ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

BI-COUNTY EDUCATION COLLABORATIVE

Basic Financial Statements and
Additional Information

Year Ended June 30, 2023

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BI-COUNTY EDUCATION COLLABORATIVE

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YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bi-County Education Collaborative
Franklin, Massachusetts

Opinions

We have audited the accompanying financial statements of Bi-County 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Collaborative as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collaborative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Restatement

The Collaborative's basic financial statements for the year ended June 30, 2022 were audited by other auditors, who issued an unmodified opinion dated August 29, 2022. As described in Note V to the financial statements, the Collaborative restated its previously reported net position by $755,105. We audited the adjustment described in Note V that was applied to restate the June 30, 2022 basic financial statements. In our opinion, such adjustment was appropriate and properly applied. We were not engaged to audit, review or apply any procedures to the June 30, 2022 basic financial statements other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2022 basic financial statements taken as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Information

Management is responsible for the disclosures required under Massachusetts General Law as listed under the other information section in the accompanying table of contents. This other information is required by the Massachusetts Department of Elementary and Secondary Education but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
[Date Pending]

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of Bi-County Education Collaborative (the "Collaborative"), we offer readers of the Collaborative's financial statements this narrative overview and analysis of the financial activities of the Collaborative for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and other information found in this report.

Financial Highlights

- The liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at June 30, 2023 by $11,838,075 (*net position*).

- The Collaborative's total net position decreased by $928,152 in fiscal year 2023. This decrease was due primarily to over $1.3 million in noncash personnel benefits expenses associated with the Collaborative's other postemployment benefits, or OPEB, plan.

- As of June 30, 2023, the Collaborative's governmental funds balance sheet reported an ending fund balance of $3,381,262, which is an increase of $610,138 from the prior year.

- At June 30, 2023, the unassigned fund balance for the general fund was over 17% of the total fiscal year 2023 general fund expenditures.

- For financial reporting purposes, the Collaborative reports long-term debt in the form of lease liabilities for several facilities it leases over multiyear terms. These lease liabilities totaled $2,566,142 and $3,195,350 at June 30, 2023 and 2022, respectively.

- The Collaborative's net other postemployment benefits ("OPEB") liability decreased $3,446,204 in fiscal year 2023 to $11,467,516 at June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Collaborative's basic financial statements. The Collaborative's basic financial statements comprise three components: 1) government-wide financial statements, 2) governmental fund financial statements and 3) notes to the basic financial statements. This report also contains required supplementary information and other information required by the Department of Elementary and Secondary Education of the Commonwealth ("DESE") 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 the Collaborative's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Collaborative's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, with the difference between these figures reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Collaborative 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.

Fund Accounting – 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. The Collaborative, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Collaborative's funds are reported in the governmental funds and the fiduciary funds; the Collaborative does not have any proprietary 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 a government's near-term financing requirements.

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

The Collaborative maintains a single governmental fund – the general fund.

The Collaborative adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with its corresponding notes in this report.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with prepaid items and inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact.
- Restricted – amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed – amounts constrained by a government using its highest level of decision-making authority.
- Assigned – amounts a government intends to use for a particular purpose.
- Unassigned – amounts that are not constrained at all will be reported in the general fund or in other major funds, if negative.

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

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Collaborative's budget to actual results, pensions and other postemployment benefit liabilities.

Other Information – DESE requires that the basic financial statements be accompanied by additional disclosures, which are included in the Other Information section of these basic financial statements.

Government-Wide Financial Analysis

The condensed comparative statements of net position for the two most recent years are as follows:

	June 30, 2023	June 30, 2022 (a)	Dollar Change	Percent Change
Assets:				
Current and other assets	$ 5,163,201	$ 3,293,596	$ 1,869,605	56.8%
Capital assets, net	2,942,948	3,766,415	(823,467)	-21.9%
Total Assets	8,106,149	7,060,011	1,046,138	14.8%
Deferred Outflows of Resources	9,438,503	10,516,034	1,046,138	9.9%
Liabilities:				
Long-term liabilities	13,360,494	17,491,497	(4,131,003)	-23.6%
Other liabilities	2,455,103	1,140,045	1,315,058	115.4%
Total Liabilities	15,815,597	18,631,542	(2,815,945)	-15.1%
Deferred Inflows of Resources	13,567,130	9,854,426	3,712,704	37.7%
Net Position:				
Net investment in capital assets	376,806	591,499	(214,693)	-36.3%
Unrestricted	(12,214,881)	(11,501,422)	(713,459)	6.2%
Total Net Position	$ (11,838,075)	$ (10,909,923)	$ (928,152)	8.5%

(a) As restated; refer to Note V to the financial statements.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Collaborative's total net position decreased $928,152 in fiscal year 2023. This decrease was due primarily to over $1.3 million in noncash personnel benefits expenses associated with the Collaborative's OPEB plan.

The condensed comparative statements of activities for the two most recent years are as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022 (a)	Dollar Change	Percent Change
Revenues:				
Program revenues:				
Operating grants and contributions	$ 2,082,061	$ 1,991,880	$ 90,181	4.5%
General revenues:				
Program tuitions	12,719,380	10,944,932	1,774,448	16.2%
Other	1,725,202	1,485,799	239,403	16.1%
Total Revenues	16,526,643	14,422,611	2,104,032	14.6%
Expenses:				
Personnel and related expenses	14,969,556	8,039,341	6,930,215	86.2%
Other operating expenses	1,468,389	1,459,642	8,747	0.6%
Depreciation and amortization	871,298	841,917	29,381	3.5%
Interest expense	145,552	159,961	(14,409)	-9.0%
Total Expenses	17,454,795	10,500,861	6,953,934	66.2%
Change in Net Position	(928,152)	3,921,750	(4,849,902)	-123.7%
Net Position:				
Beginning of year	(10,909,923)	(15,586,778)	4,676,855	-30.0%
Restatements (b)	-	755,105	(755,105)	n/a
End of year	$ (11,838,075)	$ (10,909,923)	$ (928,152)	8.5%

(a) Certain reclassifications were made to prior year amounts to conform to current year presentation.
(b) Refer to Note V to the financial statements.

Total revenues increased over $2.1 million in fiscal year 2023, while total expenses increased nearly $7.0 million. The increase in revenues was due primarily to higher tuition revenues. The increase in expenses was due almost primarily to OPEB benefits reported in the prior year.

Governmental Funds Financial Analysis

As noted earlier, the Collaborative uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Collaborative's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Collaborative's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Collaborative's governmental funds balance sheet reported an ending fund balance surplus of $3,381,262, which is an increase of $610,138 from the prior year.

The general fund is the chief operating fund of the Collaborative. At the end of the current fiscal year, unassigned fund balance of the general fund was $2,707,445, while total general fund balance was $3,381,262. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at year end represented approximately 17.0% of total fiscal year 2023 general fund expenditures, while total fund balance was approximately 21.2% of that same amount.

General Fund Budgetary Highlights

A budget to actual schedule for the general fund has been provided as required supplementary information. During fiscal year 2023, the Board of Directors revised its original budget to increase revenues by nearly $1.6 million.

Capital Asset and Long-Term Financing Administration

Capital Assets – The Collaborative's investment in capital assets (inclusive of its right to use leased facilities) as of June 30, 2023 totaled $2,942,948, net of accumulated depreciation and amortization. Capital assets primarily include facilities under lease, leasehold improvements, equipment and vehicles. Net capital assets decreased $823,467 in fiscal year 2023 as current year depreciation and amortization expense exceeded capital additions. Additional information on the Collaborative's capital assets can be found in the notes to the basic financial statements.

Long-Term Debt – All of the long-term debt reported by the Collaborative is in the form of lease liabilities for facilities. The Collaborative's lease liabilities decreased $629,208 in fiscal year 2023. The lease liabilities in place at June 30, 2023 are expected to mature at various intervals through fiscal year 2028.

The Collaborative maintains a $500,000 line of credit with a commercial bank. At June 30, 2023, no amounts were advanced by the bank to the Collaborative under this line of credit.

Additional information on the Collaborative's lease liabilities can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budget

- The fiscal year 2024 budget was established using a student population of 190 students.
- Budgeted fiscal year 2024 revenues and expenses totaled nearly $15.7 million. The fiscal year 2024 budget contemplates a $430,000 capital reserve contribution.
- Employee salaries were budgeted to increase approximately 2.5% from the prior fiscal year.

The above items were considered when the Board of Directors of the Collaborative accepted its budget for fiscal year 2024 in March 2023.

Requests for Information

This financial report is designed to provide a general overview of the Collaborative's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Bi-County Education Collaborative, 397 East Central Street, Frankin, Massachusetts 02038.

BI-COUNTY EDUCATION COLLABORATIVE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets:	
Cash and cash equivalents	$ 1,631,566
Investments in MMDT	1,815,283
Receivables, net of allowances	1,310,381
Prepaid items	405,971
Right to use leased facilities, net	2,391,189
Depreciable capital assets, net	551,759
Total Assets	8,106,149
Deferred Outflows of Resources:	
Other postemployment benefits	9,438,503
Liabilities:	
Accounts payable and accrued expenses	73,384
Accrued payroll and related benefits	348,949
Other liabilities	5,514
Unearned revenues	1,339,390
Noncurrent liabilities:	
Due within one year	687,866
Due in more than one year	13,360,494
Total Liabilities	15,815,597
Deferred Inflows of Resources:	
Other postemployment benefits	13,567,130
Net Position:	
Net investment in capital assets	376,806
Unrestricted	(12,214,881)
Total Net Position	$ (11,838,075)

See accompanying notes to basic financial statements.

BI-COUNTY EDUCATION COLLABORATIVE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Specialized Education Services:					
Salaries and wages	$ 9,514,969	$ -	$ -	$ -	$ (9,514,969)
Payroll taxes and personnel benefits	5,454,587	-	2,082,061	-	(3,372,526)
Program expenses	660,425	-	-	-	(660,425)
Facilities and maintenance	649,163	-	-	-	(649,163)
General and administrative	158,801	-	-	-	(158,801)
Depreciation and amortization	871,298	-	-	-	(871,298)
Interest expense	145,552	-	-	-	(145,552)
Total Specialized Education Services	$ 17,454,795	$ -	$ 2,082,061	$ -	(15,372,734)
		General Revenues:			
		Program tuitions			12,719,380
		Unrestricted investment income			69,926
		Other income			1,655,276
		Total General Revenues			14,444,582
		Change in Net Position			(928,152)
		Net Position:			
		Beginning of year (as restated; see Note V)			(10,909,923)
		End of year			$ (11,838,075)

See accompanying notes to basic financial statements.

BI-COUNTY EDUCATION COLLABORATIVE

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund
Assets:	
Cash and cash equivalents	$ 1,631,566
Investments in MMDT	1,815,283
Receivables, net of allowances	1,310,381
Prepaid items	405,971
Total Assets	$ 5,163,201
Liabilities:	
Accounts payable and accrued expenses	$ 73,384
Accrued payroll and withholdings	363,651
Other liabilities	5,514
Unearned revenues	1,339,390
Total Liabilities	1,781,939
Fund Balances:	
Nonspendable	405,971
Committed	267,846
Unassigned	2,707,445
Total Fund Balances	3,381,262
Total Liabilities and Fund Balances	$ 5,163,201

See accompanying notes to basic financial statements.

BI-COUNTY EDUCATION COLLABORATIVE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2023

Total Governmental Fund Balances		$ 3,381,262
Capital assets used in governmental activities in the statement of net position are not financial resources and therefore are not reported in the governmental funds		2,942,948
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in in the governmental funds:		
Deferred outflows of resources - OPEB	9,438,503	
Deferred inflows of resources - OPEB	(13,567,130)	
Net effect of reporting deferred outflows and inflows of resources		(4,128,627)
Long-term liabilities not currently due and payable are reported in the statement of net position and not in the governmental funds:		
Net other postemployment benefits liability	(11,467,516)	
Lease liabilities	(2,566,142)	
Net effect of reporting long-term liabilities		(14,033,658)
Net Position — Governmental Activities		$ (11,838,075)

See accompanying notes to basic financial statements.

BI-COUNTY EDUCATION COLLABORATIVE

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Total
Revenues:	
Special education tuition	$ 12,719,380
Aides	949,388
Other services	602,974
Intergovernmental	2,184,974
Investment income	69,926
Total Revenues	16,526,642
Expenditures:	
Salaries and wages	9,514,968
Payroll taxes and personnel benefits	4,110,556
Program expenses	660,424
Facilities and maintenance	1,423,922
General and administrative	158,802
Capital expenses	47,832
Total Expenditures	15,916,504
Excess of Revenues Over Expenditures	610,138
Change in Fund Balances	610,138
Fund Balances:	
Beginning of the year	2,771,124
End of the year	$ 3,381,262

See accompanying notes to basic financial statements.

BI-COUNTY EDUCATION COLLABORATIVE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Change in Fund Balances — Total Governmental Funds		$ 610,138
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated/amortized over their estimated useful lives. Capital asset activity in the current fiscal year included:		
Capital asset additions	47,831	
Depreciation and amortization expense	(871,298)	
Net effect of reporting capital activity		(823,467)
The issuance of long-term liabilities provides current financial resources to the governmental funds, while the repayment of the principal of long-term liabilities consumes the financial resources of governmental funds. Neither has any effect on net position. Differences in the treatment of long-term liabilities in the current year included:		
Repayments on lease liabilities	629,208	
Net effect of reporting long-term debt activity		629,208
Some revenues/expenses reported in the statement of activities do not provide/require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds:		
Net other postemployment benefits liability	(1,344,031)	
Net effect of reporting long-term liabilities		(1,344,031)
Change in Net Position — Governmental Activities		$ (928,152)

See accompanying notes to basic financial statements.

BI-COUNTY EDUCATION COLLABORATIVE

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	OPEB Trust
Assets:	
Investments in SRBT	$ 3,585,166
Total Assets	3,585,166
Liabilities:	
Warrants and accounts payable	-
Total Liabilities	-
Net Position Restricted for Other Postemployment Benefits	3,585,166
Total Net Position	$ 3,585,166

See accompanying notes to basic financial statements.

BI-COUNTY EDUCATION COLLABORATIVE

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	OPEB Trust
Additions:	
Employer contributions	$ 230,928
Investment income:	
Interest and dividends	91,539
Net increase in fair value of investments	119,633
Less investment management fees	(17,253)
Total net investment income	193,919
Total Additions	424,847
Deductions:	
Benefits to retirees	234,998
Total Deductions	234,998
Change in Net Position	189,849
Net Position:	
Beginning of the year	3,395,317
End of the year	$ 3,585,166

See accompanying notes to basic financial statements.

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of Bi- County Education Collaborative (the "Collaborative") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board ("GASB"), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the Collaborative:

A. Reporting Entity

The Collaborative is an association of school committees formed for the purpose of conducting specialized education programs and services primarily of member school committees and increase educational opportunities for children. The Collaborative provides preschool, elementary and secondary education for students aged three to twenty-two with significant disabilities.

The Collaborative was formed by agreement in 1976, as amended. The Collaborative is governed by a Board of Directors comprised of superintendents of member school committees, which at June 30, 2023 consisted of the following:

Blackstone-Millville Regional School District	Town of Milford
King Phillip Regional School District	Town of Norfolk
Town of Attleborough	Town of North Attleborough
Town of Bellingham	Town of Norton
Town of Easton	Town of Plainville
Town of Foxborough	Town of Swansea
Town of Franklin	Town of Uxbridge
Town of Hopedale	Town of Walpole
Town of Mansfield	Town of Wrentham
Tri-County Regional Vocational Technical High School	

B. Government-Wide and Fund 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 Collaborative. The Collaborative has only governmental type activities; there are no business-type activities to report. Governmental activities are principally supported by charges for services and member assessments.

Separate financial statements are provided for governmental funds. Major individual government funds are reported as separate columns in the fund financial statements.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and

2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding element for all governmental and enterprise funds combined.

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. The Collaborative has a single function/program – the delivery of specialized education programs and services. The Collaborative reports the major expense components of its specialized education programs and services in these basic financial statements as direct expenses. Accordingly, program revenues are primarily limited to grants and contributions that are restricted to meeting the operational and/or capital requirements of the direct expenses. Member assessments, investment income and other pupil services revenues are reported as general revenues.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Collaborative applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In the first, monies must be expended for a specific purpose or project before any amounts will be paid; therefore, revenues are recognized as expenditures are incurred. In the second, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met.

The Collaborative reports its general fund as its only major governmental funds. The general fund is the Collaborative's primary operating fund and accounts for all the Collaborative's financial resources. Under GAAP, the Collaborative is not required to present any other major governmental fund other than its general fund.

Fiduciary fund financial statements are reported using the economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that may not be used for government programs. The Collaborative reports its Other Postemployment Benefits Trust Fund as a fiduciary fund. This fund is used to account for funds accumulated by the Collaborative to assist it in its future payments of other postemployment benefits, or OPEB, to retirees, such as medical and life insurance.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Deposits and Investments – The Collaborative's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Collaborative reports its investments at fair value. When actively quoted observable prices are not available, the Collaborative generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Collaborative categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.

- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

- *Level 3* – Inputs reflect the Collaborative's best estimate of what market participants would use in pricing the investment at the measurement date.

The remaining investments not categorized under the fair value hierarchy above are valued at either amortized cost or at net asset value ("NAV"). These are investments in nongovernmental entities for which readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Receivables – Receivables generally represent unpaid amounts due to the Collaborative for services. At June 30, 2023, there were no amounts reported as allowances for uncollectible accounts.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and governmental fund financial statements.

Capital Assets – Capital assets, which include the right to use leased facilities, leasehold improvements, machinery and equipment and leased vehicles are reported in the government-wide financial statements. Capital assets are recorded at historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. All individual capital asset purchases in excess of $5,000 are capitalized at the date of acquisition if expected lives are deemed greater than two years. 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.

Capital assets are depreciated or amortized by the Collaborative on a straight-line basis over the following estimated useful lives:

Right to use facility leases	Remaining term of lease
Leasehold improvements	Remaining term of lease
Furniture and equipment	3 to 10 years
Vehicles	5 years

Right-To-Use Assets – Certain long-term facility leases have been capitalized for financial reporting purposes and are subject to periodic amortization expense on a straight-line basis over the expected live(s) of the lease arrangement(s). Right-to-use assets may be reported in the Collaborative's statement of net position together with capital assets. Amortization expense may be combined with depreciation expense in these basic financial statements.

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds.

Compensated Absences – It is the Collaborative's policy to grant sick and vacation leave to its Executive Director and certain other administrators, which may be paid out are retirement or termination of employment. Amounts related to these benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Unearned Revenues – Tuition and other amounts collected in advance are reported as unearned revenues.

Long-Term Debt – Long-term debt, which is primarily in the form of lease liabilities, is reported as liabilities in the government-wide financial statements.

Fund Equity – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Collaborative is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

> *Nonspendable* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.
>
> *Restricted* represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.
>
> *Committed* represents amounts that can only be used for specific purposes pursuant to formal action of the Collaborative's Board of Directors, which represents the most binding constraint that gives rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.
>
> *Assigned* represents amounts that are constrained by the Collaborative's intent to be used for specific purposes but are neither restricted nor committed.
>
> *Unassigned* represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

At June 30, 2023, the Collaborative reported $405,971 as nonspendable in its general fund, which represented the value of the Collaborative's prepaid items. The Collaborative reported $267,846 as committed in its capital reserve fund. The remaining fund balance of $2,707,445 is reported as unassigned in the general fund at June 30, 2023.

When both restricted and unrestricted resources are available for use, it is the Collaborative's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. The Collaborative does not report any amounts as encumbrances from normal purchasing activity at June 30, 2023 as assigned in the governmental funds financial statements.

<u>*Net Position*</u> – In the government-wide financial statements, net position reported as net investment in capital assets includes capital and right-to-use assets, net of accumulated depreciation and amortization, less the principal balance of outstanding liabilities used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

The Collaborative does not report any amounts as restricted net position in these basic financial statements.

E. 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 disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

II. Detailed Notes to All Funds

A. Deposits and Investments

State laws and regulations require the Collaborative to invest funds only in preapproved investment instruments which include, but are not necessarily limited to, bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool, which is administered by the Massachusetts Municipal Depository Trust ("MMDT"). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Collaborative did not enter into any repurchase agreements.

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Collaborative relies on depository insurance at each financial institution to mitigate this risk. At June 30, 2023, $1,787,185 in Collaborative bank deposits were exposed to custodial credit risk as these amounts were uninsured and uncollateralized.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of an invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Collaborative may not be able to recover the full amount of its principal investment and/or investment earnings. All of the Collaborative's investments are registered in its name and cannot be pledged or assigned. As a result, the Collaborative does not believe it is exposed to custodial credit risk on its investments.

Fair Value Measurements: Investments – None of the Collaborative's investments were valued using Levels 1, 2 or 3 inputs. The Collaborative maintained an investment of $1,815,283 in the MMDT at June 30, 2023. Short-term investments in the MMDT are measured at amortized cost, which approximates fair value.

The Collaborative's OPEB trust fund invests all of its assets, which totaled $3,585,166 at June 30, 2023, with the State Retirees Benefit Trust Fund ("SRBT"). The SRBT is administered by the Commonwealth of Massachusetts' Pension Reserve Investment Management Board, or PRIM. The SRBT holds a diverse set of investments that include private equity, distressed debt, derivatives, venture and real estate investments. The determination of the fair value of these investments is subjective and the period-end values are reported to the System as NAV. Investments in the SRBT are generally more liquid than investments in private equity and real estate holdings, but generally cannot be resold to third parties. The Collaborative may liquidate its investments in the SRBT funds at any time with less than thirty days' notice. Distributions from the SRBT funds are received regularly and deposited into an accompanying short-term cash investment account.

Credit Risk: Investments – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. None of the Collaborative's investments were subject to credit ratings.

B. Receivables

Receivables at June 30, 2023 consisted of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Due from member communities	$ 1,133,441	$ -	$ 1,133,441
Due from others	176,940	-	176,940
Totals	$ 1,310,381	$ -	$ 1,310,381

C. Capital Assets

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

	Beginning Balance (a)	Increases	Decreases	Ending Balance
Capital assets being depreciated or amortized:				
Right to use facilities under lease	$ 3,788,825	$ -	$ -	$ 3,788,825
Leasehold improvements	272,138	1,050	-	273,188
Furniture and equipment	982,295	46,781	(113,398)	915,678
Vehicles	181,251	-	-	181,251
Total capital assets being depreciated/amortized	5,224,509	47,831	(113,398)	5,158,942
Less accumulated depreciation and amortization for:				
Right to use facilities under lease	(698,818)	(698,818)	-	(1,397,636)
Leasehold improvements	(102,408)	(30,938)	-	(133,346)
Furniture and equipment	(467,029)	(150,130)	113,398	(503,761)
Vehicles	(181,251)	-	-	(181,251)
Total accumulated depreciation and amortization	(1,449,506)	(879,886)	113,398	(2,215,994)
Total capital assets, net	$ 3,775,003	$ (832,055)	$ -	$ 2,942,948

(a) The beginning balances were restated; refer to Note V.

Depreciation and amortization expense for fiscal year 2023 totaled $181,068 and $698,818, respectively, are are charged entirely to specialied education services and programs.

D. Line of Credit

The Collaborative executed a $500,000 line of credit with a commercial bank. The line of credit is secured by all Collaborative assets and is payable on demand by the commercial bank. The line of credit bears interest at a fluctuating rate equal to the bank's corporate base rate with a floor of 5.00% per annum. No amounts were borrowed on the line of credit during the fiscal year ended June 30, 2023.

E. Long-Term Liabilities

The Collaborative is party to several multi-year facility lease obligations, which for financial reporting purposes have been capitalized. Additionally, the Collaborative incurs various other long-term obligations relative to personnel costs. The following reflects the fiscal year 2023 activity in the Collaborative's long-term liability accounts:

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Compensated absences	$ 11,635	$ 3,067	$ -	$ 14,702	$ 3,676
Lease liabilities - facilities	3,195,350	-	(629,208)	2,566,142	684,190
Net OPEB liability (a)	14,913,720	20,876,028	(24,322,232)	11,467,516	-
Total long-term liabilities	$ 18,120,705	$ 20,879,095	$ (24,951,440)	$ 14,048,360	$ 687,866

(a) As restated; refer to Note V.

F. Lease Liabilities

The Collaborative is party to several noncancellable leases for facilities. For financial reporting purposes, multi-year lease obligations have been capitalized. Principal and interest requirements to maturity for liabilities in which the lease term is greater than one year are as follows at June 30, 2023:

Year Ended June 30,	Principal	Interest	Total
2024	$ 684,190	$ 112,846	$ 797,036
2025	579,114	80,358	659,472
2026	517,519	53,462	570,981
2027	565,871	26,509	592,380
2028	219,448	3,050	222,498
	$ 2,566,142	$ 276,225	$ 2,842,367

In fiscal year 2023, the Collaborative paid $1,249,726 for leased facilities, which included $474,967 in rental payments on leases with rental terms on twelve months or less.

III. Other Information

A. Massachusetts Teachers' Retirement System

Teachers and certain other instructional employees of the Collaborative participate in the Massachusetts Teachers' Retirement System ("MTRS"), a cost-sharing, multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The MTRS was established under Chapter 32 of Massachusetts General Laws ("MGL"). The Commonwealth's legislature has the authority to amend or modify the MTRS's funding policies. MTRS is a component unit of the Commonwealth and does not issue stand-alone audited financial statements.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Collaborative is in a special funding situation as defined under GAAP.

For the year ended June 30, 2022 (the latest period for which MTRS has provided financial data), the Commonwealth contributed $1,474,438 to the MTRS on behalf of the Collaborative. The Collaborative's proportionate share of the collective MTRS net pension liability at this reporting date was approximately 0.070058%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Collaborative as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the Collaborative was $18,136,641 at June 30, 2022 (the latest period for which MTRS has provided financial data).

The pension expense incurred by the Commonwealth on behalf of the Collaborative was $1,491,916 for the year ended June 30, 2022 (the latest period for which MTRS has provided financial data). This amount has been recognized by the Collaborative as intergovernmental revenue and pension expense in the statement of activities for the year ended June 30, 2023.

Additional information on MTRS can be found on its website.

B. Massachusetts State Employees' Retirement System

Full-time employees of the Collaborative that do not participate in the MTRS participate in the Massachusetts State Employees' Retirement System ("MERS"), a cost-sharing, multiple employer defined benefit pension plan established under Chapter 32 of MGL. MERS is administered by the Massachusetts State Retirement Board, which consists of five members. MERS is a component unit of the Commonwealth and does not issue stand-alone audited financial statements.

Educational collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by the Massachusetts Public Employees' Retirement Administration Commission, which is currently 6.1% of covered payroll. Legally, educational collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the educational collaboratives. The Commonwealth, as a nonemployer contributor to MERS, is legally responsible for the entire past service costs related to the educational collaboratives and has a 100% special funding situation as defined under GAAP.

The Collaborative contributed $212,165 to MERS during the fiscal year ended June 30, 2023.

For the year ended June 30, 2022 (the latest period for which MERS has provided financial data), the Commonwealth contributed $552,709 to MERS on behalf of the Collaborative. The Collaborative's proportionate share of the collective MERS net pension liability at this reporting date was approximately 0.05398%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Collaborative as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the Collaborative was $7,507,961 at June 30, 2022 (the latest period for which MERS provided financial data).

The pension expense incurred by the Commonwealth on behalf of the Collaborative was $590,145 for the year ended June 30, 2022 (the latest period for which MERS has provided financial data). This amount has been recognized by the Collaborative as intergovernmental revenue and pension expense in the statement of activities for the year ended June 30, 2023.

Additional information on MERS can be found on its website.

C. Other Postemployment Benefits

The Collaborative administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The OPEB Plan provides medical insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Chapter 32B of MGL.

Specific benefit provisions and contribution rates are established by the Board of Directors. All benefits are provided through the Collaborative's premium-based insurance program through the Group Insurance Commission, or GIC. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Collaborative's financial statements. OPEB Plan disclosures can be found in this footnote disclosure.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2023:

Inactive employees or beneficiaries receiving benefits	33
Active employees	162
	195

Contributions – Retiree contributions to the OPEB Plan vary depending on the timeframe a retiree retired from the Collaborative and/or the timeframe an active employee was hired into the Collaborative. Retiree contribution rates range from 15% to 25% of the medical insurance premium; the Collaborative pays the remainder. The costs of administering the OPEB Plan are paid by the Collaborative. For the year ended June 30, 2023, the Collaborative's average contribution rate was approximately 2.5% of covered payroll.

Net OPEB Liability – The Collaborative's net OPEB liability was determined using an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2023 (the measurement date). The components of the net OPEB liability at June 30, 2023 were as follows:

Total OPEB liability	$ 15,052,682
Less OPEB Plan fiduciary net position	3,585,166
Net OPEB liability	$ 11,467,516
Plan fiduciary net position as a percentage of the total OPEB liability	23.8%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age actuarial cost method
Asset Valuation Method	Market value of assets as of reporting date
Healthcare Cost Trends	6.50% per year (previously 5.50%) graded down by the Getzen Model to an ultimate rate of 4.14% per year (previously 4.04%)
Investment Rate of Return	6.00%
Municipal Bond Rate	3.86% (previously 3.69%)
Single Equivalent Discount Rate	3.92% (previously 3.74%)
Health Mortality	2010 Public Sector Retirement Plans Mortality table for Teachers employee populations with MP-2021 mortality improvement scale

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 OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equities	37.30%	9.11%
Core fixed income	14.50%	2.90%
Value-added fixed income	6.80%	4.68%
Private equity	18.40%	22.38%
Real estate	10.60%	11.46%
Timberland	3.20%	6.36%
Portfolio completion strategies	8.60%	4.62%
Overlay	0.60%	0.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.92% versus a discount rate of 3.69% in the previous actuarial report.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2023:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	*(b)*	*(a) - (b)*
Balances at June 30, 2022	$ 18,307,047	$ 3,395,317	$ 14,911,730
Changes for the year:			
Service cost	1,358,527	-	1,358,527
Interest	678,640	-	678,640
Differences in experience	(4,151,973)	-	(4,151,973)
Changes in assumptions	(900,491)	-	(900,491)
Employer contributions	-	230,928	(230,928)
Net investment income	-	193,919	(193,919)
Benefit payments	(239,068)	(234,998)	(4,070)
Net changes	(3,254,365)	189,849	(3,444,214)
Balances at June 30, 2023	$ 15,052,682	$ 3,585,166	$ 11,467,516

Sensitivity Analyses – The following presents the Collaborative's net OPEB liability at June 30, 2023 as well as what the Collaborative's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate:

	Net OPEB Liability At		
Current Rate	1% Decrease	Current	1% Increase
3.92%	$ 14,579,606	$ 11,467,516	$ 9,031,848

The following presents the Collaborative's net OPEB liability as well as what the Collaborative's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare cost trend rates:

	Net OPEB Liability At		
Current Rate	1% Decrease	Current	1% Increase
6.50%	$ 7,694,025	$ 11,467,516	$ 16,601,644

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the Collaborative recognized OPEB expense of $1,579,029. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,322,235
Changes of assumptions	9,438,503	8,177,872
Net difference between projected and actual earnings on OPEB Plan investments	-	67,023
	$ 9,438,503	$ 13,567,130

Amounts reported as net deferred outflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended June 30,	
2024	$ (273,716)
2025	(293,006)
2026	(158,029)
2027	(223,291)
2028	(220,255)
Thereafter	(2,960,330)
	$ (4,128,627)

Investment Custody – In accordance with MGL, the Collaborative's Treasurer is the custodian of the OPEB Plan. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule and may. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Collaborative. The Collaborative invests all its OPEB Plan assets with the SRBT.

Investment Policy – The OPEB Plan does not have a formal investment policy at this time. The OPEB Plan invests its funds in permissible investments as stipulated by the Commonwealth. As all OPEB Plan investments are with the SRBT, the Collaborative has effectively adopted the investment policy of the SRBT.

Investment Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was approximately 5.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Contingencies

During its day-to-day operations, the Collaborative is party to certain legal claims, which are subject to many uncertainties. The outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2023 cannot be determined, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Collaborative at June 30, 2023.

IV. Implementation of GASB Pronouncements

A. Current Year Implementations

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement was to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement became effective in fiscal year 2023. The adoption of this standard did not have a material effect on the Collaborative's financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement was to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of this Statement became effective in fiscal year 2023. The adoption of this standard did not have a material effect on the Collaborative's financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* The objective of this Statement was to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement became effective in fiscal year 2023. The adoption of this standard did not have a material effect on the Collaborative's financial statements.

B. Future Year Implementations

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for decision making or assessing accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2023 (fiscal year 2024). The Collaborative is currently evaluating whether adoption will have a material impact on its financial statements.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2023 (fiscal year 2025). The Collaborative is currently evaluating whether adoption will have a material impact on its financial statements.

V. Restatement

The following restatements were made to the Collaborative's beginning balances in its statement of net position:

Net position at June 30, 2022, as previously reported	$ (11,665,028)
Restate capital asset values	93,497
Restate net OPEB liability	661,608
Net position at June 30, 2022, as restated	$ (10,909,923)

* * * * * *

BI-COUNTY EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF THE COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(dollar amounts are in thousands)

For the Year Ended June 30, *	Commonwealth's Proportion of the Net Pension Liability	Collaborative's Proportion of the Net Pension Liability	Commonwealth's Proportionate Share of the Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	100%	0%	$ 7,508	71.1%
2022	100%	0%	6,286	77.5%
2021	100%	0%	10,352	62.5%
2020	100%	0%	8,227	66.3%
2019	100%	0%	7,296	67.9%
2018	100%	0%	6,811	67.2%
2017	100%	0%	7,120	63.5%
2016	100%	0%	5,291	67.9%
2015	100%	0%	4,788	76.3%

SCHEDULE OF THE COLLABORATIVE'S CONTRIBUTIONS TO THE MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM

(dollar amounts are in thousands)

For the Year Ended June 30,	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 212	$ 212	$ 3,475	6.1%
2022	207	207	3,393	6.1%
2021	224	224	3,672	6.1%
2020	226	226	3,705	6.1%
2019	186	186	3,049	6.1%
2018	182	182	2,984	6.1%
2017	170	170	2,787	6.1%
2016	161	161	2,639	6.1%
2015	144	144	2,361	6.1%

* Amounts are based on measurement date as of the previous June 30th.

These schedules are presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

BI-COUNTY EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

SCHEDULE OF THE COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(dollar amounts are in thousands)

For the Year Ended June 30, *	Commonwealth's Proportion of the Net Pension Liability	Collaborative's Proportion of the Net Pension Liability	Commonwealth's Proportionate Share of the Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	100%	0%	$ 18,137	57.8%
2022	100%	0%	15,441	62.0%
2021	100%	0%	19,149	50.7%
2020	100%	0%	18,287	54.0%
2019	100%	0%	17,011	54.8%
2018	100%	0%	15,832	54.3%
2017	100%	0%	14,317	52.7%
2016	100%	0%	13,319	55.4%
2015	100%	0%	10,851	61.6%

* Amounts are based on measurement date as of the previous June 30th.

Contributions to the MTRS are the responsibility of the Commonwealth of Massachusetts. Accordingly, the Collaborative has not recognized any portion of the net pension liability relative to Collaborative employees covered under the MTRS pension plan.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

BI-COUNTY EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(dollar amounts are in thousands)

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service cost	$ 1,358	$ 2,323	$ 1,807	$ 903	$ 386	$ 438	$ 140
Interest	679	502	523	429	259	258	125
Changes in benefit terms	-	-	-	3,639	-	-	756
Differences in experience	(4,152)	(57)	(191)	(1,159)	(18)	(575)	1,321
Changes in assumptions	(900)	(8,299)	2,114	8,126	2,331	(128)	632
Benefit payments	(239)	(216)	(204)	(178)	(87)	(68)	(77)
Net Change in Total OPEB Liability	(3,254)	(5,747)	4,049	11,760	2,871	(75)	2,897
Total OPEB Liability:							
Beginning of year	18,307	24,054	20,005	8,245	5,374	5,449	2,552
End of year (a)	$ 15,053	$ 18,307	$ 24,054	$ 20,005	$ 8,245	$ 5,374	$ 5,449
Plan Fiduciary Net Position:							
Contributions	$ 231	$ 2	$ 250	$ 262	$ 355	$ 289	$ 488
Net investment income (loss)	194	(111)	847	68	153	209	179
Benefit payments	(235)	(238)	(221)	(192)	(206)	(165)	(171)
Net Change in Plan Fiduciary Net Position	190	(347)	876	138	302	333	496
Plan Fiduciary Net Position:							
Beginning of year	3,395	3,742	2,866	2,728	2,426	2,093	1,597
End of year (b)	$ 3,585	$ 3,395	$ 3,742	$ 2,866	$ 2,728	$ 2,426	$ 2,093
Net OPEB Liability — End of Year (a) - (b)	$ 11,468	$ 14,912	$ 20,312	$ 17,139	$ 5,517	$ 2,948	$ 3,356
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	23.8%	18.5%	15.6%	14.3%	33.1%	45.1%	38.4%
Covered payroll	$ 9,516	$ 9,981	$ 9,516	$ 9,662	$ 8,748	$ 8,408	$ 8,408
Net OPEB Liability as a Percentage of Covered Payroll	120.5%	149.4%	213.5%	177.4%	63.1%	35.1%	39.9%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CONTRIBUTIONS
(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially-Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2023	$ 1,384	$ 235	$ 1,149	$ 9,516	2.5%
2022	1,280	238	1,042	9,981	2.4%
2021	1,257	471	786	9,516	4.9%
2020	1,128	442	686	9,662	4.6%
2019	469	456	13	8,748	5.2%
2018	469	369	100	8,408	4.4%
2017	469	574	(105)	8,408	6.8%

SCHEDULE OF INVESTMENT RETURNS

Year Ended June 30,	Annual Money-Weighted Rate of Return *
2023	5.65%
2022	-3.05%
2021	29.42%
2020	2.48%
2019	6.10%
2018	9.72%
2017	9.20%

* Net of investment expenses.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

BI-COUNTY EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Positive
	Original Budget	Final Budget	Budgetary Amounts	(Negative) Variance
Revenues:				
Special education tuition	$ 12,366,624	$ 13,677,529	$ 12,719,380	$ (958,149)
Aides	725,402	910,062	949,388	39,326
Other services	611,685	636,042	602,974	(33,068)
Intergovernmental	100,000	102,913	102,913	-
Investment income	5,000	46,000	69,926	23,926
Total Revenues	13,808,711	15,372,546	14,444,581	(927,965)
Expenditures:				
Salaries and wages	10,175,867	9,500,000	9,514,969	(14,969)
Payroll taxes and benefits	1,856,303	1,900,000	2,028,495	(128,495)
Program expenses	643,250	675,000	660,424	14,576
Facilities and maintenance	1,477,873	1,500,000	1,423,922	76,078
General and administrative	153,152	160,000	158,801	1,199
Capital expenses	36,300	50,000	47,832	2,168
Total Expenditures	14,342,745	13,785,000	13,834,443	(49,443)
Other Financing Sources (Uses):				
Use of capital reserves	36,300	50,000	47,832	(2,168)
Use of unreserved surplus	497,734	-	-	-
Reserve for surplus	-	(1,637,546)	-	-
Total Other Financing Sources (Uses)	534,034	(1,587,546)	47,832	(2,168)
Net Budget	$ -	$ -	$ 657,970	$ (979,576)

See notes to required supplementary information.

See accompanying independent auditors' report.

BI-COUNTY EDUCATION COLLABORATIVE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

An annual budget for the general fund is prepared under the direction of the Executive Director and approved by majority vote of the Board of Directors.

The Collaborative's annual budget is prepared on a basis of accounting other than GAAP. The "actual budgetary amounts" column of the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is presented on a budgetary basis to provide meaningful comparison to the adopted budget. A complete reconciliation is provided below:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — budgetary basis			$ 14,444,581
On-behalf pension payments	$ 2,082,061	$ -	2,082,061
Revenues — GAAP basis	$ 2,082,061	$ -	$ 16,526,642
Expenses — budgetary basis			$ 13,834,443
On-behalf pension payments	$ 2,082,061	$ -	2,082,061
Expenses — GAAP basis	$ 2,082,061	$ -	$ 15,916,504
Other Financing Sources/Uses — budgetary basis			$ 47,832
Accounting for capital transactions	$ (47,832)	$ -	(47,832)
Other Financing Sources/Uses — GAAP basis	$ (47,832)	$ -	$ -

BI-COUNTY EDUCATION COLLABORATIVE

OTHER INFORMATION – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

The following other information is provided to comply with the requirements of Chapter 40 of Massachusetts General Law.

Note 1 – Names, Duties and Total Compensation of the Five Most Highly Compensated Employees

Employee Name	Duties	Total Compensation
Jeanne Sullivan	Executive Director	$ 154,060
Craig Murphy	Clinical Director	129,687
Julie O'Connor	Director of Student Services	122,108
Pamela Ludwig	Program Director	120,590
Benjamin Giuffrida	Principal	119,029

Note 2 – Transactions Between the Collaborative and any Related For-Profit or Non-Profit Organization

None.

Note 3 – Amounts Expenses on Services for Individuals with Disabilities, Aged 22 and Older

None.

Note 4 – Amounts Expenses on Administration and Overhead

The Collaborative expended $1,098,105 and $126,629 for administration and overhead, respectively, for the year ended June 30, 2023.

Note 5 – Accounts Held by the Collaborative That May be Spent at the Discretion of Another Person/Entity

None.

Note 6 – Transactions or Contracts Related to the Purchase, Sale, Rental or Lease of Real Property

The Collaborative is party to several lease arrangements for classrooms and administrative office space under noncancellable leases, several of which are with member school systems. The Collaborative made the following payments in fiscal year 2023:

Lessor	Lease Type	Lease Start	Lease End	FY 2023 Rental Payment(s)	
2140 Providence Highway LLC, Walpole	Classroom space	8/1/2018	12/31/2027	$ 510,738	**
TEC, Walpole	Classroom space	5/1/2014	8/31/2024	190,253	
397 East Central Street, Franklin	Office space	7/1/2020	6/30/2025	73,852	
Annie Sullivan Middle School	Classroom space	*	*	25,636	
Bellingham DiPietro School	Classroom space	*	*	22,518	
Bellingham Memorial School	Classroom space	*	*	50,990	
Blackstone-Millville Regional High School	Classroom space	*	*	42,039	
Foxboro Ahern Middle School	Classroom space	*	*	34,020	
John F. Kennedy School	Classroom space	*	*	41,320	
Mansfield Jordan Jackson School	Classroom space	*	*	36,288	
Norton Middle School	Classroom space	*	*	25,059	
Plainville Schools	Classroom space	*	*	112,511	
Wrentham Delaney School	Classroom space	*	*	24,502	
				$ 1,189,726	

* Year to year lease.

** Excludes the $60,000 amortization of a $600,000 prepaid rental payment made in 2018.

Note 7 – Annual Determination and Disclosure of Cumulative Surplus

Cumulative surplus is defined as the amount of general fund surplus in the Collaborative's accounts, as reported through an independent audit. Cumulative surplus is derived from a collaborative's unexpended general funds over a number of fiscal years. Cumulative surplus cannot exceed 25% of the previous year's general fund expenditures.

Certified cumulative surplus is the total amount of general fund surplus as certified through an independent audit. The certified cumulative surplus at June 30, 2023 is $2,707,445. The following table illustrates the Collaborative's compliance with the 25% limitation rule:

Cumulative Surplus Worksheet
Bi-County Collaborative

Surplus Calculation

Fiscal Year 2023		Enter values below			Page in FY23 FS
(A) **Surplus as of June 30, 2022**			$ 1,441,962	(A)	**p. 13 ***
(Breakdown of use of 2022 surplus)					
B(1) used to support the FY23 budget	$ -				
B(2) issued as credits to member districts	$ -				
B(3) issued as a check(s) to member district(s)	$ -				
B(4) deposited to a restricted account(s)	$ -				
(B) **Board voted uses of surplus funds during FY23**		*(total from B1:B4)*	$ -	(B)	**p. N/A**
(C) **Unexpended FY23 General Funds**			$ 1,265,483	(C)	**p. 13 ****
(D) Cumulative Surplus as of June 30, 2023		(A) - (B) + (C) = (D)	$ 2,707,445	(D)	**p. 11**
(E) **FY23 Total General Fund Expenditures**			$ 13,834,443	(E)	**p. 36**
(F) Cumulative Surplus Percentage		(D) ÷ (E)	**19.57%**	(F)	**p. N/A**

* Amount consists of the prior year's unassigned fund balance in the general fund, as adjusted. The total fund balance reported in the general fund at June 30, 2022 was $2,771,124. Excluded from this amount are nonspendable and committed fund balances, which totaled $1,329,162 at June 30, 2022. Note that the nonspendable and committed fund balances are GAAP measurements.

** Amount consists of the following:

Increase in fund balance in the general fund - FY 2023	$ 610,138	**p. 14**
Decrease in nonspendable and committed fund balances in general fund	655,345	
	$ 1,265,483	

CUMULATIVE SURPLUS REDUCTION
Allowable uses of surplus - in excess of the 25% limit

(G) Cumulative surplus as of June 30, 2023			$ 2,707,445
		25% limit (allowed)	$ 3,458,611
(H) Cumulative Surplus **REDUCTIONS**			
(H)1 Credited to member districts for tuition, services, etc.	$ -		
(H)2 Depositd to an established trust and/or reserve fund	$ -		
(H)3 Returned (check) to school districts/towns	$ -		
		Total Reductions	$ -
		FY23 Cumulative Surplus Percentage after Reductions	**19.57%**