directors. The fiscal year 2023 membership fee was \$15,000 per district. Revenue for assessments was \$180,000 for fiscal year 2023 as approved by the Board of Directors.

The Collaborative provides services to special education students in grades 6 through 12 whose Individual Education Plan (IEP) Teams have identified a need for separate therapeutic settings. The Collaborative also provides vocational transition support into the community for post high school up to age 22. These services are provided to member communities on a tuition basis to cover direct operation expenditures. Non-member districts may access programs and services as capacity allows at the non-member rate.

#### **Reporting Entity**

As required by accounting principles generally accepted in the United States of America (GAAP) and in accordance with the Governmental Accounting Standards Board, the accompanying financial statements present the Assabet Valley Education Collaborative and its component units. Component units are included in the reporting entity if their operational and financial relationships with the Collaborative are significant. Pursuant to these criteria, the Collaborative did not identify any component units requiring inclusion in the accompanying financial statements.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The Collaborative's basic financial statements include both government-wide (reporting the Collaborative as a whole) and fund financial statements (reporting the Collaborative's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities are generally financed through intergovernmental assessments or other non-exchange transactions. The Collaborative does not have any activities classified as business type activities.

#### **Cumulative effect of change in accounting principle**

The Collaborative has fully analyzed GASB Statement No. 96, Subscription-Based Information Technology Arrangements ("SBITAs"). Statement No. 96 requires the present value of long-term SBITAs to be recorded as an asset of the Collaborative and future payments to be recorded as a liability. The asset is required to be amortized ratably over the lease term and lease payments are allocated between interest expense and liability payments. Previously, SBITAs were expensed as incurred with no corresponding asset or liability recorded. The significant impact to the Collaborative's financial statements is to the government-wide financials statements. There were no contracts identified to be recorded as an asset or liability under GASB Statement No. 96 during fiscal 2023.

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Government-wide Financial Statements

In the government-wide Statement of Net Position, governmental columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows of resources, as well as long-term liabilities, deferred inflows of resources and other liabilities reported on a full accrual basis. The Collaborative's net position is reported in three parts—net investment in capital assets; restricted; and unrestricted. The Collaborative first utilizes restricted resources to finance qualifying activities.

The government-wide 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 charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 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.

The government-wide focus is more on the sustainability of the Collaborative as an entity and the change in the Collaborative's net position resulting from the current year's activities.

#### 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 balance, revenues and expenditures.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. GASB pronouncements set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Collaborative may electively add funds, as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The Collaborative's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (retirees) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The following governmental fund types are used by the Collaborative - the Collaborative does not use proprietary funds:

#### Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Collaborative:

*General fund* - is the general operating fund of the Collaborative. It is used to account for all financial resources not accounted for and reported in another fund.

*Capital reserve fund* – used to account for and report financial resources that are restricted, committed, or assigned to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

*Capital project fund* – used to account for the capital outlay and related financing related to the build-out of facility space in Marlborough, Massachusetts.

*Non-major governmental funds* - consist of other special revenue and permanent funds that are aggregated and presented in the non-major governmental funds column on the government funds financial statements.

# Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

## NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Collaborative programs. The reporting focus is on net position and changes in net position presented in fiduciary fund financial statements.

Since by definition these assets are being held for the benefit of a third party (retiree health insurance participants) and cannot be used to address activities or obligations of the Collaborative, these funds are reported separately from that of the Collaborative's government-wide activities.

### Basis of Accounting and Measurement Focus

The Collaborative's government-wide and fiduciary fund financial statements 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 Collaborative's governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

### Revenues

Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Charges for services provided to other education agencies and private parties are recognized as revenue when services are provided. Amounts owed to the Collaborative for services already performed, which are not available are recorded as receivables. Amounts received prior to the entitlement period are recorded as unearned revenue. Revenues susceptible to accrual include expenditure-driven programs and interest income.

### Accounts Receivable

Accounts receivable represent amounts due from Collaborative members and communities participating in the various programs offered by the Collaborative. There is no allowance for doubtful accounts as all receivables were considered collectible at June 30, 2023.

### Capital Assets

#### Government-wide Statements

In the Collaborative's financial statements, capital assets (with an asset cost greater than \$5,000) are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type is as follows:

Building and improvements	40 years
Leasehold improvements	10 years
Furniture and equipment	5 – 15 years

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

#### Budgets

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting as the General Fund.

#### Compensated Absences and Other Employee Benefits amounts

The Collaborative no longer allows carry over of compensated absence days from the preceding fiscal year.

#### 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 liabilities are incurred. There were no claims or judgments at the year-end that require reporting in the financial statements.

#### Equity Classifications

##### Government-wide Statements

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

*Investment 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 or invested in capital assets. The Collaborative has no bonded debt on Capital assets at June 30, 2023.

*Invested in right-of-use assets, net of liabilities* – this component of net position consists of right-of-use assets, net of accumulated amortization, reduced by the outstanding balances of liabilities that are attributable to the leased assets.

*Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other government or, (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance in the fund financial statements is classified as nonspendable, restricted, committed, assigned or unassigned as described below:

**Nonspendable:** consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**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 (Board of Directors). This classification might also include contractual obligations if existing resources have been committed for use in satisfying those contractual requirements.

**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 authority has been given.

**Unassigned:** This is 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 have been restricted, committed, or assigned.

The Collaborative's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance.

#### Allocation of Costs

Directly identifiable costs are charged to student services or general and administrative functions as applicable. Costs related to more than one function are allocated based on criteria intended to associate the cost with whichever function benefits.

#### Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from those estimates.

### NOTE C – CASH AND CASH EQUIVALENTS

Cash and investments of Collaborative funds is restricted by state statutes. 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.

The carrying amount of the Collaborative's deposits is separately displayed on the balance sheet as cash.

	<u>June 30, 2023</u>	
	Carrying Amount	Bank Balance
Insured (FDIC) and (DIF)	<u>\$1,510,958</u>	<u>\$2,691,772</u>
Total Cash	<u>\$1,510,958</u>	<u>\$2,691,772</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 Depositors Insurance Fund (DIF) of Massachusetts

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE C – CASH AND CASH EQUIVALENTS (continued)

Cash is reported in financial statements as follows:

Governmental Activities	\$1,510,958
Fiduciary Funds	<u>203,412</u>
Total	<u>\$1,714,370</u>

### NOTE D - CAPITAL ASSETS AND LOANS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>6/30/22</u>	<u>Additions</u>	<u>Balance</u> <u>6/30/23</u>
Capital assets being depreciated:			
Leasehold improvements	\$ 448,247	\$ -	\$ 448,247
Building and improvements	1,744,764	213,409	1,958,173
Furniture and equipment	180,974	-	180,974
Vehicles	<u>132,085</u>	<u>-</u>	<u>132,085</u>
Total Capital Assets Being Depreciated	<u>2,506,070</u>	<u>213,409</u>	<u>2,719,479</u>
Less: Accumulated depreciation for:			
Leasehold improvements	448,247	-	448,247
Building and improvements	177,498	49,356	226,854
Furniture and equipment	107,109	26,096	133,205
Vehicle	<u>132,085</u>	<u>-</u>	<u>132,085</u>
Total Accumulated Depreciation	<u>864,939</u>	<u>75,452</u>	<u>940,391</u>
Net Capital Assets	<u>\$1,641,131</u>	<u>\$137,957</u>	<u>\$1,779,088</u>

Depreciation expense was not charged to various functions but was shown as a separate line item in the statement of activities.

The Collaborative has financed the purchase of property at 28 Lord Road in Marlborough, Massachusetts using a local bank over the years with interest payable at 4.25% to 4.75%. As of June 30, 2023, the remaining balance on the loans were \$704,900. The mortgages mature in fiscal 2032 and 2036 and are payable monthly including principal and interest at \$5,496 and \$2,028.

The following summarizes long-term debt activity of the Collaborative for the year ended June 30, 2023:

	<u>Balance</u> <u>6/30/2022</u>	<u>New</u> <u>Borrowing</u>	<u>Repayments</u>	<u>Balance</u> <u>6/30/2023</u>
Mortgages- Lord Road	\$ 760,973	\$ -	\$ (56,073)	\$ 704,900
Current Portion	<u>(56,073)</u>			<u>(58,674)</u>
Long-Term Portion	<u>\$ 704,900</u>			<u>\$ 646,226</u>

Interest paid during the year ended June 30, 2023 totaled \$34,213 on all debt.

Included in Buildings and improvements above are build out costs of the Collaborative's Lord Road, Marlborough location. The expenditures were partially covered by the release of capital reserve funds and the remainder funded by use of prior year cumulative general fund surplus. Future costs of the project may be financed with a loan or additional cumulative surplus. This activity is recorded in the fund financial statements in a capital project fund, which had no remaining fund balance at June 30, 2023.

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE D - CAPITAL ASSETS AND LOANS (continued)

Future maturities of debt payable as of June 30, 2023 are as follows:

Fiscal Year End	Principal	Interest	Total
June 30:			
2024	\$ 58,674	\$ 31,613	\$ 90,287
2025	61,572	28,715	90,287
2026	64,523	25,764	90,287
2027	67,615	22,672	90,287
2028	70,804	19,483	90,287
2029-2033	329,610	44,881	374,491
2034-2038	52,102	2,662	54,764
Thereafter	-	-	-
	<u>\$704,900</u>	<u>\$175,790</u>	<u>\$880,690</u>

### NOTE E - CUMULATIVE SURPLUS

In accordance with Massachusetts regulation 603 C.M.R. 50.07, the Collaborative has determined that its Cumulative Surplus as of June 30, 2023 is equal to the cumulative General Fund Balance of \$2,020,432. The Collaborative Agreement stipulates that the Board will retain no more than 25 percent of the previous year's (i.e. audited year's) general fund expenditures, which is equal to \$4,229,077, in cumulative surplus. The cumulative General Fund Balance did not exceed the allowable surplus as of June 30, 2023.

### NOTE F - MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS

#### Plan Descriptions

The Collaborative's employees participate in the Massachusetts Teachers' (MTRS) or State Employee' Retirement System (MSERS), statewide cost-sharing multi-employer defined benefit plans public employee retirement systems (PERS) covering all employees of local school districts within the Commonwealth of Massachusetts. The retirement systems issue publicly available annual reports that includes financial statements and required supplementary information, which may be obtained by writing to Public Employee Retirement Administration Commission (PERAC), 5 Middlesex Avenue, Suite 304, Somerville, Massachusetts, 02145.

#### Benefits Provided

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

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

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



**Assabet Valley Collaborative**

Notes to Financial Statements

June 30, 2023

**NOTE F - MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS  
(continued)**

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

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

**Contributions**

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

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

Educational Collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS 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. During fiscal year 2023, the Collaborative's contributions on behalf of employees totaled \$158,917.

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

<u>Hire Date</u>	<u>% of Compensation</u>
Prior to 1975.....	5% of regular compensation
1975 - 1983.....	7% of regular compensation
1984 to 6/30/1996.....	8% of regular compensation
7/1/1996 to present.....	9% of regular compensation
7/1/2001 to present.....	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present.....	An additional 2% of regular compensation in excess of \$30,000

The Commonwealth is a nonemployer contributor in MTRS and is required by statute to make all actuarially determined employer contributions on behalf of the member employers participating in MTRS.

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE F - MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS (continued)

The Collaborative is considered to be in a 100% special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity under both MSERS and MTRS. Since the employers do not contribute directly to each system beyond the MSERS annual normal cost, there is no net pension liability to recognize. However, the notes to the financial statements must disclose the portion of the nonemployer contributing entities' share of the collective net pension liability that is associated with the employer. In addition, the Collaborative must recognize its portion of the collective pension expense as both a revenue and pension expense.

The nonemployer contributing entities' share of the collective net pension liability that is associated with the Collaborative was measured as of June 30, 2022 and was \$5,072,164 and \$10,383,697 under MSERS and MTRS, respectively. In fiscal year 2023, the Collaborative recognized revenue and related expense of \$398,686 (under GASB Statement No. 68) for its portion of the collective pension expense under MSERS. In fiscal year 2023, the Collaborative recognized revenue and related expense of \$854,160, (under GASB Statement No. 68) for its portion of the collective pension expense under MTRS. These amounts are recorded as Intergovernmental revenue and expense in the financial statements.

### NOTE G - LEASE DISCLOSURES

The Collaborative rents classrooms and office space from several of its member communities. The following summarizes rent by these locations:

Location	Rental Space	Annual Rent
Marlborough – Bigelow School	AVCAS School Building	\$167,313
Algonquin Regional High School	REACH Classroom	\$ 18,000
Woodward Elementary School	REACH Classroom	\$ 10,500
Southborough – Trottier Middle School	REACH Classroom	\$ 21,840

Rent expense for real property leases totaled \$217,652 for the fiscal year ended June 30, 2023.

The lease of the school location in Marlborough listed above qualifies as a long-term lease and is recorded in accordance with GASB Statement No. 87. The Marlborough lease was valued using the 4.50% incremental borrowing rate of the Collaborative at the time the lease was entered into.

In addition, the Collaborative entered into copier leases during fiscal year 2023 that are considered long-term leases under GASB Statement No. 87. The copier lease was valued using the 6.50% incremental borrowing rate of the Collaborative at the time the lease was entered into.

Lease agreements under GASB Statement No. 87 are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 6/30/2023	Net Asset 6/30/2023	Liability Balance 6/30/2023
Copiers	3/1/2023	5 Years	\$1129/month	6.50%	\$57,700	\$3,847	\$53,853	\$54,408
City of Marlborough	7/1/2013	25 Years	\$167,313 (FY23)	4.50%	2,568,960	1,027,584	1,541,376	2,108,135
Total Lease Agreements					\$2,626,660	\$1,031,431	\$1,595,230	\$2,162,543

**Assabet Valley Collaborative**

Notes to Financial Statements

June 30, 2023

**NOTE G - LEASE DISCLOSURES (continued)**

For the years ended June 30, 2023, total amortization expense of leased assets was \$106,605 and total interest expense on lease liability was \$97,825.

Annual requirements to repay long-term obligations and related interest are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$87,691	\$96,516	\$ 184,207
2025	95,421	92,199	187,620
2026	103,590	87,511	191,102
2027	112,221	82,431	194,653
2028	116,783	76,976	193,759
Thereafter	1,646,837	416,323	2,063,160
	<u>\$2,162,543</u>	<u>\$851,957</u>	<u>\$3,014,499</u>

Future minimum payments, by year, for the next five years and in the aggregate, under non-cancellable equipment leases not required to be recorded as a right-of-use asset or liability in accordance with GASB 87, consisted of the following at June 30, 2023:

Fiscal year-end	Amount
2024	\$ 720
2025	720
2026	-
2027	-
2025 and thereafter	-
Total	<u>\$ 1,440</u>

**NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN**

Description

The Collaborative, per its contracts with employees, generally will pay 50 percent of health care benefits for retirees and their spouses. This agreement can be amended by action of the Collaborative subject to applicable policy changes and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purposes of paying benefits under the plan. Employees of the Collaborative and dependents are eligible for postemployment medical insurance based on eligibility requirements under the Massachusetts State Employees and Massachusetts Teachers Retirement Systems. Any member who is unable to perform his or her duties due to a non-occupational disability and has ten or more years of creditable service or who is unable to perform his or her duties due to a job-related disability are eligible.

An employee hired before April 2, 2012 shall become eligible to retire under these programs upon meeting the following conditions:

- i. Completion of 10 years of creditable service at the Collaborative
- ii. And attainment of age 55 as an active member
- iii. Or completion of 20 years of service at the Collaborative, regardless of age

An employee hired after April 2, 2012 shall become eligible to retire under these programs upon meeting the following conditions:

- i. Completion of 10 years of creditable service at the Collaborative
- ii. And attainment of age 60 as an active member

Funding Policy

The Collaborative has not established a formal funding policy.

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN (continued)

#### Investment Policy

The long-term rate of return on assets developed based on the Collaborative Investment Policy is 2.5% and a municipal bond rate of 3.65%. Long-term investment return rate is based on expected long-term investment return rates provided by the Collaborative.

#### Actuarially Determined Contribution (ADC)

The Collaborative's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which is composed of the service cost and an amortization of the unfunded liability. We have used a 30-year flat dollar amortization of the Collaborative's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Collaborative's annual ADC for the fiscal year and the amount actually contributed to the plan:

<b>Actuarially Determined Contribution - Deficiency / (Excess)</b>		<b>June 30, 2023</b>
I. Service Cost		\$645,374
II. 30-year level dollar amortization of NOL and interest		225,207
III. Actuarially Determined Contribution [I. + II.]		870,581
IV. Contributions in relation to the actuarially determined contribution		(63,795)
V. Contribution deficiency / (excess) [III. + IV.]		<u>\$ 806,786</u>
Covered employee payroll		\$5,924,251
Contribution as a % of covered employee payroll		1.08%
Discount Rate		3.54%
Money Weighted Rate of Return		0.44%

#### OPEB Liability and OPEB Expense

	<b>Fiscal Year Ended June 30, 2023</b>	
	<b>Collaborative Employees and Retirees</b>	<b>Total</b>
I. Total OPEB Liability	\$ 6,660,388	\$ 6,660,388
II. Fiduciary Net Position as of June 30, 2023	<u>203,413</u>	<u>203,413</u>
III. Net OPEB Liability (Asset) [I.-II.]	6,456,976	6,456,976
IV. Service cost	645,374	645,374
V. Interest	235,269	235,269
VI. Changes of benefit terms	-	-
VII. Differences between expected and actual	(80,628)	(80,628)
VIII. Changes of assumptions	(281,715)	(281,715)
IX. Benefit payments/interest earnings	<u>(64,957)</u>	<u>(64,957)</u>
X. Net OPEB Expense	\$ 453,343	\$ 453,343

#### Effect of 1% Change in Discount Rates

As of the June 30, 2023 Measurement Date, if the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$5,421,700 and the Net OPEB Liability would decrease to \$5,218,288. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$8,283,916 and the Net OPEB Liability would increase to \$8,080,504.

#### Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Total OPEB Liability as of the June 30, 2023 Measurement Date would increase to \$8,768,170 and Net OPEB Liability would increase to \$8,564,758. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Total OPEB Liability would decrease to \$5,142,758 and the Net OPEB Liability would decrease to \$4,939,346.

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN (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 valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. 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 the long-term perspective of the calculations.

Actuarial Cost Method:	Entry Age Normal
Discount Rate:	3.65% per annum (previously 3.54%)
General Inflation Assumption:	2.50% per annum
Annual Compensation Increases:	3.50% per annum
Actuarial Value of Assets:	Market Value

#### Recognition of OPEB Trust Assets

The state of Massachusetts has passed legislation allowing municipal entities to establish a Trust for Other Postemployment Benefits (“OPEB”) under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 75. This legislation was amended effective November 9, 2016 to clarify who may adopt such a Trust and provide guidance on the ongoing operation of such a Trust. To the best of our knowledge, the Collaborative has established an irrevocable trust for the purposes of prefunding liabilities under GASB 74/75.

#### Deferred Outflows and Deferred Inflows of Resources

##### Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between expected & actual experience

Fiscal	Differences between actual & expected experience	Recognition Period (years)	2023 Amortization	6/30/2023 Remaining Balance	2024	2025	2026	2027	2028	2029 and Thereafter
2018	-	11.43	-	-	-	-	-	-	-	-
2019	-	11.43	-	-	-	-	-	-	-	-
2020	(1,445,326)	10.92	(132,356)	(915,902)	(132,356)	(132,356)	(132,356)	(132,356)	(132,356)	(254,122)
2021	-	10.92	-	-	-	-	-	-	-	-
2022	(1,639,967)	10.98	(149,359)	(1,341,249)	(149,359)	(149,359)	(149,359)	(149,359)	(149,359)	(594,454)
2023	-	10.98	-	-	-	-	-	-	-	-
Total Remaining Balance				(2,257,151)						
Net increase (decrease) in OPEB Expense			(281,715)		(281,715)	(281,715)	(281,715)	(281,715)	(281,715)	(848,576)

##### Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of changes in assumption

Fiscal	Differences between actual & expected experience	Recognition Period (years)	2023 Amortization	6/30/2023 Remaining Balance	2024	2025	2026	2027	2028	2029 and Thereafter
2018	(363,836)	11.43	(31,832)	(172,844)	(31,832)	(31,832)	(31,832)	(31,832)	(31,832)	(13,684)
2019	539,758	11.43	47,223	303,643	47,223	47,223	47,223	47,223	47,223	67,528
2020	2,433,289	10.92	222,829	1,541,973	222,829	222,829	222,829	222,829	222,829	427,828
2021	233,379	10.92	21,372	169,263	21,372	21,372	21,372	21,372	21,372	62,403
2022	(3,546,608)	10.98	(323,006)	(2,900,596)	(323,006)	(323,006)	(323,006)	(323,006)	(323,006)	(1,285,566)
2023	(189,008)	10.98	(17,214)	(171,794)	(17,214)	(17,214)	(17,214)	(17,214)	(17,214)	(85,724)
Total Remaining Balance				(1,230,355)						
Net increase (decrease) in OPEB Expense			(80,628)		(80,628)	(80,628)	(80,628)	(80,628)	(80,628)	(827,215)

## Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2023

### NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between projected & actual earnings on OPEB plan investments									
Fiscal	Differences between projected & actual earnings	Recognition Period (years)	2023 Amortization	6/30/2023 Remaining Balance	2024	2025	2026	2027	2028
2018	1,518	5.00	-	-	-	-	-	-	-
2019	1,795	5.00	359	-	-	-	-	-	-
2020	3,908	5.00	782	780	780	-	-	-	-
2021	4,555	5.00	911	1,821	911	912	-	-	-
2022	4,273	5.00	855	2,565	855	855	854	-	-
2023	3,961	5.00	792	3,169	792	792	792	793	-
Total Remaining Balance				8,335					
Net increase (decrease) in OPEB Expense			3,698		3,338	2,558	1,646	793	-

### NOTE I - 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 J - COMMITMENTS AND CONTINGENCIES

From time to time, the Collaborative may be party to various pending claims and legal proceedings. Although the outcomes of such matters cannot be forecast 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.

The Collaborative has employment contracts with members of management. The contracts expire on June 30, 2024 and 2025 with the possibility of renewal of each for one year.

### NOTE K –RESTRICTED FUND BALANCE

The Collaborative's Board of Directors has approved a capital budget plan in accordance with state regulations not to exceed \$722,500. During the year ended June 30, 2023, the Collaborative transferred the full balance in the capital reserve of \$50,013 to the capital project fund. The remaining balance in the capital reserve fund at June 30, 2023 was \$0.

### NOTE L - SUBSEQUENT EVENTS

The Collaborative evaluated subsequent events through December 1, 2023, which is the date the financial statements were available to be issued. Subsequent to June 30, 2023, the Collaborative entered into a bond settlement agreement with a former contractor related to costs incurred on the buildout of property in Marlborough, Massachusetts. The amount of the settlement was \$95,000 and will be utilized to cover future costs of the project.

**Assabet Valley Collaborative**

Required Supplementary Information

June 30, 2023

**Assabet Valley Collaborative**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
of the General Fund - Budget to Actual - Budgetary Basis  
For the Year Ended June 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Member assessments	\$ 180,000	\$ 180,000	\$ 180,000	\$ -
Multiple handicapped (REACH/Crossroads)	1,909,820	1,909,820	1,672,360	(237,460)
Transportation	7,992,656	7,992,656	8,114,986	122,330
Alternative programs (OSA/SOAR)	4,097,969	4,097,969	3,739,348	(358,621)
Vocational program (Evolution)	2,123,479	2,123,479	1,694,983	(428,496)
Family success partnership (FSP)	663,408	663,408	662,460	(948)
Grants	3,000	3,000	152,361	149,361
Intergovernmental revenue*	-	-	1,252,846	1,252,846
Interest	-	-	5,956	5,956
Other	267,062	267,062	238,668	(28,394)
<b>Total Revenues</b>	<b>17,237,394</b>	<b>17,237,394</b>	<b>17,713,968</b>	<b>476,574</b>
<b>Expenditures:</b>				
Administration	1,442,510	1,442,510	1,302,396	140,114
REACH/Crossroads	2,080,188	2,080,188	1,983,476	96,712
Transportation	7,382,021	7,382,021	7,498,334	(116,313)
Alternative programs (OSA/SOAR)	3,924,621	4,096,629	3,688,053	236,568
Vocational program (Evolution)	1,449,034	1,449,034	1,354,553	94,481
Family success partnership (FSP)	683,672	683,672	633,807	49,865
Grant related expenses	-	-	30,000	(30,000)
Intergovernmental expense*	-	-	1,252,846	(1,252,846)
<b>Debt Service:</b>				
Debt principal	56,073	-	56,073	-
Debt interest	34,213	-	34,213	-
<b>Lease Service:</b>				
Lease financing principal	74,183	-	74,183	-
Lease interest	97,825	-	97,825	-
<b>Total Expenditures</b>	<b>17,224,340</b>	<b>17,134,054</b>	<b>18,005,759</b>	<b>(781,419)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>13,054</b>	<b>103,340</b>	<b>(291,791)</b>	<b>(304,845)</b>
<b>Other Financing Sources</b>				
Transfer to capital project fund	(392,992)	(479,506)	(163,396)	316,110
<b>Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures**</b>	<b>\$ (379,938)</b>	<b>\$ (376,166)</b>	<b>\$ (455,187)</b>	<b>\$ 11,265</b>

\*Intergovernmental revenue and expense is not budgeted by the Collaborative because it is actuarially determined annually and does not require actual expenditure by the Collaborative.

\*\* The Collaborative budgeted to utilize prior year cumulative surplus to offset the budgeted deficit.

Note: The schedule above is presented on the same basis used by the Collaborative to present its internal budget to actual comparison and account groupings are not necessarily consistent with the Statement of Revenue, Expenditures and Changes in Fund Balances presented on page 12.

See independent auditor's report.



**Assabet Valley Collaborative**  
**OPEB Plan - Required Supplementary Information**  
**June 30, 2023**

<b>Year</b>	<b>Actuarial Determined Contribution</b>	<b>Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered employee payroll</b>	<b>Contributions as a percentage of covered employee payroll</b>
June 30, 2018	\$ 845,507	\$ (93,455)	\$ 752,052	\$ 4,590,180	2.04%
June 30, 2019	\$ 834,799	\$ (17,544)	\$ 817,255	\$ 5,082,892	0.35%
June 30, 2020	\$ 970,268	\$ (96,497)	\$ 873,771	\$ 5,758,341	1.68%
June 30, 2021	\$ 1,376,690	\$ (34,086)	\$ 1,342,604	\$ 5,853,226	0.58%
June 30, 2022	\$ 1,488,934	\$ (48,848)	\$ 1,440,086	\$ 5,923,050	0.82%
June 30, 2023	\$ 870,581	\$ (63,795)	\$ 806,786	\$ 5,924,251	1.08%

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

**Assabet Valley Collaborative**  
**OPEB Plan - Required Supplementary Information**  
**As of the June 30, 2023 Measurement Date**

<b>Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios</b>						
<b>Valuation Date</b>	<b>July 1, 2021</b>	<b>July 1, 2021</b>	<b>July 1, 2019</b>	<b>July 1, 2019</b>	<b>July 1, 2018</b>	<b>July 1, 2017</b>
<b>For the Reporting Period &amp; Fiscal Year ending on:</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Total OPEB Liability</b>						
I. Service Cost	645,374	1,193,273	1,123,040	724,580	627,760	660,550
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	235,269	237,726	208,019	252,916	222,854	190,530
III. Changes in Benefit terms	-	-	-	(149,695)	-	-
IV. Difference between Expected & Actual Plan Experience	-	(1,639,967)	-	(1,445,326)	-	-
V. Changes of Assumption	(189,008)	(3,546,608)	233,379	2,433,289	539,758	(363,836)
VI. Benefit Payments Excluding Implicit Cost	(63,795)	(48,848)	(34,086)	(21,497)	(17,544)	(18,455)
VII. Implicit Cost Amount	-	-	-	-	-	-
VIII. Total Benefit payments including Implicit Cost [VI.+VII.]	(63,795)	(48,848)	(34,086)	(21,497)	(17,544)	(18,455)
IX. Net Change in OPEB liability [I.+II.+III.+IV.+V.+VIII.]	627,840	(3,804,424)	1,530,352	1,794,267	1,372,828	468,789
X. Total OPEB liability - beginning of period	6,032,548	9,836,972	8,306,620	6,512,353	5,139,525	4,670,736
XI. Prior Period Adjustment for Retirees not Previously Reflected	-	-	-	-	-	-
XII. Total OPEB Liability - end of period [IX.+X.+XI.]	6,660,388	6,032,548	9,836,972	8,306,620	6,512,353	5,139,525
<b>Plan Fiduciary Net Position</b>						
XIII. Earning from Plan Investments	899	178	294	991	712	234
XIV. Employer Contribution to trust	63,795	48,848	34,086	96,497	17,544	93,455
XV. Benefit payments from trust, including refunds of member contributions	(63,795)	(48,848)	(34,086)	(21,497)	(17,544)	(18,455)
XVI. Administrative expense	-	-	-	-	-	-
XVII. Other	-	-	-	-	-	-
XVIII. Net change in plan fiduciary net position [XIII.+XIV.+XV.+XVI.+XVII.]	899	178	294	75,991	712	75,234
XIX. Plan fiduciary net position - beginning of period	202,513	202,335	202,041	126,050	125,338	50,104
XX. Plan fiduciary net position - end of period [XVIII.+XIX.]	203,412	202,513	202,335	202,041	126,050	125,338
XXI. Net OPEB Liability [XII.-XX.]	6,456,976	5,830,035	9,634,637	8,104,579	6,386,303	5,014,187
XXII. Plan fiduciary net position as a % of total OPEB liability [XX./XII.]	3.05%	3.36%	2.06%	2.43%	1.94%	2.44%
XXIII. Covered employee payroll	5,924,251	5,923,050	5,853,226	5,758,341	5,082,892	4,590,180
XXIV. Plan NOL as % of covered employee payroll [XXI./XXIII]	108.99%	98.43%	164.60%	140.75%	125.64%	109.24%
Single Discount Rate to calculate Plan Liabilities	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

**Assabet Valley Collaborative**  
OPEB Plan - Required Supplementary Information  
As of the June 30, 2023 Measurement Date

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was valued as of July 1, 2021.

Actuarial Cost Method: Entry Age Normal

Asset-Valuation Method: Market Value

Actuarial Assumptions:

Investment Rate of Return: 2.5% compounded annually, net of fees

Municipal Bond Rate: 3.65%, based on the Bond Buyer 20-Bond GO Index published on June 30, 2022

Single Equivalent Discount Rate: 3.65%, compounded annually

Inflation: 2.5% per year, based on current economic data, analyses from economists and other experts, and professional judgement

Salary Increases: 3.5% per year

Cost of Living Adjustment: Not Applicable

Pre-Retirement Mortality: Pre-Retirement mortality rates for General employees are based on the RP-2020 Employees Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016 and set forward one year for females  
Pre-Retirement mortality rates for Teachers are based on the RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020

**Assabet Valley Collaborative**  
OPEB Plan - Required Supplementary Information  
As of the June 30, 2023 Measurement Date

Notes to Required Supplementary Information (Continued):

Actuarial Assumptions:

Post-Retirement Mortality:                      Pre-Retirement mortality rates for General employees are based on the RP-2014 Healthy Annuitant Blue Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020 and set forward one year for females.

Pre-Retirement mortality rates for Teachers are based on the RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2020.

Plan Membership

Plan Membership: At June 30, 2023, the OPEB plan membership consisted for the following

Inactive employees or beneficiaries currently receiving benefits:	5
Active Employees:	<u>86</u>
Total:	<u>91</u>

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Changes in Assumptions:                      From June 30, 2022 to June 30, 2023:

Discount rate is 3.65% previously 3.54%

Contributions:

The contribution requirements of plan members and the Collaborative are established and may be amended

**Assabet Valley Collaborative**  
Schedule of the Collaborative's Proportionate Share of Net Pension Liability  
For the Year Ended June 30, 2023

		<u>MTRS</u>	<u>MSERS</u>
Collaborative's proportion of net pension liability	FY2015	0.04561%	0.02466%
	FY2016	0.04893%	0.02650%
	FY2017	0.05218%	0.02512%
	FY2018	0.05300%	0.02333%
	FY2019	0.05160%	0.02279%
	FY2020	0.05363%	0.02713%
	FY2021	0.04928%	0.03038%
	FY2022	0.04011%	0.03646%
Collaborative's proportionate share of net pension liability	FY2015	\$ 9,345,520	\$ 2,806,546
	FY2016	\$ 10,938,585	\$ 3,653,558
	FY2017	\$ 11,941,119	\$ 3,222,152
	FY2018	\$ 12,567,663	\$ 3,086,439
	FY2019	\$ 13,009,603	\$ 3,335,691
	FY2020	\$ 15,308,931	\$ 4,655,414
	FY2021	\$ 11,291,571	\$ 3,170,601
	FY2022	\$ 10,383,697	\$ 5,072,164
Collaborative's covered-employee payroll	FY2015	\$ 2,891,227	\$ 1,349,422
	FY2016	\$ 3,218,268	\$ 1,475,832
	FY2017	\$ 3,552,532	\$ 1,434,591
	FY2018	\$ 3,715,284	\$ 1,341,094
	FY2019	\$ 3,797,949	\$ 1,371,234
	FY2020	\$ 4,127,108	\$ 1,678,535
	FY2021	\$ 3,926,642	\$ 1,848,959
	FY2022	\$ 3,351,394	\$ 2,292,426
Collaborative's proportionate share of net pension liability as a percentage of its covered-employee payroll	FY2015	323.24%	207.98%
	FY2016	339.89%	247.56%
	FY2017	336.13%	224.60%
	FY2018	338.27%	230.14%
	FY2019	342.54%	243.26%
	FY2021	287.56%	171.48%
	FY2022	309.83%	221.26%
	Plan fiduciary net position as a percentage of the total pension liability	FY2015	55.38%
FY2016		52.73%	63.48%
FY2017		54.25%	67.21%
FY2018		54.84%	67.91%
FY2019		53.95%	66.28%
FY2020		50.67%	62.48%
FY2021		62.03%	77.54%
FY2022		57.75%	71.05%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System

MSERS is the Massachusetts State Employees' Retirement System

Also, see Note F to financial statements

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2022.

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

**Assabet Valley Collaborative**  
**Schedule of Pension Contributions**  
**For the Year Ended June 30, 2023**

	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
<b><u>MTRS</u></b>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collaborative's covered-employee payroll	\$ 2,891,227	\$ 3,218,268	\$ 3,552,532	\$ 3,715,284	\$ 3,797,949	\$ 4,127,108	\$ 3,926,642	\$ 3,351,394
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b><u>MSERS</u></b>								
Contractually required contribution	\$ 75,568	\$ 82,647	\$ 75,101	\$ 75,101	\$ 76,789	\$ 102,391	\$ 112,786	\$ 139,755
Contributions in relation to the contractually required contribution	\$ 75,568	\$ 82,647	\$ 75,101	\$ 75,101	\$ 76,789	\$ 102,391	\$ 112,786	\$ 139,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collaborative's covered-employee payroll	\$ 1,349,429	\$ 1,475,839	\$ 1,341,089	\$ 1,341,094	\$ 1,371,234	\$ 1,678,535	\$ 1,848,959	\$ 2,292,426
Contributions as a percentage of covered-employee payroll	5.60%	5.60%	5.60%	5.60%	5.60%	6.10%	6.10%	6.10%

**Notes to Required Supplementary Info**

MTRS is the Massachusetts Teachers' Retirement System

MSERS is the Massachusetts State Employees' Retirement System

Also, see Note F to financial statements

**Measurement Date**

The amounts presented in this schedule were determined as of June 30, 2022.

**Schedule Presentation**

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

**Contributions**

The Collaborative is required to pay an annual appropriation as established by the Public Employees' Retirement Administration Commission (PERAC) for MSERS. No contribution is required for MTRS. The Commonwealth of Massachusetts as a nonemployer is legally responsible for the entire past service cost related to the Collaborative and therefore has a 100% special funding situation.

See independent auditor's report.

**Assabet Valley Collaborative**

Other Supplementary Information

June 30, 2023

**Assabet Valley Collaborative**  
Statement of Revenues and Expenditures and Changes in Fund Balance by Program  
For the Year Ended June 30, 2023

	<b>REACH/ Crossroads</b>	<b>Transportation</b>	<b>Alternative HS</b>	<b>Vocational Evolution</b>	<b>Family Success Partnership</b>	<b>Program Grants</b>	<b>Total Programs</b>
<b>Revenues</b>							
Programs	\$ 1,672,360	\$ 8,114,986	\$ 3,739,348	\$ 1,694,983	\$ 662,460	\$ -	\$ 15,884,137
Federal and state grants	-	-	-	-	-	30,000	30,000
Other revenue	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>1,672,360</b>	<b>8,114,986</b>	<b>3,739,348</b>	<b>1,694,983</b>	<b>662,460</b>	<b>30,000</b>	<b>15,914,137</b>
<b>Expenditures</b>							
Salaries	862,771	34,303	2,221,884	727,176	523,103	5,000	4,374,237
Therapy	412,156	-	403,074	174,640	-	-	989,870
Other contracted services	47,027	-	159,286	7,990	710	-	215,013
Transportation	-	7,451,624	5,582	31,519	-	-	7,488,725
Supplies	15,136	100	65,034	32,953	3,572	-	116,795
Retirement	36,622	2,092	-	-	-	-	38,714
Medicare	21,134	449	88,532	40,563	13,674	-	164,352
Travel	2,205	-	497	727	7,766	-	11,195
Medical insurance	187,581	9,241	400,470	155,914	69,905	-	823,111
Medical services	322,811	-	185,442	134,364	-	25,000	667,617
Rent	50,340	-	172,746	11,617	-	-	234,703
Maintenance	706	-	45,233	727	200	-	46,866
Membership & subscriptions	-	275	-	-	-	-	275
Telephone & utilities	15,846	250	111,409	30,457	10,947	-	168,909
Equipment	9,141	-	872	5,907	3,929	-	19,849
Debt principal & interest	-	-	-	50,717	13,190	-	63,907
Professional development	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,983,476</b>	<b>7,498,334</b>	<b>3,860,061</b>	<b>1,405,271</b>	<b>646,996</b>	<b>30,000</b>	<b>15,424,138</b>
<b>Revenues over (under) expenditures before transfers</b>	<b>(311,116)</b>	<b>616,652</b>	<b>(120,713)</b>	<b>289,712</b>	<b>15,464</b>	<b>-</b>	<b>489,999</b>
<b>Other financing sources (uses):</b>							
Operating transfers out	(100,731)	(380,801)	(196,033)	(71,367)	(32,858)	-	(781,790)
Transfer to Capital Project Fund	-	-	-	(163,396)	-	-	(163,396)
<b>Net change in fund balances</b>	<b>\$ (411,847)</b>	<b>\$ 235,851</b>	<b>\$ (316,746)</b>	<b>\$ 54,949</b>	<b>\$ (17,394)</b>	<b>\$ -</b>	<b>\$ (455,187)</b>

See independent auditor's report.



**Assabet Valley Collaborative**  
Schedule of Treasurer's Cash  
June 30, 2023

**COMPOSITION OF CASH AT YEAR END:**

Governmental fund cash is comprised of:

Avidia Bank (3 accounts)	Interest Bearing	\$ 1,454,173
Avidia Bank (1 account)	Non-Interest Bearing	1,973
Main Street Bank (1 account)	Interest Bearing	10,384
Main Street Bank (1 account)	Non-Interest Bearing	<u>44,428</u>
Total governmental fund cash		<u><u>\$ 1,510,958</u></u>

Fiduciary fund cash is comprised of:

Avidia Bank (1 account)	Interest Bearing	<u>\$ 203,412</u>
Total fiduciary fund cash		<u><u>\$ 203,412</u></u>

See independent auditor's report.

**Assabet Valley Collaborative**  
Information Required by MGL Chapter 40  
For the Year Ended June 30, 2023

**Transactions between the Collaborative and any related for-profit or non-profit organization:**

None

**Transaction or contracts related to the purchase, sale, rental or lease of real property:**

See Note G - Lease Disclosures

**The names, duties and total compensation of the five most highly compensated employees:**

<u>Name and Title</u>	<u>Total Compensation</u>
C. Cummins, Executive Director	\$ 123,758
C. Alexander, Director of Educational Technology	\$ 123,758
A. Tortorelli, Director of Facilities	\$ 123,758
K. Franjul, Director of Community Engagement	\$ 122,978
B. Goodreau, Program Co-Director	\$ 120,978
D. Rivera, Program Co-Director	\$ 120,978

Executive Director - Provides leadership in the planning, development and operations of all educational programs and services offered to participating members of the Collaborative.

Director of Educational Technology - Responsible for oversight of the Collaborative's technology

Director of Facilities - Responsible for oversight of the Collaborative's facilities, grounds and vehicles.

Director of Community Engagement and Program Co-Directors - Responsible for the operation, maintenance, and general administration of their respective programs.

**The amounts expended on administration and overhead:**

Administration and overhead \$ 1,302,396

**Any accounts held by the Collaborative that may be spent at the discretion of another person or entity:**

None

**Amounts expended on services for individuals aged 22 years and older:**

None

**Any other items as may be required by regulation:**

None

**Assabet Valley Collaborative**  
Information Required by MGL Chapter 40 (Continued)  
For the Year Ended June 30, 2022

**Annual determination and disclosure of cumulative surplus:**

Page(s) in  
financial  
statements

**Cumulative Surplus Calculation - FY23**

(A) <b>Surplus as of June 30, 2022</b>	\$ 2,475,619	(A) <b>p.12</b>
<i>(Breakdown of use of 2022 surplus)</i>		
B(1) used to support the FY23 budget	\$ 455,187	
B(2) issued as credits to member districts	\$ -	
B(3) issued as a check(s) to member district(s)	\$ -	
B(4) deposited to a restricted account(s)	\$ -	
(B) <b>Board voted uses of surplus funds during FY23</b> <i>(total from B1:B4)</i>	\$ 455,187	(B) <b>p.12</b>
(C) <b>Unexpended FY23 General Funds</b>	\$ -	(C) <b>p.12</b>
(D) Cumulative Surplus as of June 30, 2023 <span style="float: right;">(A) - (B) + (C) = (D)</span>	\$ 2,020,432	(D) <b>p.12</b>
(E) <b>FY23 Total General Fund Expenditures*</b>	\$ 16,916,309	(E) <b>p.12</b>
(F) Cumulative Surplus Percentage <span style="float: right;">(D) ÷ (E)</span>	<b>11.94%</b>	(F) <b>p.12</b>
<b>CUMULATIVE SURPLUS REDUCTION</b>		
<b>Allowable uses of surplus - in excess of the 25% limit</b>		
(G) Cumulative surplus as of June 30, 2023	\$ 2,020,432	
25% limit (allowed)	\$ 4,229,077	
(H) Cumulative Surplus <b>REDUCTIONS</b>		
(H)1 Credited to member districts for tuition, services, etc.	\$ -	
(H)2 Deposit to an established trust and/or reserve fund	\$ -	
(H)3 Returned (check) to school districts/towns	\$ -	
<b>Total Reductions</b>	\$ -	
<b>FY23 Cumulative Surplus Percentage after Reductions</b>	<b>11.94%</b>	
* Excludes Intergovernmental expense, includes transfers to capital reserve and OPEB trust fund.		



**FRITZ DEGUGLIELMO LLC**  
*CERTIFIED PUBLIC ACCOUNTANTS*  
*& BUSINESS ADVISORS*

**INDEPENDENT AUDITOR'S 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 of  
Assabet Valley Collaborative  
Marlborough, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Assabet Valley Collaborative (a collaborative organized under the General Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Assabet Valley Collaborative's basic financial statements, and have issued our report thereon dated December 1, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Assabet Valley 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 Assabet Valley Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Assabet Valley 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 Assabet Valley 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Faity O'Sullivan LLC*

Certified Public Accountants

Newburyport, Massachusetts

December 1, 2023



December 1, 2023

Providing joint programs and services for school districts of:

- Assabet Valley Region
- Auburn
- Berlin/Boylston Region
- Berlin
- Boylston
- Grafton
- Hudson
- Marlborough
- Maynard
- Milbury
- Nashoba Region
- Northborough
- Northborough/
- Southborough Region
- Southborough
- Uxbridge
- Westborough


Offering the following programs:

- Orchard Street Academy
- Consultation Services
- Evolution
- Family Success Partnership
- Professional Development
- REACH
- SOAR
- Transportation Services

**ACCEPTANCE OF THE BOARD OF DIRECTORS**

We, the Board of Directors of the Assabet Valley Collaborative, have voted to accept the representations of management and the expression of the opinions made by Fritz DeGuglielmo LLC as embodied in the financial statements, supplemental schedules and independent auditor’s reports for the year ended June 30, 2023.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and under Commonwealth of Massachusetts laws for the year ended June 30, 2023.

  
 Board Chair  
 12/1/23

Date