

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Concord Area Special Education Collaborative**

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

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Concord Area Special Education Collaborative (the Collaborative), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Concord Area Special Education 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collaborative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Collaborative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Collaborative's basic financial statements. The required disclosures per Massachusetts General Laws Chapter 40, Section 4E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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 supplementary 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 22, 2023 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Collaborative's internal control over financial reporting and compliance.

*Marcum LLP*

Andover, MA  
December 22, 2023

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

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As management of the Concord Area Special Education Collaborative (the Collaborative), we offer readers this narrative overview and analysis of the financial activities of the Collaborative for the fiscal year ended June 30, 2023.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

### ***Government-Wide Financial Statements***

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

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

The Statement of Activities presents information showing how the Collaborative's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tuition and fees and earned but unused vacation leave).

### ***Fund Financial Statements***

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

### ***Governmental Funds***

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

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Collaborative's near-term financing decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Collaborative. 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 programs.

### ***Notes to Financial Statements***

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

### ***Required 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.

### **Financial Highlights**

- As of the close of the current fiscal year, net position in governmental activities was \$1,999,931, a change of \$(814,705).
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$5,768,479, a change of \$(580,932) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,096,453, a change of \$(631,658) in comparison to the prior year.



# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

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### Government-Wide Financial Analysis

The following is a condensed summary of government-wide financial data for the current and prior fiscal year.

#### Net Position

	Governmental Activities	
	2023	2022
<b>Assets</b>		
Current and other assets	\$ 6,385,631	\$ 7,003,168
Capital assets	<u>2,634,503</u>	<u>3,242,225</u>
<b>Total Assets</b>	<u>9,020,134</u>	<u>10,245,393</u>
<b>Deferred Outflows of Resources</b>	<u>1,271,643</u>	<u>1,223,974</u>
<b>Liabilities</b>		
Other liabilities	617,152	634,203
Long-term liabilities	<u>5,301,035</u>	<u>6,345,517</u>
<b>Total Liabilities</b>	<u>5,918,187</u>	<u>6,979,720</u>
<b>Deferred Inflows of Resources</b>	<u>2,373,659</u>	<u>1,655,457</u>
<b>Net Position</b>		
Net investment in capital assets	628,674	1,031,270
Restricted	85,529	85,381
Unrestricted	<u>1,285,728</u>	<u>1,717,539</u>
<b>Total Net Position</b>	<u>\$ 1,999,931</u>	<u>\$ 2,834,190</u>

As noted earlier, net position may serve over time as a useful indicator of the Collaborative's financial position. At the close of the most recent fiscal year, total net position was \$1,999,931, a change of \$(814,705) in comparison to the prior year.

The portion of net position \$628,674 reflects our investment in capital assets (e.g., transportation vehicles), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

An additional portion of net position, \$85,529, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,285,728 may be used to meet the Collaborative's ongoing obligations.

### Change in Net Position

	Governmental Activities	
	2023	2022
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 4,830,921	\$ 4,474,108
Operating grants and contributions	1,344,671	987,603
General revenues:		
School year program member tuition and fees	4,074,623	3,287,605
School year program non-member tuition and fees	3,801,156	2,961,393
Summer program tuition and fees	483,240	587,000
Investment income	107,624	8,541
Miscellaneous	355,295	261,602
<b>Total Revenues</b>	<u>14,997,530</u>	<u>12,567,852</u>
<b>Expenses</b>		
Administration	1,346,075	670,515
Supervision	997,752	720,868
Instruction	7,792,412	7,172,871
Transportation	5,675,996	5,465,223
<b>Total Expenses</b>	<u>15,812,235</u>	<u>14,029,477</u>
<b>Change in Net Position</b>	(814,705)	(1,461,625)
<b>Net Position - Beginning of Year</b>	<u>2,814,636</u>	<u>4,295,815</u>
<b>Net Position - End of Year</b>	<u>\$ 1,999,931</u>	<u>\$ 2,834,190</u>

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

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### *Governmental Activities*

Governmental activities for the year resulted in a change in net position of \$(814,705). Key elements of this change are as follows:

Return of prior year surplus	\$ (1,513,150)
Increase in year end encumbrances	534,559
Other	<u>163,886</u>
	<u>\$ (814,705)</u>

### **Financial Analysis of the Collaborative's Funds**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

### *Governmental Funds*

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

### *General Fund*

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,096,453, while total fund balance was \$5,750,344. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. The total fund balance decreased primarily from the Collaborative returning prior cumulative surplus funds to member districts. This resulted in a reduction of program member tuition and fees. Refer to the table below.

General Fund	June 30, 2023	June 30, 2022	Change	% of General Fund Expenditures*
Unassigned fund balance	\$ 4,096,453	\$ 4,728,111	\$ (631,658)	28.8%
Total fund balance	\$ 5,750,344	\$ 6,331,424	\$ (581,080)	40.4%

\*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$885,312 and from the Commonwealth of the Massachusetts State Employees' Retirement System of \$642,487.

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JUNE 30, 2023

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The total fund balance of the General Fund changed by \$(581,080) during the current fiscal year. Key factors in this change are as follows:

Revenues less than budget (Return of surplus)	\$ (1,050,601)
Expenditures less than budget	184,364
Change in encumbrances	534,559
Capital reserves	(246,460)
Other	(2,942)
	<u>\$ (581,080)</u>

Included in the total fund balance of the General Fund is the Collaborative's capital reserve account with the following fund balance:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Capital Reserve	\$ <u>          --</u>	\$ <u>      246,460</u>	\$ <u>      (246,460)</u>

### General Fund Budgetary Highlights

There was no difference between the total original budget and the final amended budget in fiscal year 2023. Additionally, there was one large variance between budgeted and actual expenditures in fiscal year 2023. The major reason for this variance includes:

- \$(740,132) Administration – This variance was primarily due the Collaborative hiring outside agency staff to fill teaching roles.

### Capital Assets and Debt Administration

#### *Capital Assets*

Total investment in capital assets for governmental activities at year-end amounted to \$2,634,503 (net of accumulated depreciation and amortization). This investment in capital assets includes transportation vehicles and right to use leased assets. Major capital asset events during the current fiscal year included the following:

- \$(271,824) – Disposal/sale of vans

Additional information on capital assets can be found in the Notes to Financial Statements.

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

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### *Long-Term Debt*

At the end of the current fiscal year, the Collaborative had no outstanding long-term bonded debt.

Additional information on long-term debt can be found in the Notes to Financial Statements.

### **Requests for Information**

This financial report is designed to provide a general overview of the Concord Area Special Education Collaborative's finances for all those with an interest in the Collaborative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Sanchita Banerjee  
Executive Director  
Concord Area Special Education Collaborative  
120 Meriam Road  
Concord, Massachusetts 01742

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## STATEMENT OF NET POSITION

JUNE 30, 2023

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	<u>Governmental Activities</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and short-term investments	\$ 5,587,554
Accounts receivable	613,655
Other assets	<u>184,422</u>
<b>Total Current Assets</b>	<u>6,385,631</u>
<b>Noncurrent Assets</b>	
Right to use leased assets, net of accumulated amortization	1,877,207
Other capital assets, net of accumulated depreciation	<u>757,296</u>
<b>Total Noncurrent Assets</b>	<u>2,634,503</u>
<b>Total Assets</b>	<u>9,020,134</u>
<b>Deferred Outflows of Resources</b>	
Related to OPEB	<u>1,271,643</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,271,643</u>

*The accompanying notes are an integral part of these financial statements.*

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2023

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### Liabilities

#### Current Liabilities

Warrants and accounts payable	60,957
Accrued liabilities	556,195
Current portion of long-term liabilities:	
Lease liability	<u>222,003</u>

**Total Current Liabilities** 839,155

#### Noncurrent Liabilities

Lease liability, net of current portion	1,783,826
Compensated absences	16,329
Net OPEB liability	<u>3,278,877</u>

**Total Noncurrent Liabilities** 5,079,032

**Total Liabilities** 5,918,187

#### Deferred Inflows of Resources

Related to OPEB	<u>2,373,659</u>
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**Total Deferred Inflows of Resources** 2,373,659

#### Net Position

Net investment in capital assets	628,674
Restricted for:	
Grants and other	11,279
Nonspendable for security deposit	74,250
Unrestricted	<u>1,285,728</u>

**Total Net Position** \$ 1,999,931

*The accompanying notes are an integral part of these financial statements.*

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2023**

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Administration	\$ 1,346,075	\$ --	\$ 30,470	\$ (1,315,605)
Supervision	997,752	--	13,457	(984,295)
Instruction	7,792,412	--	901,846	(6,890,566)
Transportation	5,675,996	4,830,921	398,898	(446,177)
<b>Total Governmental Activities</b>	<u>\$ 15,812,235</u>	<u>\$ 4,830,921</u>	<u>\$ 1,344,671</u>	(9,636,643)
		<b>General Revenues</b>		
			School year program member tuitions and fees	4,074,623
			School year program non-member tuitions and fees	3,801,156
			Summer program tuition and fees	483,240
			Investment income	107,624
			Miscellaneous	355,295
			<b>Total General Revenues</b>	<u>8,821,938</u>
			<b>Change in Net Position</b>	(814,705)
			<b>Net Position, Beginning of year</b>	<u>2,814,636</u>
			<b>Net Position, End of year</b>	<u>\$ 1,999,931</u>

*The accompanying notes are an integral part of these financial statements.*



**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**JUNE 30, 2023**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and short-term investments	\$ 5,569,419	\$ 18,135	\$ 5,587,554
Accounts receivable	613,655	--	613,655
Security deposit	184,422	--	184,422
<b>Total Assets</b>	<u>\$ 6,367,496</u>	<u>\$ 18,135</u>	<u>\$ 6,385,631</u>
<b>Liabilities</b>			
Warrants and accounts payable	\$ 60,957	\$ --	\$ 60,957
Accrued liabilities	556,195	--	556,195
<b>Total Liabilities</b>	<u>617,152</u>	<u>--</u>	<u>617,152</u>
<b>Fund Balances</b>			
Nonspendable	74,250	--	74,250
Restricted	--	11,305	11,305
Committed	--	6,830	6,830
Assigned	1,579,641	--	1,579,641
Unassigned	4,096,453	--	4,096,453
<b>Total Fund Balances</b>	<u>5,750,344</u>	<u>18,135</u>	<u>5,768,479</u>
<b>Total Liabilities and fund balances</b>	<u>\$ 6,367,496</u>	<u>\$ 18,135</u>	<u>\$ 6,385,631</u>

*The accompanying notes are an integral part of these financial statements.*

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE**  
**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

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<i><b>Total Governmental Fund Balances</b></i>	\$	5,768,479
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		757,296
Right to use leased assets used in governmental activities are not resources and, therefore, are not reported in the governmental funds.		1,877,207
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.		1,271,643
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in governmental funds:		
Lease liability		(2,005,829)
OPEB liability, net of related deferred outflows and inflows of resources		(3,278,877)
Compensated absences liability		(16,329)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.		<u>(2,373,659)</u>
<i><b>Net Position of Governmental Activities</b></i>	<b>\$</b>	<b><u>1,999,931</u></b>

*The accompanying notes are an integral part of these financial statements.*

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
School year program member tuition and fees	\$ 4,074,623	\$ --	\$ 4,074,623
School year program non-member tuition and fees	3,801,156	--	3,801,156
Summer program tuition and fees	483,240	--	483,240
Transportation assessments	4,729,482	--	4,729,482
Intergovernmental	1,527,799	--	1,527,799
Investment income	107,622	--	107,622
Miscellaneous	456,734	6,042	462,776
<b>Total Revenues</b>	<u>15,180,656</u>	<u>6,042</u>	<u>15,186,698</u>
<b>Expenditures</b>			
Program:			
Administration	1,302,199	--	1,302,199
Supervision	970,519	--	970,519
Instruction	5,893,288	5,894	5,899,182
Instructional rent	388,220	--	388,220
Instructional insurance and benefits	1,673,976	--	1,673,976
Transportation operating	5,288,144	--	5,288,144
Transportation capital outlay	245,390	--	245,390
<b>Total Expenditures</b>	<u>15,761,736</u>	<u>5,894</u>	<u>15,767,630</u>
<b>Change in Fund Balance</b>	(581,080)	148	(580,932)
<b>Fund Balance, at Beginning of Year</b>	<u>6,331,424</u>	<u>17,987</u>	<u>6,349,411</u>
<b>Fund Balance, at End of Year</b>	<u>\$ 5,750,344</u>	<u>\$ 18,135</u>	<u>\$ 5,768,479</u>

*The accompanying notes are an integral part of these financial statements.*

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2023

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<i>Net Changes in Fund Balances - Total Governmental Funds</i>	\$ (580,932)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Right to use asset amortization	(261,273)
Depreciation	(346,449)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Repayment of lease liability	205,126
Decrease in OPEB expense from GASB 75	<u>168,823</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$ (814,705)</u>

*The accompanying notes are an integral part of these financial statements.*

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND

JUNE 30, 2023

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	<u>OPEB Trust Fund</u>
<b>Assets</b>	
Investments:	
External investment pool	\$ 5,068,705
Total Investments	<u>5,068,705</u>
<b>Total Assets</b>	<u>\$ 5,068,705</u>
<b>Net Position</b>	
Restricted for OPEB purposes	<u>5,068,705</u>
<b>Total Net Position</b>	<u>\$ 5,068,705</u>

*The accompanying notes are an integral part of these financial statements.*

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND**

**FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>OPEB Trust Fund</u>
<b>Additions</b>	
Investment income	\$ 272,041
Contributions from employer	<u>391,875</u>
<b>Total Additions</b>	663,916
<b>Deductions</b>	
Benefit payments to plan members	<u>351,875</u>
<b>Total Deductions</b>	<u>351,875</u>
<b>Net Increase</b>	312,041
<b>Net Position Restricted for OPEB</b>	
Net position, at Beginning of Year	<u>4,756,664</u>
Net position, at End of Year	<u>\$ 5,068,705</u>

*The accompanying notes are an integral part of these financial statements.*

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Concord Area Special Education Collaborative (the Collaborative) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies of the Collaborative:

#### ***REPORTING ENTITY***

The Collaborative is a municipal corporation governed by an appointed Board of Directors. As required by GAAP, these financial statements present the Collaborative and applicable component units for which the Collaborative is considered to be financially accountable. In fiscal year 2023, no entities met the component unit requirements of GASB 14 (as amended).

#### ***GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

##### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Member and non-member tuition, assessments, and other items not properly included among program revenues are reported instead as *general revenues*.

##### *Fund Financial Statements*

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION*

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all member and non-member program tuitions/fees and transportation assessments.

*Fund Financial Statements*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Collaborative reports the following major governmental fund:

- The *General Fund* is the Collaborative's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.



CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION  
(CONTINUED)*

*Fund Financial Statements (Continued)*

The Collaborative reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for other post-employment health insurance benefits to be provided to eligible retirees.

**CASH AND INVESTMENTS**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

The Collaborative invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value.

**CAPITAL ASSETS**

Capital assets, which include transportation vehicles, are reported in the applicable in the government-wide financial statements. Capital assets are defined by the Collaborative as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*CAPITAL ASSETS (CONTINUED)*

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5
Right-to-use leases assets	10

*LEASES*

At the commencement of a lease, the Collaborative initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The following assumptions are made:

The Collaborative uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price, if the Collaborative is reasonably certain that it will be exercised.

The Collaborative monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*LONG-TERM OBLIGATIONS*

In the government-wide financial statements, in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

*FUND EQUITY*

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

*Fund Balance*

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Collaborative has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for security deposits.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes reserves from donations and state and Federal grant funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Collaborative’s highest level of decision-making authority. This fund balance classification includes professional development resources that are accounted for in the Collaborative’s special revenue funds.
- *Assigned* represents amounts that are constrained by the Collaborative’s intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Collaborative departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.
- *Unassigned* represents amounts that are available to be spent in future periods. This fund balance classification includes program and transportation fund surplus balances.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***FUND EQUITY (CONTINUED)***

*Fund Balance (Continued)*

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Collaborative uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

*Net Position*

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Collaborative or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

***USE OF ESTIMATES***

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***BUDGETARY INFORMATION***

The Collaborative’s Board of Directors approves the annual school year program, summer program, and transportation budgets. School year and summer program budgets are based on anticipated enrollment and are funded by annually approved per pupil tuition rates for member and non-member entities. The transportation budget consists of estimated operating and capital costs and is funded by assessments based on the weighted average number of students transported two years previously in the month of June (i.e., fiscal year 2023 transportation assessments are based on the weighted average number of pupils transported in June 2021).

At year end, appropriation balances lapse and then may be reappropriated, as encumbrances which will be honored during the subsequent fiscal year.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Collaborative. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

**DEPOSITS**

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of bank failure, the Collaborative’s deposits may not be returned. The Collaborative does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2022, \$3,067,615, of the Collaborative’s bank balance of \$3,322,640 was exposed to custodial credit risk as uninsured and uncollateralized, and \$250,000 was collateralized by securities held by the pledging financial institution. Additionally, \$2,610,921 was invested in MMDT, which is not subject to this disclosure.

**INVESTMENTS**

The following is a summary of the Collaborative’s Plan investments as of June 30, 2023:

Investment Type	Amount
External investment pool	\$ 5,068,705
Total investments	\$ 5,068,705

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

*INVESTMENTS (CONTINUED)*

The custodial credit risk for Plan investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Plan does not have formal investment policies related to custodial credit risk.

As of June 30, 2023, the Plan did not have investments subject to custodial credit risk exposure as all assets were held in the Plan's name.

*Credit Risk – Investments in Debt Securities*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Plan does not have formal investment policies related to credit risk.

As of June 30, 2023, the credit quality ratings of the Plan's debt securities were as follows:

Investment Type	Amount	Rating as of Year End
		Unrated
External investment pool	\$ 5,068,705	\$ 5,068,705
	<u>\$ 5,068,705</u>	<u>\$ 5,068,705</u>

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributable to the magnitude of the Plan's investment in a single issuer. The Plan places no limit on the amount invested in any one issuer. The Plan does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2023, the Plan did not have investments in any one issuer that exceeded 5% of total investments.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 3 – *DEPOSITS AND INVESTMENTS (CONTINUED)*

*INVESTMENTS (CONTINUED)*

*Interest Rate Risk – Investments in Debt Securities*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments in Debt Securities*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Plan does not have formal investment policies related to foreign currency risk.

At June 30, 2023, none of the Plan's investments were exposed to foreign currency risk.

*Fair Value*

The Plan categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

***INVESTMENTS (CONTINUED)***

*Fair Value (Continued)*

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Plan has the following fair value measurements as of June 30, 2023:

Investment Type	Fair Value Measurements Using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments measured at the net asset value (NAV):				
External investment pools	\$ 5,068,705	\$ --	\$ --	\$ --
	<u>\$ 5,068,705</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Investment Type	Amount	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
External investment pools	\$ 5,068,705	\$ --	Monthly	30 Days

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable represents tuition due from member and non-member communities for services rendered in fiscal year 2023.



**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 5 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, Being Depreciated/Amortized:				
Vehicles	\$ 3,796,130	\$ --	\$ (271,824)	\$ 3,524,306
Right to use assets (office suites)	<u>2,399,753</u>	<u>--</u>	<u>--</u>	<u>2,399,753</u>
Total Capital Assets, Being Depreciated/Amortized	<u>6,195,883</u>	<u>--</u>	<u>(271,824)</u>	<u>5,924,059</u>
Less Accumulated Depreciation Amortization For:				
Vehicles	(2,692,385)	(346,449)	271,824	(2,767,010)
Right to use assets (office suites)	<u>(261,273)</u>	<u>(261,273)</u>	<u>--</u>	<u>(522,546)</u>
Total Accumulated Depreciation/Amortization	<u>(2,953,658)</u>	<u>(607,722)</u>	<u>271,824</u>	<u>(3,289,556)</u>
Capital Assets, Net	<u>\$ 3,242,225</u>	<u>\$ (607,722)</u>	<u>\$ --</u>	<u>\$ 2,634,503</u>

Depreciation and amortization expense was charged to functions of the Collaborative as follows during fiscal year 2023:

Transportation	<u>\$ 607,722</u>
	<u><u>\$ 607,722</u></u>

**NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources represent the consumption of net assets by the Collaborative that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to OPEB, in accordance with GASB Statements No. 75, are more fully discussed in the corresponding OPEB note.

**NOTE 7 – ACCRUED LIABILITIES**

Accrued liabilities are comprised of accrued payroll as of June 30, 2023.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – LEASE OBLIGATIONS**

The Collaborative is the lessee of office spaces under leases expiring in various years through 2031. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 222,003	\$ 108,185	\$ 330,188
2025	239,452	100,982	340,434
2026	257,491	93,198	350,689
2027	276,139	84,816	360,955
2028	295,417	75,813	371,230
2029-2031	<u>715,327</u>	<u>157,039</u>	<u>872,366</u>
	<u>\$ 2,005,829</u>	<u>\$ 620,033</u>	<u>\$ 2,625,862</u>

**NOTE 9 – LONG-TERM LIABILITIES**

***CHANGES IN LONG-TERM LIABILITIES***

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
<b>Governmental Activities</b>						
Leases	\$ 2,210,955	\$ --	\$ (205,126)	\$ 2,005,829	\$ (222,003)	\$ 1,783,826
Compensated absences	16,329	--	--	16,329	--	16,329
Net OPEB liability	4,118,233	--	(839,356)	3,278,877	--	3,278,877
	<u>\$ 6,345,517</u>	<u>\$ --</u>	<u>\$ (1,044,482)</u>	<u>\$ 5,301,035</u>	<u>\$ (222,003)</u>	<u>\$ 5,079,032</u>

**NOTE 10 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources represent the acquisition of net assets by the Collaborative that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to OPEB, in accordance with GASB Statement No. 75, will be recognized as revenue in future years and are more fully described in the corresponding OPEB note.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 11 – GOVERNMENTAL FUNDS – FUND BALANCES**

The Collaborative's fund balances at June 30, 2023 are comprised of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Security deposit	\$ 74,250	\$ --	\$ 74,250
Total Nonspendable	<u>74,250</u>	<u>--</u>	<u>74,250</u>
Restricted			
Donation fund	--	10,445	10,445
State and federal grants	--	860	860
Total Restricted	<u>--</u>	<u>11,305</u>	<u>11,305</u>
Committed			
Professional development	--	6,830	6,830
Total Committed	<u>--</u>	<u>6,830</u>	<u>6,830</u>
Assigned			
Encumbrances:			
School Program	11,159	--	11,159
Transportation	1,568,482	--	1,568,482
Total Assigned	<u>1,579,641</u>	<u>--</u>	<u>1,579,641</u>
Unassigned			
General fund	4,096,453	--	4,096,453
Total Unassigned	<u>4,096,453</u>	<u>--</u>	<u>4,096,453</u>

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 12 – MASSACHUSETTS STATE EMPLOYEES’ RETIREMENT SYSTEM (MSERS)

#### *PLAN DESCRIPTION*

The Massachusetts State Employees’ Retirement System (MSERS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer, defined benefit plan as defined by Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MSERS covers substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The former Massachusetts Turnpike Authority (MTA) employees and retirees became members of MSERS upon the creation of Mass DOT. Other employees who transferred to Mass DOT had been, and remain, members of MSERS. The assets and liabilities of the former MTA have been transferred to MSERS. MSERS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <https://www.macomptroller.org/gasb-68-reports/>. Management of MSERS is vested in the Massachusetts State Retirement Board (the MSRB), which consists of five members – two elected by current and active MSERS members, one by the remaining members of the MSRB, one who is appointed by the State Treasurer and the State Treasurer, who serves as ex-officio and is the Chair of the MSRB.

#### *PARTICIPANT RETIREMENT BENEFITS*

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 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 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.

MSERS’ funding policies have been established by Chapter 32 of the MGL and the State 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.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 12 – MASSACHUSETTS STATE EMPLOYEES’ RETIREMENT SYSTEM (MSERS) (CONTINUED)

*PARTICIPANTS’ CONTRIBUTIONS*

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

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police which is 12% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of \$30,000

*ACTUARIAL ASSUMPTIONS*

The total pension liability is measured as of June 30, 2022 and was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. This valuation used the following assumptions:

- (a) 2.5% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.
- Mortality rates were as follows:
  - Pre-retirement – reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016, set forward 1 year for females
  - Post-retirement – reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016, set forward 1 year for females
  - Disability – the mortality rate reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016, set forward 1 year.
- Experience studies were performed as follows:
  - Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 12 – MASSACHUSETTS STATE EMPLOYEES’ RETIREMENT SYSTEM (MSERS) (CONTINUED)

*ACTUARIAL ASSUMPTIONS (CONTINUED)*

Investment assets of the MSERS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber/natural resources	4.00%	3.90%
	<u>100.00%</u>	

*DISCOUNT RATE*

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 12 – MASSACHUSETTS STATE EMPLOYEES’ RETIREMENT SYSTEM (MSERS) (CONTINUED)

*SENSITIVITY ANALYSIS*

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the Collaborative’s share of the MSERS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 12,193,912	\$ 8,841,058	\$ 6,004,164

*SPECIAL FUNDING SITUATION – EDUCATIONAL COLLABORATIVES*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Collaborative’s teachers and retired teachers to the MTRS. Therefore, the Collaborative is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Collaborative does not contribute directly to the MTRS, the Collaborative does not have a net pension liability. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in the MTRS as of the measurement date of June 30, 2022. The Collaborative’s portion of the collective pension expense, contributed by the Commonwealth, of \$642,486 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Collaborative is \$8,841,058 as of the measurement date.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees’ benefits at a rate established by the Public Employees’ Retirement Administration Commission (PERAC), currently 6.10% 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 benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives. Therefore, the Collaborative does not have a net pension liability. The Collaborative’s required contribution to MSERS equaled its actual contribution for the year ended June 30, 2023, was \$262,623.

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 13 – MASSACHUSETTS TEACHERS’ RETIREMENT SYSTEM (MTRS)

#### *PLAN DESCRIPTION*

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer, defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts’ reporting entity and does not issue a standalone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers’ Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

#### *BENEFITS PROVIDED*

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establish 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 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 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 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 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.



CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 13 – MASSACHUSETTS TEACHERS’ RETIREMENT SYSTEM (MTRS) (CONTINUED)

*CONTRIBUTIONS*

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

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 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

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

*ACTUARIAL ASSUMPTIONS*

The net pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. This valuation used the following assumptions:

- (a) 2.5% inflation rate, (b) 7.00% (changed from 7.15%) investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 – 2020.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 13 – MASSACHUSETTS TEACHERS’ RETIREMENT SYSTEM (MTRS) (CONTINUED)

*ACTUARIAL ASSUMPTIONS (CONTINUED)*

Mortality rates were as follows:

- Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
- Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
- Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

*TARGET ALLOCATIONS*

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber/natural resources	<u>4.00%</u>	3.90%
	<u>100.00%</u>	

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 13 – MASSACHUSETTS TEACHERS’ RETIREMENT SYSTEM (MTRS) (CONTINUED)

*DISCOUNT RATE*

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

*SENSITIVITY ANALYSIS*

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 32,734,080	\$ 25,888,138	\$ 20,094,302

*SPECIAL FUNDING SITUATION*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Collaborative’s teachers and retired teachers to the MTRS. Therefore, the Collaborative is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Collaborative does not contribute directly to the MTRS, the Collaborative does not have a net pension liability. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in the MTRS as of the measurement date of June 30, 2022. The Collaborative’s portion of the collective pension expense, contributed by the Commonwealth, of \$895,806 is reported in the as both a revenue and expense on the Statement of Activities in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Collaborative is \$10,889,971 as of the measurement date.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 13 – MASSACHUSETTS TEACHERS’ RETIREMENT SYSTEM (MTRS) (CONTINUED)**

***SPECIAL FUNDING SITUATION (CONTINUED)***

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees’ benefits at a rate established by the Public Employees’ Retirement Administration Commission (PERAC), currently 24.13% 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 benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives. Therefore, the Collaborative does not have a net pension liability. The Collaborative’s required contribution to MSERS equaled its actual contribution for the year ended June 30, 2023, was \$885,312.

**NOTE 14– OTHER POST-EMPLOYMENT BENEFITS**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2010, the Collaborative established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2023.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 14— OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

*GENERAL INFORMATION ABOUT THE OPEB PLAN*

*Plan Description*

The Collaborative provides post-employment healthcare benefits for retired employees through the Collaborative’s plan. The Collaborative provides health insurance coverage through Fallon Direct Care, Fallon Select Care, Harvard Pilgrim Health Care, and Tufts Health Plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

*Benefits Provided*

The Collaborative provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Collaborative and meet the eligibility criteria will receive these benefits.

*Funding Policy*

The Collaborative’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on actuarially determined amounts or annual budget limitations/authorizations.

*Plan Membership*

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	68
Active employees	<u>135</u>
	<u>203</u>

*INVESTMENTS*

The OPEB trust fund assets consist of a State Investment Pool.

*Rate of Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 14— OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

*ACTUARIAL ASSUMPTIONS AND OTHER INPUTS*

The net OPEB liability was determined by an actuarial valuation as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%, net of OPEB plan investment expense
Salary increases	3.00% annually as of June 30, 2023 and for future periods
Investment rate of return	6.30%, net of OPEB plan investment expense
Municipal bond rate	4.13% as of June 30, 2023
Discount rate	6.26%, net of OPEB plan investment expense
Healthcare cost trend rates	6.50% for June 2023, fluctuating 0.04-0.50% for an ultimate rate of 3.63% in 2060
Retirees' share of benefit-related costs	50%
Participation rate	80%

Pre-retirement mortality reflects RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Post-retirement mortality reflects RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Disabled mortality reflects RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 14— OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

*TARGET ALLOCATIONS*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table.

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic Equity - Large Cap	14.50%	4.10%
Domestic Equity - Small/Mid Cap	3.50%	4.55%
International Equity - Developed Market	16.00%	4.64%
International Equity - Emerging Market	6.00%	5.45%
Domestic Fixed Income	20.00%	1.05%
International Fixed Income	3.00%	0.96%
Alternatives	23.00%	5.95%
Real Estate	<u>14.00%</u>	6.25%
	<u>100.00%</u>	

In addition to the implicit subsidy contribution, the Collaborative's policy is to contribute the actuarially determined contribution or amounts provided annually by the budget.

*DISCOUNT RATE*

The discount rate used to measure the net OPEB liability was 6.26% at June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 14— OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***DISCOUNT RATE (CONTINUED)***

*Net OPEB Liability*

The components of the net OPEB liability, measured as of June 30, 2023, were as follows:

Total OPEB liability	\$ 8,347,582
Plan fiduciary net position	<u>5,068,705</u>
Net OPEB liability	<u><u>\$ 3,278,877</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	60.72%
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The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

***CHANGES IN THE NET OPEB LIABILITY***

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, Beginning of Year	\$ 8,874,897	\$ 4,756,664	\$ 4,118,233
Changes for the year:			
Service cost	313,465	--	313,465
Interest	574,264	--	574,264
Contributions - employer	--	391,875	(391,875)
Net investment income (loss)	--	272,041	(272,041)
Differences between expected and actual experience	(1,477,125)	--	(1,477,125)
Changes in assumptions	413,956	--	413,956
Benefit payments	<u>(351,875)</u>	<u>(351,875)</u>	<u>--</u>
Net Changes	<u>(527,315)</u>	<u>312,041</u>	<u>(839,356)</u>
Balances, End of Year	<u><u>\$ 8,347,582</u></u>	<u><u>\$ 5,068,705</u></u>	<u><u>\$ 3,278,877</u></u>



CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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NOTE 14— OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

*CHANGES IN THE NET OPEB LIABILITY (CONTINUED)*

Differences between expected and actual experience reflect higher turnover than expected as well as premiums for Medicare Supplement increasing by 6% versus the expected 9% increase.

Changes of assumptions and other inputs reflect a change in the discount rate from 6.37% in 2022 to 6.26% in 2023.

*SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (5.26%)	Current Discount Rate (6.26%)	1% Increase (7.26%)
\$ 4,472,288	\$ 3,278,877	\$ 2,308,955

*SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES*

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (5.50%)	Current Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
\$ 2,208,136	\$ 3,278,877	\$ 4,595,766

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 14— OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB***

For the year ended June 30, 2023, the Collaborative recognized an OPEB expense of \$223,052. At June 30, 2023, the Collaborative reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 39,842	\$ 2,288,214
Change in assumptions	1,197,751	85,445
Net difference between projected and actual OPEB investment earnings	34,050	--
	\$ 1,271,643	\$ 2,373,659

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

Year Ended June 30:	
2024	\$ (364,987)
2025	(356,553)
2026	(143,413)
2027	(128,264)
2028	(108,799)
	\$ (1,102,016)

**NOTE 15— COMMITMENTS AND CONTINGENCIES**

***OUTSTANDING LEGAL ISSUES***

On an ongoing basis, there are typically pending legal issues in which the Collaborative is involved. The Collaborative's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 15– COMMITMENTS AND CONTINGENCIES (CONTINUED)**

***GRANTS***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Collaborative expects such amounts, if any, to be immaterial.

***ENCUMBRANCES***

At year-end, the Collaborative's General Fund has \$1,579,641 in encumbrances that will be honored in the next fiscal year.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING  
SOURCES (USES) – BUDGET AND ACTUAL – GENERAL FUND  
(Unaudited)**

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>Revenues</b>				
School year program member tuition and fees	\$ 3,971,603	\$ 3,971,603	\$ 4,074,623	\$ 103,020
School year program non-member tuition and fees	3,563,880	3,563,880	3,801,156	237,276
Summer program tuition and fees	617,500	617,500	488,740	(128,760)
Transportation assessments	6,261,327	6,261,327	4,729,842	(1,531,485)
Investment income	--	--	107,622	107,622
Miscellaneous	<u>289,497</u>	<u>289,497</u>	<u>451,223</u>	<u>161,726</u>
<b>Total Revenues</b>	<u>14,703,807</u>	<u>14,703,807</u>	<u>13,653,206</u>	<u>(1,050,601)</u>
<b>Expenditures</b>				
Program:				
Administration	508,622	508,622	1,248,754	(740,132)
Supervision	306,302	306,302	430,247	(123,945)
Instruction	6,140,173	6,140,173	5,781,863	358,310
Instructional rent	407,600	407,600	406,113	1,487
Instructional insurance and benefits	1,079,784	1,079,784	910,211	169,573
Transportation operating	5,729,326	5,729,326	5,087,305	642,021
Transportation capital outlay	<u>532,000</u>	<u>532,000</u>	<u>654,950</u>	<u>(122,950)</u>
<b>Total Expenditures</b>	<u>14,703,807</u>	<u>14,703,807</u>	<u>14,519,443</u>	<u>184,364</u>
<b>Deficiency of Revenues over Expenditures</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (866,237)</u>	\$ (866,237)
<b>Budgetary Basis Adjustments:</b>				
Expenditures of prior year encumbrances				(649,527)
Current year encumbrances				1,184,086
Capital reserves				(246,460)
Other				<u>(2,942)</u>
<b>Change in Fund Balance</b>				<u>\$ (581,080)</u>

*See independent auditors' report and notes to required supplementary information.*

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR GENERAL FUND BUDGET

FOR THE YEAR ENDED JUNE 30, 2023

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### *BUDGETARY BASIS*

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

### *BUDGET/GAAP RECONCILIATION*

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

	<u>Revenues</u>	<u>Expenditures</u>
GAAP Basis	\$ 15,180,656	\$ 15,761,736
Remove effects of combining Capital Reserve Fund and General Fund	--	(246,460)
Reverse beginning of year appropriation carryforwards from expenditures	--	(649,527)
Add end-of-year appropriation carryforwards from expenditures	--	1,184,086
Reverse MSERS and MTRS on-behalf contributions	(1,527,799)	(1,527,799)
Other	<u>349</u>	<u>(2,593)</u>
Budgetary Basis	<u>\$ 13,653,206</u>	<u>\$ 14,519,443</u>

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

*(Unaudited)*

*(Amounts expressed in thousands)*

Massachusetts State Employees' Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Collaborative	Total Net Pension Liability Associated with the Collaborative	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position	Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	0.06356%	\$ --	\$ 8,841,058	\$ 8,841,058	\$ 3,955,826	-	-	71.05%
June 30, 2022	June 30, 2021	0.06773%	\$ --	\$ 7,068,881	\$ 7,068,881	\$ 4,122,264	-	-	77.54%
June 30, 2021	June 30, 2020	0.07863%	\$ --	\$ 13,491,119	\$ 13,491,119	\$ 4,818,848	-	-	62.48%
June 30, 2020	June 30, 2019	0.08755%	\$ --	\$ 12,812,898	\$ 12,812,898	\$ 5,216,730	-	-	66.28%
June 30, 2019	June 30, 2018	0.09592%	\$ --	\$ 12,690,024	\$ 12,690,024	\$ 5,513,967	-	-	67.91%
June 30, 2018	June 30, 2017	0.10150%	\$ --	\$ 13,017,348	\$ 13,017,348	\$ 5,795,679	-	-	67.21%
June 30, 2017	June 30, 2016	0.10506%	\$ --	\$ 14,486,536	\$ 14,486,536	\$ 5,851,807	-	-	63.48%
June 30, 2016	June 30, 2015	0.10303%	\$ --	\$ 11,727,901	\$ 11,727,901	\$ 5,750,125	-	-	67.87%
June 30, 2015	June 30, 2014	0.10431%	\$ --	\$ 7,744,418	\$ 7,744,418	\$ 5,536,159	-	-	76.32%

  

Massachusetts Teachers' Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Collaborative	Total Net Pension Liability Associated with the Collaborative	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position	Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	0.042065%	\$ --	\$ 10,889,971	\$ 10,889,971	\$ 3,468,854	-	-	57.75%
June 30, 2022	June 30, 2021	0.043619%	\$ --	\$ 9,904,412	\$ 9,904,412	\$ 3,397,762	-	-	62.03%
June 30, 2021	June 30, 2020	0.047346%	\$ --	\$ 13,514,959	\$ 13,514,959	\$ 3,587,327	-	-	50.67%
June 30, 2020	June 30, 2019	0.056981%	\$ --	\$ 14,367,222	\$ 14,367,222	\$ 4,146,598	-	-	53.95%
June 30, 2019	June 30, 2018	0.065278%	\$ --	\$ 15,478,182	\$ 15,478,182	\$ 4,584,365	-	-	54.84%
June 30, 2018	June 30, 2017	0.065285%	\$ --	\$ 14,940,804	\$ 14,940,804	\$ 4,433,479	-	-	54.25%
June 30, 2017	June 30, 2016	0.069674%	\$ --	\$ 15,577,621	\$ 15,577,621	\$ 4,582,903	-	-	52.73%
June 30, 2016	June 30, 2015	0.070960%	\$ --	\$ 14,539,513	\$ 14,539,513	\$ 4,498,094	-	-	55.38%
June 30, 2015	June 30, 2014	0.072876%	\$ --	\$ 11,584,563	\$ 11,584,563	\$ 4,444,985	-	-	61.64%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Collaborative's financial statements for summary of significant actuarial methods and assumptions.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS**

*(Unaudited)*

*(Amounts expressed in thousands)*

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Massachusetts State Employees' Retirement System

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Fiscal Year	Measurement Date	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	June 30, 2022	\$ 262,623	\$ 262,623	\$ --	\$ 4,305,299	6.10%
June 30, 2022	June 30, 2021	\$ 241,562	\$ 241,562	\$ --	\$ 3,955,826	6.11%
June 30, 2021	June 30, 2020	\$ 251,458	\$ 251,458	\$ --	\$ 4,122,264	6.10%
June 30, 2020	June 30, 2019	\$ 293,950	\$ 293,950	\$ --	\$ 4,818,848	6.10%
June 30, 2019	June 30, 2018	\$ 318,221	\$ 318,221	\$ --	\$ 5,216,730	6.10%
June 30, 2018	June 30, 2017	\$ 336,352	\$ 336,352	\$ --	\$ 5,513,967	6.10%
June 30, 2017	June 30, 2016	\$ 324,558	\$ 324,558	\$ --	\$ 5,795,679	5.60%
June 30, 2016	June 30, 2015	\$ 326,736	\$ 326,736	\$ --	\$ 5,851,807	5.60%
June 30, 2015	June 30, 2014	\$ 321,059	\$ 321,059	\$ --	\$ 5,750,125	5.60%

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Massachusetts Teachers' Retirement System

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Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	June 30, 2022	\$ 885,312	\$ 885,312	\$ --	\$ 3,668,647	24.13%
June 30, 2022	June 30, 2021	\$ 762,663	\$ 762,663	\$ --	\$ 3,468,854	21.99%
June 30, 2021	June 30, 2020	\$ 735,495	\$ 735,495	\$ --	\$ 3,397,762	21.60%
June 30, 2020	June 30, 2019	\$ 822,642	\$ 822,642	\$ --	\$ 3,587,327	22.90%
June 30, 2019	June 30, 2018	\$ 858,260	\$ 858,260	\$ --	\$ 4,146,598	20.70%
June 30, 2018	June 30, 2017	\$ 806,610	\$ 806,610	\$ --	\$ 4,584,365	17.60%
June 30, 2017	June 30, 2016	\$ 783,540	\$ 783,540	\$ --	\$ 4,433,479	17.70%
June 30, 2016	June 30, 2015	\$ 725,165	\$ 725,165	\$ --	\$ 4,582,903	15.80%
June 30, 2015	June 30, 2014	\$ 683,121	\$ 683,121	\$ --	\$ 4,498,094	15.20%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Collaborative's financial statements for summary of significant actuarial methods and assumptions.

## CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

*(Unaudited)*

*(Amounts expressed in thousands)*

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 313,465	\$ 274,567	\$ 347,433	\$ 331,581	\$ 308,602	\$ 430,236	\$ 418,048
Interest	574,264	545,268	599,743	560,665	486,400	484,858	407,624
Differences between expected and actual experience	(1,477,125)	--	(2,236,911)	(7,367)	251,742	(533,893)	--
Changes of assumptions	413,956	417,900	1,218,704	--	(539,930)	--	--
Benefit payments, including refunds of member contributions	<u>(351,875)</u>	<u>(327,283)</u>	<u>(363,544)</u>	<u>(322,117)</u>	<u>(284,391)</u>	<u>(186,874)</u>	<u>(152,312)</u>
<b>Net Change in Total OPEB Liability</b>	(527,315)	910,452	(434,575)	562,762	222,423	194,327	673,360
<b>Total OPEB Liability - Beginning</b>	<u>8,874,897</u>	<u>7,964,445</u>	<u>8,399,020</u>	<u>7,836,258</u>	<u>7,613,835</u>	<u>7,419,508</u>	<u>6,746,148</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 8,347,582</u>	<u>\$ 8,874,897</u>	<u>\$ 7,964,445</u>	<u>\$ 8,399,020</u>	<u>\$ 7,836,258</u>	<u>\$ 7,613,835</u>	<u>\$ 7,419,508</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 391,875	\$ 374,083	\$ 376,744	\$ 342,117	\$ 304,391	\$ 206,874	\$ 182,312
Net investment income (loss)	272,041	(187,066)	1,112,649	72,367	196,142	299,430	352,722
Benefit payments, including refunds of member contributions	<u>(351,875)</u>	<u>(327,283)</u>	<u>(363,544)</u>	<u>(322,117)</u>	<u>(284,391)</u>	<u>(186,874)</u>	<u>(152,312)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	312,041	(140,266)	1,125,849	92,367	216,142	319,430	382,722
<b>Plan Fiduciary Net Position - Beginning</b>	<u>4,756,664</u>	<u>4,896,930</u>	<u>3,771,081</u>	<u>3,678,714</u>	<u>3,462,572</u>	<u>3,143,142</u>	<u>2,760,420</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>5,068,705</u>	<u>4,756,664</u>	<u>4,896,930</u>	<u>3,771,081</u>	<u>3,678,714</u>	<u>3,462,572</u>	<u>3,143,142</u>
<b>Net OPEB Liability - Ending (a-b)</b>	<u>\$ 3,278,877</u>	<u>\$ 4,118,233</u>	<u>\$ 3,067,515</u>	<u>\$ 4,627,939</u>	<u>\$ 4,157,544</u>	<u>\$ 4,151,263</u>	<u>\$ 4,276,366</u>

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Collaboratives' financial statements for summary of significant actuarial methods and assumptions.



# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS

*(Unaudited)*

*(Amounts expressed in thousands)*

	2023	2022	2021	2020	2019	2018	2017
<b>Schedule of Net OPEB Liability</b>							
Total OPEB liability	\$ 8,347,582	\$ 8,874,897	\$ 7,964,445	\$ 8,399,020	\$ 7,836,258	\$ 7,613,835	\$ 7,419,508
Plan fiduciary net position	5,068,705	4,756,664	4,896,930	3,771,081	3,678,714	3,462,572	3,143,142
Net OPEB Liability	<u>\$ 3,278,877</u>	<u>\$ 4,118,233</u>	<u>\$ 3,067,515</u>	<u>\$ 4,627,939</u>	<u>\$ 4,157,544</u>	<u>\$ 4,151,263</u>	<u>\$ 4,276,366</u>
Plan fiduciary net position as a percentage of the total OPEB liability	60.72%	53.60%	61.48%	44.90%	46.94%	45.48%	42.36%
Covered employee payroll	\$ 8,604,740	\$ 7,184,878	\$ 7,184,878	\$ 10,414,874	\$ 10,111,528	\$ 11,612,861	\$ 11,360,179
Net OPEB liability as a percentage of covered employee payroll	38.11%	57.32%	42.69%	44.44%	41.12%	35.75%	37.64%
<hr/>							
<b>Schedule of Contributions</b>							
Actuarially determined contribution	\$ 479,097	\$ 485,233	\$ 511,210	\$ 680,131	\$ 621,725	\$ 730,499	\$ 684,578
Contributions in relation to the actuarially determined contribution	391,875	374,083	376,744	342,117	304,391	206,874	182,312
Contribution deficiency (excess)	<u>\$ 87,222</u>	<u>\$ 111,150</u>	<u>\$ 134,466</u>	<u>\$ 338,014</u>	<u>\$ 317,334</u>	<u>\$ 523,625</u>	<u>\$ 502,266</u>
Covered employee payroll	\$ 8,604,740	\$ 7,184,878	\$ 7,184,878	\$ 10,414,874	\$ 10,111,528	\$ 11,612,861	\$ 11,360,179
Contributions as a percentage of covered employee payroll	4.55%	5.21%	5.24%	3.28%	3.01%	1.78%	1.60%
<hr/>							
<b>Schedule of Investment Returns</b>							
Annual money weighted rate of return, net of investment expense	5.72%	-3.81%	29.41%	1.97%	5.64%	8.89%	12.78%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Collaborative's financial statements for summary of significant actuarial methods and assumptions.

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## REQUIRED DISCLOSURES PER MASSACHUSETTS GENERAL LAWS CHAPTER 40, SECTION 4E

FOR THE YEAR ENDED JUNE 30, 2023

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Chapter 40, Section 4E of the Massachusetts General Laws requires an education collaborative to present certain disclosures as part of the audited financial statements, including: (1) the names, duties and total compensation of the five most highly compensated employees; (2) transactions between the educational collaborative and any related for-profit or non-profit organization; (3) the amounts expended on services for individuals with disabilities, age 22 and older; (4) the amounts expended on administration and overhead; (5) any accounts held by the collaborative that may be spent at the discretion of another person or entity; (6) transactions or contracts related to the purchase, sale, rental, or lease of real property; and (7) annual determination and disclosure of cumulative surplus.

Accordingly, the Collaborative discloses the following:

### ***NAMES, DUTIES, AND TOTAL COMPENSATION OF THE FIVE MOST HIGHLY COMPENSATED EMPLOYEES***

In fiscal year 2023, the names, duties, and total compensation of the Collaborative's five most highly compensated employees are as follows:

Name	Duties	Total Compensation
1) Sanchita Banerjee	Administration - Executive Director	\$ 173,353
2) Melissa Devine	Administration - Assistant Executive Director	\$ 141,182
3) George McCormack	Administration - Director of Finance and Operations	\$ 124,000
4) Susan Goldstein	Instruction - Teacher	\$ 115,381
5) Amanda Martinage	Instruction - Occupational Therapist	\$ 112,311

### ***TRANSACTIONS BETWEEN THE COLLABORATIVE AND ANY RELATED FOR-PROFIT OR NON-PROFIT ORGANIZATION***

In fiscal year 2023, there were no transactions between the Collaborative and any related for-profit or non-profit organizations.

### ***AMOUNTS EXPENDED ON SERVICES FOR INDIVIDUALS AGED 22 YEARS AND OLDER***

In fiscal year 2023, the Collaborative did not expend any monies on services for individuals aged 22 years and older.

**CONCORD AREA SPECIAL EDUCATION COLLABORATIVE**

**REQUIRED DISCLOSURES PER MASSACHUSETTS GENERAL  
LAWS CHAPTER 40, SECTION 4E (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2023**

***AMOUNTS EXPENDED ON ADMINISTRATION AND OVERHEAD***

In fiscal year 2023, the Collaborative had the following administration and overhead expenditures:

	Administration	Overhead	Direct Costs	Total Governmental Funds
<b>Expenditures</b>				
Current:				
Program:				
Administration	\$ 1,302,199	\$ --	\$ --	\$ 1,302,199
Supervision	--	15,000	955,519	970,519
Instruction	--	--	5,899,182	5,899,182
Instructional rent	--	388,220	--	388,220
Instructional insurance and benefits	--	--	1,673,976	1,673,976
Transportation operating	331,227	143,135	4,813,782	5,288,144
Transportation capital outlay	--	--	245,390	245,390
<b>Total Expenditures</b>	<u>\$ 1,633,426</u>	<u>\$ 546,355</u>	<u>\$ 13,587,849</u>	<u>\$ 15,767,630</u>

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

In fiscal year 2023, the Collaborative did not hold any accounts that may be spent at the discretion of another person or entity.

***TRANSACTIONS OR CONTRACTS RELATED TO THE PURCHASE, SALE, RENTAL, OR LEASE OF REAL PROPERTY***

In fiscal year 2023, there were no transactions or contracts related to the purchase or sale of real property. Transactions related to the rental or lease of real property are summarized in the paragraphs below.

The Collaborative rents administrative, classroom, and transportation facilities from its member communities. These expenditures are transacted as rent credits, which reduce the gross program tuitions and transportation assessments of the applicable member communities. In fiscal year 2023, the Collaborative recorded administrative, program supervision, and instructional rent credits of \$7,500 per room for a total of \$53,000.

The Collaborative leases various spaces for additional administrative, classroom, and transportation facilities. In fiscal year 2023, the Collaborative paid a total of \$421,132 to Peter Central LLC for rental fees.

# CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

## REQUIRED DISCLOSURES PER MASSACHUSETTS GENERAL LAWS CHAPTER 40, SECTION 4E (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

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The Collaborative also leases transportation facilities from a private vendor. In fiscal year 2023, the Collaborative paid a total of \$72,218 to Wedgewood Realty Trust for rental fees and contracted maintenance charges for these transportation facilities.

Administration, program supervision, instruction and transportation tuition and assessment credits, as well as direct transportation facility rental expenditures are classified as overhead costs in the table of Administration and Overhead Expenditures on page 56.

### *ANNUAL DETERMINATION AND DISCLOSURE OF CUMULATIVE SURPLUS*

In fiscal year 2023, the Collaborative cumulative surplus was calculated as follows:

Voted Cumulative Surplus Calculation as of 6/30/22	\$ 4,728,111
Amount of 6/30/22 cumulative surplus returned to member districts	(1,513,150)
Unexpended FY23 General Funds	<u>881,492</u>
Cumulative Surplus as of 6/30/23	<u>\$ 4,096,453</u>
FY23 Total General Fund Expenditures	\$ 15,761,736
FY23 Capital reserve activity	(246,460)
FY23 MTRS on-behalf payment	(885,312)
FY23 MSERS on-behalf payment	<u>(642,486)</u>
Total expenditures subject to cumulative surplus percentage	<u>\$ 13,987,478</u>
Cumulative Surplus Percentage	29%

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

To the Board of Directors  
**Concord Area Special Education Collaborative**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Concord Area Special Education Collaborative, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, and have issued our report thereon dated December 22, 2023.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Collaborative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

*Marcum LLP*

Andover, MA  
December 22, 2023