



28 LORD ROAD, SUITE 125; MARLBOROUGH, MA 01752
www.avcollaborative.org

2022 ANNUAL REPORT

December 16, 2022

Message from Executive Director

Dear Assabet Valley Collaborative Community Members,

The mission of AVC is to **partner** with **students, families¹, school districts, and communities** to cultivate a learning environment that **embraces diversity** of all kinds. We strive to **evolve** and **adapt** our approach of providing individualized support and access to resources in an equitable and human-centered way.

In pursuit of our mission, AVC has made **educational equity its top priority**:

- It is a **moral obligation** that **requires deep transformation** at **all levels** - personal, interpersonal, institutional, and systemic.
- It requires **lifelong DEEP learning for all** in the AVC community: *staff, students, families, district and community partners*.
- It requires **tactical design** of strategy and systems to remove barriers to transformation.
- It requires a **redesign of power and learning structures**.

Since 2020, AVC's Board of Directors has supported the adoption of a **shared leadership model** as one of many efforts to achieve our mission, vision, and commitments to educational equity.

Shared Leadership Statement:

At AVC we believe that everyone in our community is a **leader and learner** who each **possess inherent brilliance**. We also believe that every community member has the **ability** and a **responsibility** to support the learning and growth of ourselves and others.

AVC's Journey toward Equity - at the end of FY2022:

For a decade, our Board of Directors has publicly supported my vision of prioritizing cultural proficiency and educational equity. Our journey has been "textbook" in many ways - including the incremental steps we have taken and the setbacks we have faced.

During FY22, AVC experienced multiple simultaneous and significant challenges as an organization. Some of the challenges we faced were universally faced by our colleagues in schools everywhere. These more universal challenges related to the ongoing global pandemic, economic uncertainty, workforce shortages, and socio-political divisions. Some of the challenges we faced were unique to AVC in FY22 - and were deeply connected to the complex work of organizational redesign that has been underway since 2020 when our

¹ families = all support networks, caretakers and champions of our students' success

Board voted to allow me to try something innovative in our effort to redesign: to pilot a shared leadership model.

Throughout FY21 and FY22 the Board of Directors continued to support AVC's efforts to transform toward shared leadership, even in the face of the predictable challenges and setbacks we faced in that journey. The Board's continued support stemmed from the belief that success in this redesign would be transformative, not just for AVC, but as a model for others seeking to be successful in diversity, equity, and inclusion goals. AVC's efforts toward these lofty goals serve as a laboratory for our member school districts. The lessons learned here at AVC will support the learning and leadership of our member districts.

In any kind of deep, meaningful and lasting transformation effort, there is often an operational downturn before a triumphant breakthrough. FY22 reflects AVC's operational downturn in many ways. Transition, turnover, and division within our own teams had negative impacts on our operations, finances, services, and climate. Turnover in our leadership and other key positions impacted the workload and pressure faced by those who stayed on.

If you Google "Reasons DEI efforts fail to create meaningful change" - you will find pages and pages of articles highlighting the many, many ways school leaders often fall short in accomplishing what we say matters most to us. Some of the most common pitfalls have been experienced here at AVC. One of the reasons that deep change is so hard is that change results in discomfort - and discomfort results in resistance to change. If over time the discomfort continues to outpace or outnumber the change victories - not only does the work get stalled, other aspects of operations decline too. Those counting on or championing the transformation lose hope, become cynical or leave as do those who disagree with or feel threatened by the change efforts or tactics.

It can be tempting for leaders and governing boards to reconsider priorities when efforts at change are messy. Is the change worth it? Can it be achieved? Is it the right change? At AVC, 2022 marks a year when our setbacks in our journey, pushed us to a reckoning point. If we were to learn from and benefit from the hard lessons behind us, AVC needed to recommit, realign, and refuel. To do this we needed to systematize and operationalize our redesigned hiring process and to build capacity for multiple teams to use it simultaneously to recruit and select new team members to fill significant vacancies across AVC. The steps:

- Job description design/redesign with the input of those most impacted by the role;
- Ensure commitments to equity and shared leadership are clearly articulated in each posting and in each part of the hiring process;
- Development of hiring team tools: scripts, templates, sample questions, training materials, appointment slots, virtual meeting links, shared calendars, etc.;
- Inclusion of diverse stakeholders in all hiring activities and decision-making - especially those most impacted by the position being filled;
- Creativity in addressing ongoing vacancies to protect from making poor hiring decisions; hiring temporary staff or redeploying existing staff to fill in on teams with the most need.

Our hiring teams met in the evenings and into the summer to make sure staffing shortages did not continue to threaten our success. On Opening Day 2023, I asked our returning staff to stand up if they had been involved in our new hiring team process. More than 40 returning staff members stood - as we then welcomed 34 newer staff members to our community. That represented about 75% of our community having been involved in hiring or choosing to work here as a result of the deep transformations we have made to our hiring process - with equity at the forefront.

The hiring process at AVC represents one of our more visible successes in shared leadership. Some additional examples of leadership emerging outside of a traditional hierarchy included:

- Design Team members led 2022 Opening Day events.
- Nurses co-led Covid response, pooled testing, contact tracing, staffing coverage, decision-making, and piloting a Saturday summer hiring fair.
- Staff led the learning of others - mindfulness, culturally responsive practices, restorative practices, conflict resolution, crisis intervention, wellness, transportation safety, data systems, etc.
- Technology and Facilities leaders partnered with school staff to work directly with students.
- At OSA a multidisciplinary Transformation Team formed to design a shared leadership structure to pilot in 2022-2023.

FY22 tested our stamina to persevere in the face of setbacks and challenges. The fruits of our perseverance will be harvested in this next year and beyond. I look forward to co-authoring the next Annual Report with leaders and learners across our community as we make progress in our pursuit of educational equity.

The Assabet Valley Collaborative Board of Directors voted to approve this FY22 Annual Report at its Board meeting on December 16, 2022.

Sincerely,

A handwritten signature in black ink that reads "Cathy" followed by a long, horizontal, slightly wavy line.

Cathy Cummins
Executive Director
508-460-0491
ccummins@avcollaborative.org

MISSION

The mission of Assabet Valley Collaborative is to **partner** with **students, families***, **school districts**, and **communities** to cultivate a learning environment that **embraces diversity** of all kinds. We strive to **evolve** and **adapt** our approach of providing individualized support and access to resources in an equitable and human-centered way.

*families = all support networks, caretakers and champions of our students' success

FOCUS

The focus of AVC is the development and delivery of high quality programs and services to member districts which shall complement and strengthen those provided by member school committees.

Board of Directors	School District(s)	District Joined
Superintendent Ernie Houle	Assabet Valley Regional	1976
Superintendent Casey Handfield	Auburn	2018
Superintendent Jeffrey Zanghi	Berlin and Boylston	1976
Superintendent James Cummings	Grafton	2015
Superintendent Marco Rodrigues	Hudson	1976
Superintendent Michael Bergeron, <i>Vice Chair</i>	Marlborough	1976
Superintendent Brian Haas	Maynard	1976
Superintendent Gregory Myers	Millbury	2011
Superintendent Kirk Downing	Nashoba	1976
Superintendent Gregory Martineau	Northborough and Southborough	1976
Superintendent Joseph Sawyer	Shrewsbury	1976
Superintendent Amber Bock, <i>Chair</i>	Westborough	1976

HISTORY

The Assabet Valley Collaborative (AVC) was established in 1976.

In Massachusetts, educational collaboratives are public regional multi-service agencies, authorized by state law (Chapter 40, Section 4E) to develop, manage and provide services or programs to public school districts.

According to AVC's founding document, its "Collaborative Agreement," the purpose of Assabet Valley Collaborative is to provide:

- Specialized education programs and services for students ages 3 to 22 and as they transition to adulthood.
- Special education transportation and other transportation services
- Professional development, training and resource sharing
- An array of consultative and direct services
- Cooperative purchasing/procurement services
- Cost-effective responses to needs articulated by member districts
- Services to adults with disabilities subject to authorizing statute, regulations state contracts/approvals and board approval
- Early childhood services to children with disabilities under the age of 3 subject to authorizing statute, regulations state contracts/approvals and board approval

The overall objectives in AVC's Collaborative Agreement include:

- The creation and/or delivery of cost-effective responses to needs articulated by member districts
- The delivery of high-quality, specialized education programs and services for students ages 3 to 22 and as they transition to adulthood.
- The delivery of cost effective and efficient special education transportation services
- The development and delivery of high-quality and cost-effective consultative services
- The development and delivery of high-quality and cost-effective professional development, training and resource sharing
- The provision of effective and efficient cooperative purchasing/procurement services
- Subject to statutory and regulatory authorization, the development of continuous and evolving services that may include leveraging expertise and resources to expand the continuum of services to include young children with disabilities and/or adults with disabilities (22+)

BENEFITS OF MEMBERSHIP

1. Receive member discounts

All AVC programs and services are provided to members at membership rates. Nonmember districts may access AVC programs and services at a 12-15% surcharge.

2. Influence and guide decision making

Member districts influence and guide decision-making regarding existing and new programming, improving the quality of services and pooling resources with neighboring districts. In the last decade, member district influence resulted in the opening of SOAR Assessment Center, Evolution, Family Success Partnership, and the expansion of OSA to include grades 5-8 and the addition of music therapy, equity-centered consulting, and a consulting child psychiatrist.

3. Obtain cooperative/volume purchasing advantages

Members have access to Cooperative/Volume Purchasing through collective procurement activities. AVC procures goods and services on behalf of member communities, resulting in more competitive pricing for goods districts need to purchase. In FY21 AVC contracts included office supplies, copy paper, school supplies, and transportation services.

4. Gain access to grant-funded initiatives

Members have access to grant-funded initiatives through collective, collaborative stakeholder groups. AVC seeks to identify areas of need and determine grant funding or other sources of revenue to support the launch of new initiatives.

5. Network and Collaborate with Colleagues

Members have access to Job-Alikes and joint initiatives for district faculty. Through joint initiatives, member districts share expertise, pool resources to increase capacity, collaborate on new regulations and mandates, and launch innovations and projects to improve public education in our region.

PROGRESS IN ACHIEVING PURPOSE

The following table highlight's AVC's progress in 2021-2022 in achieving the purposes articulated in AVC's Collaborative Agreement

Purpose:	Progress in FY22
To provide specialized education programs and services for students ages 3 to 22 and as they transition to adulthood.	AVC continued to provide specialized programs as noted throughout this annual report. Evolution, Orchard Street Academy, and REACH served 110 students in FY22 - with an average daily enrollment of 94.77 students.
To provide special education transportation and other transportation services	In 2021-2022 AVC's renewed a 3 year contract with Van Pool for special education transportation services. VanPool transported 555 students. Industry school bus driver shortages impacted Van Pool's ability to meet all of our districts' needs.
To provide professional development, training and resource sharing	In 2021-2022 AVC's professional development services were largely on hold. Staffing shortages, lack of PD space, spikes in COVID cases, and AVC's organizational redesign contributed to this pause. Three AVC job-alike groups continued to convene - Curriculum Directors, Special Education Directors, and Business Officials - though attendance and engagement was inconsistent. Facilities rentals resumed in January 2022 - with Saturday training room rentals that provided revenue for AVC and opportunities for additional compensation for AVC staff.
To provide an array of consultative and direct services	AVC's consulting team provided services to 5 districts/organizations in the following disciplines: occupational, physical, and music therapies. Family Success Partnership (FSP) maintained contracts with 6 school districts and delivered wraparound services to 156 families (totaling 484 individuals) and provided 20 district consults
To provide cooperative purchasing/procurement services	In FY22, supply chain and inflation impacted cooperative purchasing efforts. The long-standing copy paper request for bids yielded zero bids on first attempt. The RFR was revised to a 90 day period, and was awarded to W.B. Mason at more than 40% increase to the FY21 copy paper pricing.
To provide services to adults with disabilities subject to authorizing statute, regulations state contracts/approvals and board approval	During 2021-2022, plans to explore adult programming continued to be on hold.
To provide early childhood services to children with disabilities under the age of 3 subject to authorizing statute, regulations state contracts/approvals and board approval	FSP continues to help families navigate resources related to child care, early intervention, parenting, diapers, nutrition, and other holistic family needs.

Orchard Street Academy (OSA) and SOAR Assessment Center

57 Orchard Street; Marlborough, MA 01752

Orchard Street Academy offers academic and clinical services to students in grades six through twelve. Programming includes:

- Small instructional groups
- Integration of academics, expressive therapy and transition skills
- Positive Behavior Intervention and Support (PBIS)
- Trauma-Informed Care (TIC)

Within OSA, the SOAR Assessment Center is a short-term stabilization and diagnostic assessment program for middle and high school students (grades 6-12). Our team collaborates closely with parents and districts to identify appropriate academic and clinical supports for students with social/emotional difficulties. Program features include:

- Customized educational and clinical assessments
- Individualized academic and clinical services
- Comprehensive reports and recommendations

Value

OSA's expressive therapy programs and high-interest electives add value to our comprehensive academic and therapeutic setting. Our educators, clinicians, and school psychologists support the academic and clinical needs of a wide range of students.

2021-2022 Highlights

- 61 students were served at OSA (an average of 50.49 students each day)
- Leadership transitions and staffing shortages required a mid-year intake pause at the middle school level - resulting in a wait list. Intake reopened in the spring.
- Students, families and staff participated in multiple hiring teams to select OSA's new co-Director, Adjustment Counselors, Paraeducators, BCBAs, and Teachers.
- Resumed community-based programming - job sites, college tours, field trips
- High interest electives - Art, Music and Theater Arts
- Transformation Team was formed in spring and designed a equity-centered shared leadership structure for implementation/evaluation in FY23. Domains of transformation include Shared Leadership, Student-Centered Deep Learning, Restorative Practices, and Healing-Centered Practices.

	FY22 Member Tuition	FY22 NonMember Tuition	Membership Savings
Middle School	\$61,472 (decreased from 64,148)	\$70,077	\$8,605
High School	\$57,874	\$65,978	\$8,104

REACH

- REACH 1 - Woodward Elementary School; 28 Cordaville Rd., Southborough, MA
- REACH 2 - Trottier Middle School; 49 Parkerville Rd., Southborough, MA
- REACH 3 - Algonquin Regional High School; 79 Bartlett St., Northborough, MA

REACH provides a multidisciplinary approach to meet the varied and complex academic, therapeutic and healthcare needs of students with multiple and profound disabilities between the ages of 5-18. REACH infuses social communication throughout programming with a particular emphasis on assistive technology and augmentative communication.

Classes include:

- Embedded speech/language, physical, occupational, vision and music therapies
- Comprehensive nursing support
- Inclusion opportunities with typical peers
- Art, cooking, adaptive physical education, music and animal-assisted activities
- Educational and assistive technology

Value

AVC's REACH program provides a high-quality, cost-effective alternative to enrollment in private schools that are further away from our students' home communities. REACH classrooms are housed in public school settings, which add the value of inclusion opportunities with peers in the host school community as well as being able to participate in home community activities.

2021-2022 Highlights

- 18 students were served at REACH (an average of 16.02 students each day)
- Leadership transition and staffing shortages were challenging - resulted in a waitlist
- Staff engagement in shared leadership hiring teams resulted in creative staffing solutions for the short-term and thoughtful hiring of permanent staff allowing for students to enroll off the waitlist
- Resumed community-based instruction, field trips, and Special Olympics
- Inclusion opportunities reopened within our host school communities
- Staff participation in shared leadership activities associated with hiring

FY21 Member Tuition	FY21 NonMember Tuition	Membership Savings
\$83,858	\$95,603	\$11,745

Evolution

- **AVC Main Office; 28 Lord Road; Suite 125 Marlborough, MA**

Evolution's two campuses joined together in one location at AVC headquarters in FY22. Three classrooms were set up in AVC's training center as temporary space while new space that had been purchased for Evolution is renovated. Evolution is a transition program designed for students ages 18-22, who continue to be eligible for educational services as they transition to adulthood. Evolution blends educational opportunities within real-world settings in the community. Our programming includes:

- Transition assessment, job development and job coaching
- Community-based instruction – Travel training, fitness: YMCA, college coursework, shopping, and recreation
- School-based instruction – healthy relationships, social skills, problem solving, goal setting, cooking, finance, laundry, and hygiene
- Work experiences in a variety of locations based on student interests

Value

The transition to adulthood looks different for each Evolution student. The team at Evolution works with each student and their team to support the development of rigorous and attainable transition goals and plans. Students have access to a wide range of opportunities to prepare for their transition to adulthood.

2021-2022 Highlights:

- 31 students were served at Evolution (an average of 28.26 students each day)
- Leadership transition and staffing shortages were challenging - resulted in a waitlist as a result of two long standing teaching vacancies
- Staff engagement in shared leadership hiring teams resulted in creative staffing solutions and collaborations and growth opportunities for our talented team of paraeducators.
- Resumed community-based instruction, worksites, in-person college classes
- Evolution funds enrollment of up to two community college courses for students

	FY22 Member Tuition	FY22 NonMember Tuition	Membership Savings
Evolution 1 & 2	\$54,000	\$62,100	\$8,100
Evolution 3	\$83,858	\$95,603	\$11,745

Specialists and Consultants

- Location varies; coordinated from AVC's main office - 28 Lord Rd; Marlborough, MA

AVC responds to the unique requests of our member and non-member districts to fill gaps in program development, student assessments and student interventions. Consultants provide a variety of related services that include:

- Programs designed to address specific students' needs
- Consultation to educators, parents, providers
- Assessment/Evaluation
- Strategic Planning and Equity Audits
- Collaborative and flexible scheduling and consultation

Types of Services:

- Occupational Therapy
- Physical Therapy
- Music Therapy
- Evaluations/Assessments

2021-2022 Highlights

- Over 150 students were served in five member school districts and one private special education school.
- Continued contracts for PT in Northborough, Southborough; OT and PT in Berlin, Boylston; Music Therapy in Marlborough, Millbury, and Seven Hills

	FY22 Member Rate	FY22 NonMember Rate	Membership Savings
Licensed Professionals	\$98.21	\$111.96	\$13.75
Therapy Assistants	\$65.46	\$76.42	\$10.96

Family Success Partnership (FSP)
28 Lord Road; Suite 125; Marlborough, MA 01752

Family Success Partnership (FSP) is a family-centered wraparound program designed to support students and their families who have needs that fall outside of school that have not yet been met by community or state agency services. Family Support Counselors help each family develop goals and identify resources needed to achieve those goals. FSP helps families navigate the intricate process of health care insurance, state agency applications and waitlists – assisting schools in addressing the non-academic needs of students that impact student outcomes.

Value

FSP wraparound is a strengths-based, student-centered, collaborative support that assists schools in addressing barriers to learning. In collaboration with district administration and school counselors, FSP supported over 100 families to access:

- Medical care
- Counseling
- Housing and essential resources
- Insurance
- Legal services -immigration, guardianship, family, etc.

2021-2022 Highlights.

- 156 families served - totalling 484 individuals within those families
- 20 consultations to districts from FSP faculty
- 5 member school districts + 1 nonmember school district
- 3rd year of new contract with nonmember district - Acton Boxborough
- Marlborough Coalition Monthly Meetings
- Capacity-building support for district start up and replication
- CBHI-System of Care Meetings

Service	FY21 member rates	FY21 Non-member rates	Membership Savings
10 cases	\$35,000	\$40,000	\$5,000

Transportation
28 Lord Road; Suite 125; Marlborough, MA 01752

Purpose & Value

AVC provides special education transportation services by contracting with a vendor on behalf of our member school districts.

Services include:

- In-district and out-of-district McKinney Vento, field trips, community-based instruction, and after school services
- Monitored two-way radios, GPS and video monitoring
- Pre-screened CORI and SAFIS (Statewide Application Fingerprinting Identification Services) and specially trained drivers and monitors
- During 2021-2022 transportation services were impacted by the school bus driver shortages - resulting in a waitlist.
 - 555 students transported
 - All 12 member districts received out of district special education transportation services
 - 3 member districts received in-district special education transportation services - including Maynard, Nashoba, and Northborough-Southborough..

Transportation	Member Daily Rate	Nonmember Daily Rate	Membership Daily Savings	savings per route for 180 Day school year
Mini Van and Wheel Chair Vans to AVC programs	\$125	\$143.75	\$18.75	\$3,375
Mini Van to non AVC programs	\$155	\$178.25	\$23.25	\$4,185
Wheel Chair Van to non AVC programs	\$255	\$293.25	\$38.95	\$7,011
In District Vehicles	\$210	N/A	N/A	N/A
Monitor	\$90	\$103.50	\$13.5	2,430

Professional Development

AVC suspended external professional development in 2021-2022.

Facilities Rental

In 2021-2022, AVC reopened weekend and evening facilities rentals following a suspension of rentals during the height of COVID-19 pandemic. AVC's rental spaces were occupied by Evolution in 2021-2022 limiting rentals to non-school hours.

Service	FY20 member rates	FY20 Non-member rates	Membership Savings
Room Rental	\$350/room	\$400/room	\$50

Assabet Valley Collaborative

Financial Statements

For the Year Ended June 30, 2022

Assabet Valley Collaborative
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For the Year Ended June 30, 2022

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FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Assabet Valley Collaborative (a collaborative organized under the General Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Assabet Valley Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information Assabet Valley Collaborative, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principal

As discussed in Note A to the financial statements, in fiscal 2022, the Collaborative fully implemented Governmental Accounting Standards Board Statements No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Assabet Valley Collaborative's basic financial statements. The supplementary information on pages 38-41 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2022, on our consideration of Assabet Valley Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Assabet Valley Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Assabet Valley Collaborative's internal control over financial reporting and compliance.


Fritz O. Maguire III
Certified Public Accountant

Newburyport, Massachusetts
December 16, 2022

Assabet Valley Collaborative
Management's Discussion & Analysis
(unaudited)
June 30, 2022

The following discussion and analysis of Assabet Valley Collaborative's (the Collaborative) financial performance provides an overview of the Collaborative's financial activities for the fiscal year ended June 30, 2022 and summarized comparative information for 2021. Please read it in conjunction with the Collaborative's financial statements, which follow.

THE COLLABORATIVE AS A WHOLE

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

During fiscal year 2022, the Collaborative continued to lease a 17-classroom building in Marlborough where its therapeutic middle and high school program is based as part of a 25-year lease agreement with the City of Marlborough. Highlights of the agreement include: exclusive use of the facility, responsibility for building improvements, repair and landscaping. The Collaborative also owns administrative offices and professional development space located at 28 Lord Road, Marlborough, Massachusetts. Their Marlborough Evolution post graduate program and Family Success Partnership are also located there.

The Collaborative's Orchard Street Academy (OSA) - a tuition based therapeutic middle and high school program that includes an extended evaluation option (SOAR), served 61 students, equating to 50.49 full time equivalent (FTE) students. Enrollment in AVC's REACH program - a tuition-based program serving students with multiple and severe disabilities totaled 18 students equating to 16.02 FTE students. REACH program classrooms are located in member district schools. AVC's Evolution program - a tuition-based post-graduate program for students 18-22 years of age is now located entirely at AVC's headquarters in Marlborough after the lease at Shrewsbury High School expired. In FY22, Evolution served 31 students equating to 28.26 FTE students.

Fiscal year 2022 marked the tenth year of a transportation contract with VanPool Inc which transported 555 students during the year. Therapeutic and consultation services were provided to over 150 students from 4 member districts and 1 private special education school in the following disciplines: occupational, physical, and music therapies. The Family Success Partnership is in its 15th year of providing wrap-around and served 156 families; districts also received 20 consultations from FSP faculty. The 156 families receiving service during this fiscal year totaled 484 individuals served.

The Collaborative had a general fund balance of \$2,475,619 as of June 30, 2022.

Assabet Valley Collaborative
Management's Discussion & Analysis
(unaudited)
June 30, 2022

OVERVIEW OF THE FINANCIAL REPORTS

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

Government-wide Statements:

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

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

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

Fund Financial Statements:

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

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

Notes to the Financial Statements:

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

Assabet Valley Collaborative
Management's Discussion & Analysis
(unaudited)
June 30, 2022

Supplementary information:

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

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS

The following summarized Statement of Net Position is for the fiscal year 2022 with comparative information from fiscal year 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current assets, i.e. cash, accounts receivable and prepaid expenses	\$ 3,827,000	\$ 3,517,000
Non-current assets*	3,286,000	1,698,000
Deferred outflows related to OPEB	<u>2,314,000</u>	<u>2,605,000</u>
	<u>\$ 9,427,000</u>	<u>\$ 7,820,000</u>
Current liabilities, i.e. accounts payable, accrued expenses, current portion of long-term debt and unearned revenue	\$ 1,302,000	\$ 666,000
Non-current liabilities*	<u>8,770,000</u>	<u>10,396,000</u>
Total Liabilities	<u>\$ 10,072,000</u>	<u>\$ 11,062,000</u>
Deferred inflows related to OPEB	<u>\$ 5,967,000</u>	<u>\$ 1,417,000</u>
Net Position:		
Invested in capital and right-of-use assets*	\$ 345,000	\$ 884,000
Restricted	50,000	50,000
Unrestricted	<u>(7,007,000)</u>	<u>(5,593,000)</u>
Total Net Position	<u>\$ (6,612,000)</u>	<u>\$ (4,659,000)</u>

During fiscal year 2022, net position decreased by approximately \$1,953,000, including an adjustment for approximately \$497,000 related the cumulative effect of a change in accounting principle due to implementation of GASB Statement No. 87, Leases. The remaining decrease in net position is primarily due to a deficit from operations and increases in the net retirement health benefit obligations required by GASB Statement No. 75 of approximately \$1,036,000.

Current assets increased approximately \$300,000 and current liabilities increased by approximately \$636,000, due primarily to the deficit in operations. The Collaborative made no transfers into its OPEB trust during fiscal year 2022 and no contributions into its Capital Reserve Fund.

Assabet Valley Collaborative
Management's Discussion & Analysis
(unaudited)
June 30, 2022

As indicated in the following summarized Statement of Activities, total revenue increased by approximately \$811,000 and expenses increased approximately \$328,000 during fiscal year 2022. Excluding decreases in intergovernmental revenue revenues and expenses related to the state retirement systems, total revenues increased an additional approximately \$1,486,000. Charges for services increased approximately \$2,123,000 from fiscal year 2021 primarily due to significant rebound in transportation and other services subsequent to the impacts of the COVID-19 pandemic. There was an increase in member assessment income of \$24,000. Other postemployment benefits expense decreased approximately \$386,000 over fiscal year 2021. Education and other services expenses increased by approximately \$1,700,000, primarily due to necessary increases in staffing expenditures to provide necessary services. Administration expenses increased by approximately \$309,000 primarily due to new collaborative-wide staffing positions.

	<u>Year ended</u> <u>June 30, 2022</u>	<u>Year ended</u> <u>June 30, 2021</u>	<u>% Change</u>
Revenues:			
Assessments to member towns	\$ 180,000	\$ 156,000	
Charges for services	14,726,000	12,635,000	
Intergovernmental revenue	1,100,000	2,586,000	
Grants and contributions	247,000	122,000	
Interest income	5,000	12,000	
Other	78,000	14,000	
Total Revenues	<u>16,336,000</u>	<u>15,525,000</u>	+5%
Expenses:			
Administration	1,379,000	1,070,000	
Education and other services	13,948,000	12,248,000	
Intergovernmental expense	1,100,000	2,586,000	
Other postemployment benefits	1,036,000	1,422,000	
Interest expense*	136,000	36,000	
Depreciation and amortization*	193,000	102,000	
Total Expenses	<u>17,792,000</u>	<u>17,464,000</u>	+2%
Change in net position before member credits	(1,456,000)	(1,939,000)	
Member credits	-	(194,000)	
Net position - beginning of year (as restated)*	<u>(5,156,000)</u>	<u>(2,526,000)</u>	
Net position - end of year	<u>\$ (6,612,000)</u>	<u>\$ (4,659,000)</u>	

*During 2022, the Collaborative implemented GASB Statement No. 87 and as a result, made adjustments effective July 1, 2021 for right-of-use leased assets and related liabilities. The information above includes information reported under GASB Statement No. 87 in the 2022 information only and does not adjust for lease assets or liabilities in prior presented years. In addition, the change in net position reflects the 2022 net change, not including the cumulative effect of implementing GASB Statement No. 87 of \$496,537.

Assabet Valley Collaborative
Management's Discussion & Analysis
(unaudited)
June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

During 2022, the Collaborative incurred approximately \$34,000 of capital asset expenditures. The Collaborative's debt consists of two mortgages to finance the purchase of real estate. As of June 30, 2022, and 2021, the remaining principal balance of the loans was \$760,973 and \$814,483, respectively. During fiscal 2022 and 2021, the principal of the loans was paid down by \$53,510 and \$47,915, respectively.

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

LEASED ASSETS AND LIABILITIES

During 2022, the Collaborative implemented GASB Statement No. 87 which requires recording right-of-use leased assets and related liabilities for all long-term leases. The Collaborative recorded the lease assets and liabilities effective July 1, 2021 with a cumulative effect for a change in accounting principal to the prior year ending net position of \$496,537. As of June 30, 2022, the Collaborative recognized right-of-use assets totaling \$2,568,960, net of accumulated amortization of \$924,826 and lease liabilities of \$2,179,026 for a facility lease. See Note G in the notes to the financial statements for additional information on the Collaborative's leases.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for fiscal year 2022 provided for a deficit of approximately \$637,000. In fiscal year 2022, actual revenues, excluding intergovernmental revenue, were lower than budgeted amounts by approximately \$931,000, primarily due to lower than expected transportation and services revenues from the continued disruption caused by the COVID-19 pandemic. Total expenditures, excluding intergovernmental expense, were lower than budgeted amounts by approximately \$1,240,000, primarily due to lower than expected services costs, to offset the decreased revenues in program services.

KNOWN FACTS, DECISIONS, OR CONDITIONS

The Collaborative implemented a new standard from the GASB, Statement No. 87, Leases, in fiscal year 2022. The standard changes the recognition of leases in the Collaborative's financial statements. Long-term leases are required to be recorded as assets with related liabilities for future lease payments. The change significantly impacted the Collaborative's total assets and liabilities in its government-wide financial statements, and resulted in a cumulative change in net position from prior years but did not significantly impact its governmental fund financial statements. See Note G in the notes to the financial statements for additional information on the Collaborative's leases.

REQUEST FOR INFORMATION

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

Assabet Valley Collaborative

Statement of Net Position

June 30, 2022

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 2,175,375
Accounts receivable, net	1,563,009
Prepaid expenses	88,980
Total Current Assets	<u>3,827,364</u>
Non-current Assets	
Capital assets	2,506,070
Accumulated depreciation	(864,939)
Right-of-use lease assets	2,568,960
Accumulated amortization	(924,826)
Total Non-current Assets	<u>3,285,265</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to OPEB	<u>2,314,375</u>
Total Deferred Outflows of Resources	<u>2,314,375</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,427,004</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
Current Liabilities	
Current portion of long-term debt	\$ 56,073
Current portion of lease liability	70,711
Accounts payable and accrued expenses	1,301,737
Total Current Liabilities	<u>1,428,521</u>
Non-current Liabilities:	
Long-term debt	704,900
Long-term lease liability	2,108,315
Other postemployment benefits	5,830,035
Total Long Term Liabilities	<u>8,643,250</u>
Total Liabilities	<u>10,071,771</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to OPEB	<u>5,967,144</u>
Total Deferred Inflows of Resources	<u>5,967,144</u>
Net Position	
Invested in capital assets, net of related debt	880,158
Invested in right-of-use leased assets, net of related liabilities	(534,892)
Restricted - capital reserve fund	50,008
Unrestricted	(7,007,185)
Total Net Position	<u>(6,611,911)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 9,427,004</u>

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

Assabet Valley Collaborative
Statement of Activities
For the Year Ended June 30, 2022

Functions/ Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Administration	\$ 1,379,001	\$ 209,760	\$ 5,558	\$ (1,163,683)
Education and related	7,224,803	7,283,851	241,154	300,202
Transportation	6,721,772	7,231,791	-	510,019
Intergovernmental revenue and expense	1,099,743	-	1,099,743	-
Other postemployment benefits	1,035,781	-	-	(1,035,781)
Interest expense	136,406	-	-	(136,406)
Depreciation and amortization	193,182	-	-	(193,182)
Total Governmental Activities	\$ 17,790,688	\$ 14,725,402	\$ 1,346,455	(1,718,831)
General Revenues and Credits:				
Assessments to member districts				180,000
Interest				5,167
Other				77,596
Total General Revenues and Credits				262,763
Change in Net Position				(1,456,068)
Net Position, Beginning of Year				
As previously reported				(4,659,306)
Cumulative effect of a change in accounting principle (see Note B)				(496,537)
As restated				(5,155,843)
Net Position, End of Year				\$ (6,611,911)

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

Assabet Valley Collaborative
 Balance Sheet
 Governmental Funds
 June 30, 2022

	General Fund	Capital Reserve Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,125,367	\$ 50,008	\$ 2,175,375
Accounts receivable, net	1,563,009	-	1,563,009
Prepaid expenses	88,980	-	88,980
Total Assets	\$ 3,777,356	\$ 50,008	\$ 3,827,364
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,301,737	\$ -	\$ 1,301,737
Total Liabilities	1,301,737	-	1,301,737
Fund Balances:			
Nonspendable	88,980	-	88,980
Restricted	-	50,008	50,008
Committed	-	-	-
Assigned	-	-	-
Unassigned	2,386,639	-	2,386,639
Total Fund Balances	2,475,619	50,008	2,525,627
Total Liabilities and Fund Balances	\$ 3,777,356	\$ 50,008	\$ 3,827,364

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

Assabet Valley Collaborative

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total fund balances, governmental funds	\$ 2,525,627
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of related debt, used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	880,158
Right-of-use leased assets, net of accumulated amortization and related liabilities, used in governmental activities are not financial resources and therefore are not reported in the funds.	(534,892)
Deferred outflows relating to the other postemployment benefit obligations are not a current financial resource and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	2,314,375
The Other postemployment benefit (OPEB) liability is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the Statement of Net Position.	(5,830,035)
Deferred inflows relating to the other postemployment benefit obligations are not a current obligation and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	<u>(5,967,144)</u>
Net Position of Governmental Activities	<u><u>\$ (6,611,911)</u></u>

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

Assabet Valley Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Capital Reserve Fund	Total Governmental Funds
Revenues and Credits:			
Member assessments	\$ 180,000	\$ -	\$ 180,000
Program revenues	14,515,642	-	14,515,642
Federal and state grants	246,712	-	246,712
Intergovernmental revenue	1,099,743	-	1,099,743
Interest	5,159	8	5,167
Other	287,356	-	287,356
Credits to member districts	-	-	-
Total Revenues and Credits	16,334,612	8	16,334,620
Expenditures:			
Administration	1,379,001	-	1,379,001
REACH/Crossroads	1,846,408	-	1,846,408
Transportation	6,721,772	-	6,721,772
Alternative programs (OSA/SOAR)	3,371,710	-	3,371,710
Vocational program (Evolution)	1,172,450	-	1,172,450
Family success partnership (FSP)	587,633	-	587,633
Other	246,602	-	246,602
Intergovernmental expense	1,099,743	-	1,099,743
Capital outlay	33,628	-	33,628
Debt Service:			
Debt principal	53,510	-	53,510
Debt interest	36,777	-	36,777
Lease Service:			
Lease financing principal	64,403	-	64,403
Lease interest	99,629	-	99,629
Total Expenditures	16,713,266	-	16,713,266
Excess of Expenditures Over Revenues	(378,654)	8	(378,646)
Net Change in Fund Balances	(378,654)	8	(378,646)
Fund Balances, Beginning of Year	2,854,273	50,000	2,904,273
Fund Balances, End of Year	\$ 2,475,619	\$ 50,008	\$ 2,525,627

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

Assabet Valley Collaborative

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ (378,646)

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

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

Capital outlay purchases	33,628
Depreciation	(90,424)
	<u>(56,796)</u>

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

Debt principal payments	53,510
Amortization of bond fees recorded to interest expense	(102,758)
Lease financing principal	64,403
	<u>15,155</u>

Other postemployment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in other postemployment benefits (OPEB) accrual	<u>(1,035,781)</u>
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Change in net position of governmental activities \$ (1,456,068)

Assabet Valley Collaborative
Statement of Fiduciary Net Position
Other Postemployment Benefits Trust
June 30, 2022

ASSETS

Cash and cash equivalents	\$ 202,513
Total Assets	\$ 202,513

NET POSITION

Net position held in trust for other postemployment benefits	\$ 202,513
Total Net Position	\$ 202,513

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

Assabet Valley Collaborative
Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust
For the year ended June 30, 2022

Additions:

Contributions	\$ -
Interest and dividend income	178
	178
Total Additions	178

Deductions:

Retiree health insurance expense	-
	-
Total Deductions	-
Change in Net Position	178
Net Position - Beginning of Year	202,335
Net Position - End of Year	\$ 202,513

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

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE A - NATURE OF ORGANIZATION AND REPORTING ENTITY

Organization

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

Assessments: According to the Collaborative Agreement, each member of the community is annually assessed a membership fee which is determined annually by the Board of Directors. The fiscal year 2022 membership fee was \$15,000 per district. Revenue for assessments was \$180,000 for fiscal year 2022 as approved by the Board of Directors.

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

Reporting Entity

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cumulative effect of change in accounting principle

The Collaborative has fully implemented GASB Statement No. 87, *Leases*. Statement No. 87 requires the present value of long-term leases to be recorded as an asset of the Collaborative and future lease payments to be recorded as a liability. The asset is required to be amortized ratably over the lease term and lease payments are allocated between interest expense and liability payments. Previously, operating lease payments were expensed as incurred with no corresponding asset or liability recorded. The significant impact to the Collaborative's financial statements is to the government-wide financials statements. The beginning net position on the government-wide financial statements as a result of the cumulative effect of this change in accounting principle decreased in the amount of \$496,357 from the amount previously reported in the financial statements for the year ended June 30, 2021. There was no change in the opening balance in the governmental fund balance as a result of the cumulative effect of this change in accounting principle.

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Collaborative does not allocate indirect expenses to functions in the statement of Activities.

Program revenues included charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

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

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

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

Governmental Funds:

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

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

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

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

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds:

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

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

Basis of Accounting and Measurement Focus

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

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

Revenues

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

Accounts Receivable

Accounts receivable represent amounts due from Collaborative members and communities participating in the various programs offered by the Collaborative. There is no allowance for doubtful accounts as all receivables were considered collectible at June 30, 2022.

Capital Assets

Government-wide Statements

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

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

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

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

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

Budgets

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

Compensated Absences and Other Employee Benefits amounts

The Collaborative no longer allows carry over of compensated absence days from the preceding fiscal year. The vacation liability carryover at June 30, 2022 was \$0.

Claims and Judgments

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

Equity Classifications

Government-wide Statements

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

Investment in capital assets, net of related debt – Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributed to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end the portion of the debt attributable to the unspent proceeds are not included in the calculation or invested in capital assets. The Collaborative has no bonded debt on Capital assets at June 30, 2022.

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

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

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

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

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

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

Restricted: Amounts that can be used only for specific purposes because of (a) constitutional provisions or enabling legislation or (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.)

Committed: Amounts that can be used only for specific purposes because of a formal action by the government's highest level of decision-making authority (Board of Directors). This classification might also include contractual obligations if existing resources have been committed for use in satisfying those contractual requirements.

Assigned: Amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom authority has been given.

Unassigned: This is residual classification for the General Fund – that is, everything that is not in another classification or in another fund. The General Fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts have been restricted, committed, or assigned.

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

Allocation of Costs

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

Use of Estimates

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

NOTE C – CASH AND CASH EQUIVALENTS

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

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

	<u>June 30, 2022</u>	
	Carrying Amount	Bank Balance
Insured (FDIC) and (DIF)	<u>\$2,175,375</u>	<u>\$3,205,624</u>
Total Cash	<u>\$2,175,375</u>	<u>\$3,205,624</u>

Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 and deposits, including Certificates of Deposits in Massachusetts-chartered savings banks are insured in full above the FDIC limit from Depositors Insurance Fund (DIF) of Massachusetts

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE C – CASH AND CASH EQUIVALENTS (continued)

Cash is reported in financial statements as follows:

Governmental Activities	\$2,175,375
Fiduciary Funds	<u>202,513</u>
Total	<u>\$2,377,888</u>

NOTE D - CAPITAL ASSETS AND LOANS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance</u> <u>6/30/21</u>	<u>Additions</u>	<u>Balance</u> <u>6/30/22</u>
Capital assets being depreciated:			
Leasehold improvements	\$ 448,247	\$ -	\$ 448,247
Building and improvements	1,719,761	25,003	1,744,764
Furniture and equipment	172,349	8,625	180,974
Vehicles	<u>132,085</u>	<u>-</u>	<u>132,085</u>
Total Capital Assets Being Depreciated	<u>2,472,442</u>	<u>33,628</u>	<u>2,506,070</u>
Less: Accumulated depreciation for:			
Leasehold improvements	435,246	13,000	448,246
Building and improvements	128,143	49,356	177,499
Furniture and equipment	81,011	26,098	107,109
Vehicle	<u>130,115</u>	<u>1,970</u>	<u>132,085</u>
Total Accumulated Depreciation	<u>774,515</u>	<u>90,424</u>	<u>864,939</u>
Net Capital Assets	<u>\$1,697,927</u>	<u>(\$56,796)</u>	<u>\$1,641,131</u>

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

The Collaborative has financed the purchase of property at 28 Lord Road in Marlborough, Massachusetts using a local bank over the years with interest payable at 4.25% to 4.75%. As of June 30, 2022, the remaining balance on the loans were \$760,973. The mortgages mature in fiscal 2032 and 2036 and are payable monthly including principal and interest at \$5,496 and \$2,028.

The following summarizes long-term debt activity of the Collaborative for the year ended June 30, 2022:

	<u>Balance</u> <u>6/30/2021</u>	<u>New</u> <u>Borrowing</u>	<u>Repayments</u>	<u>Balance</u> <u>6/30/2022</u>
Mortgages- Lord Road	\$ 814,483	\$ -	\$ (53,510)	\$ 760,973
Current Portion	<u>(53,510)</u>			<u>(56,073)</u>
Long-Term Portion	<u>\$ 760,973</u>			<u>\$ 704,900</u>

Interest paid during the year ended June 30, 2022 totaled \$36,777 on all debt.

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE D - CAPITAL ASSETS AND LOANS (continued)

Future maturities of debt payable as of June 30, 2022 are as follows:

Fiscal Year End	Principal	Interest	Total
June 30:			
2023	\$ 56,073	\$ 34,214	\$ 90,287
2024	58,675	31,612	90,287
2025	61,572	28,715	90,287
2026	64,523	25,764	90,287
2027	67,615	22,672	90,287
2028-2032	378,830	61,610	440,440
2033-2037	73,685	5,415	79,100
Thereafter	-	-	-
	<u>\$760,973</u>	<u>\$210,002</u>	<u>\$ 970,975</u>

NOTE E - CUMULATIVE SURPLUS

In accordance with Massachusetts regulation 603 C.M.R. 50.07, the Collaborative has determined that its Cumulative Surplus as of June 30, 2022 is equal to the cumulative General Fund Balance of \$2,475,619. The Collaborative Agreement stipulates that the Board will retain no more than 25 percent of the previous year's (i.e. audited year's) general fund expenditures, which is equal to \$3,903,381, in cumulative surplus. The cumulative General Fund Balance did not exceed the allowable surplus as of June 30, 2022.

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

Plan Descriptions

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

Benefits Provided

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

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

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

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

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

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

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

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

Contributions

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

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

Educational Collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, the Collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives. During fiscal year 2022, the Collaborative's contributions on behalf of employees totaled \$110,446.

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

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

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

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

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

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

The nonemployer contributing entities' share of the collective net pension liability that is associated with the Collaborative was measured as of June 30, 2021 and was \$3,170,601 and \$11,291,571 under MSERS and MTRS, respectively. In fiscal year 2022, the Collaborative recognized revenue and related expense of \$193,641 (under GASB Statement No. 68) for its portion of the collective pension expense under MSERS. In fiscal year 2022, the Collaborative recognized revenue and related expense of \$906,102, (under GASB Statement No. 68) for its portion of the collective pension expense under MTRS. These amounts are recorded as Intergovernmental revenue and expense in the financial statements.

NOTE G - LEASE DISCLOSURES

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

Location	Rental Space	Annual Rent
Marlborough – Bigelow School	AVCAS School Building	\$164,032
Algonquin Regional High School	REACH Classroom	\$ 4,000
Woodward Elementary School	REACH Classroom	\$ 4,000
Southborough – Trottier Middle School	REACH Classroom	\$ 4,000

Rent expense for real property leases totaled \$176,032 for the fiscal year ended June 30, 2022.

The lease of the school location in Marlborough listed above qualifies as a long-term lease and is recorded in accordance with GASB Statement No. 87. The Collaborative calculated all lease assets and liabilities in effect at July 1, 2021 and recorded a cumulative effect from the change as a decrease in net position of \$496,537. The Marlborough lease was valued using the 4.50% incremental borrowing rate of the Collaborative at the time the lease was entered into.

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 6/30/2022	Net Asset 6/30/2022
City of Marlborough	7/1/2013	25 Years	\$164,032 (FY22)	4.50%	\$2,568,960	\$924,826	\$1,644,134
Total Lease Agreements					\$2,568,960	\$924,826	\$1,644,134

For the years ended June 30, 2022, total amortization expense of leased assets was \$102,758 and total interest expense on lease liability was \$99,629.

In addition, the Collaborative leases copy and postage equipment. Rent expense for operating equipment leases for fiscal 2022 totaled \$9,661. None of the leases exceeded the right-of-use asset calculation threshold and are expensed as paid.

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE G - LEASE DISCLOSURES (continued)

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

Year Ending 30-Jun	Principal	Interest	Total
2023	\$ 70,711	\$ 96,601	\$167,312
2024	77,376	93,283	170,659
2025	84,415	89,657	174,072
2026	91,847	85,707	177,554
2027	99,692	81,413	181,105
Thereafter	1,754,806	493,080	2,247,886
	<u>\$2,178,846</u>	<u>\$939,741</u>	<u>\$3,118,588</u>

Future minimum payments, by year, for the next five years and in the aggregate, under non-cancellable equipment leases consisted of the following at June 30, 2022:

Fiscal year-end	Amount
2023	\$ 720
2024	720
2025	720
2026	-
2027 and thereafter	-
Total	<u>\$ 2,160</u>

NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN

Description

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

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

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

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

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

Funding Policy

The Collaborative has not established a formal funding policy.

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Investment Policy

The long-term rate of return on assets developed based on the Collaborative Investment Policy is 2.4% and a municipal bond rate of 3.54%. Long-term investment return rate is based on expected long-term investment return rates provided by the Collaborative.

Actuarially Determined Contribution (ADC)

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

Actuarially Determined Contribution - Deficiency / (Excess)		June 30, 2022
I. Service Cost		\$1,193,273
II. 30-year level dollar amortization of NOL and interest		295,661
III. Actuarial Determined Contribution [I. + II.]		1,488,934
IV. Contributions in relation to the actuarially determined contribution		(48,848)
V. Contribution deficiency / (excess) [III. + IV.]		<u>\$1,440,086</u>
Covered employee payroll		\$5,923,050
Contribution as a % of covered employee payroll		0.82%
Discount Rate		2.16%
Money Weighted Rate of Return		0.09%

OPEB Liability and OPEB Expense

	Fiscal Year Ended June 30, 2022	
	Collaborative Employees and Retirees	Total
I. Total OPEB Liability	\$ 6,032,548	\$ 6,032,548
II. Fiduciary Net Position as of June 30, 2022	<u>202,513</u>	<u>202,513</u>
III. Net OPEB Liability (Asset) [I.-II.]	5,830,035	5,830,035
IV. Service cost	1,193,273	1,193,273
V. Interest	237,726	237,726
VI. Changes of benefit terms	-	-
VII. Differences between expected and actual	(282,956)	(282,956)
VIII. Changes of assumptions	(63,414)	(63,414)
IX. Benefit payments	-	-
X. Net OPEB Expense	<u>\$1,084,629</u>	<u>\$1,084,629</u>

Effect of 1% Change in Discount Rates

As of the June 30, 2022 Measurement Date, if the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$4,897,112 and the Net OPEB Liability would decrease to \$4,694,599. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$7,524,965 and the Net OPEB Liability would increase to \$7,322,452.

Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Total OPEB Liability as of the June 30, 2022 Measurement Date would increase to \$7,900,895 and Net OPEB Liability would increase to \$7,698,382. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Total OPEB Liability would decrease to \$4,683,513 and the Net OPEB Liability would decrease to \$4,481,000.

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Actuarial Methods and Assumptions

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

Actuarial Cost Method:	Entry Age Normal
Discount Rate:	3.54% per annum (previously 2.16%)
General Inflation Assumption:	2.40% per annum
Annual Compensation Increases:	3.50% per annum
Actuarial Value of Assets:	Market Value

Recognition of OPEB Trust Assets

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

Deferred Outflows and Deferred Inflows of Resources

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

Fiscal	Differences between actual & expected experience	Recognitio n Period (years)	2022 Amortization	6/30/2022 Remaining Balance	2023	2024	2025	2026	2027	2028 and Thereafter
2018	-	11.43	-	-	-	-	-	-	-	-
2019	-	11.43	-	-	-	-	-	-	-	-
2020	(1,445,326)	10.92	(132,356)	(1,048,258)	(132,356)	(132,356)	(132,356)	(132,356)	(132,356)	(386,478)
2021	-	10.92	-	-	-	-	-	-	-	-
2022	(1,639,967)	10.98	(149,359)	(1,490,608)	(149,359)	(149,359)	(149,359)	(149,359)	(149,359)	(743,813)
Total Remaining Balance				(2,538,866)						
Net increase (decrease) in OPEB Expense			(281,715)		(281,715)	(281,715)	(281,715)	(281,715)	(281,715)	(1,130,291)

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

Fiscal	Changes of Assumptions	Recognition Period (years)	2022 Amortization	6/30/2022 Remaining Balance	2023	2024	2025	2026	2027	2028 and Thereafter
2018	(363,836)	11.43	(31,832)	(204,676)	(31,832)	(31,832)	(31,832)	(31,832)	(31,832)	(45,516)
2019	539,758	11.43	47,223	350,866	47,223	47,223	47,223	47,223	47,223	114,751
2020	2,433,289	10.92	222,829	1,764,802	222,829	222,829	222,829	222,829	222,829	650,657
2021	233,379	10.92	21,372	190,635	21,372	21,372	21,372	21,372	21,372	83,775
2022	(3,546,608)	10.98	(323,006)	(3,223,602)	(323,006)	(323,006)	(323,006)	(323,006)	(323,006)	(1,608,572)
Total Remaining Balance				(1,121,975)						
Net increase (decrease) in OPEB Expense			(63,414)		(63,414)	(63,414)	(63,414)	(63,414)	(63,414)	(804,905)

Assabet Valley Collaborative

Notes to Financial Statements

June 30, 2022

NOTE H – POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between projected & actual earnings on OPEB plan investments									
Fiscal	Differences between projected & actual earnings	Recognition Period (years)	2022 Amortization	6/30/2022 Remaining Balance	2023	2024	2025	2026	2027
2018	1,518	5.00	303	-	-	-	-	-	-
2019	1,795	5.00	359	359	359	-	-	-	-
2020	3,908	5.00	782	1,562	781	781	-	-	-
2021	4,555	5.00	911	2,733	911	911	911	-	-
2022	4,273	5.00	855	3,418	855	855	854	854	-
Total Remaining Balance				8,072					
Net increase (decrease) in OPEB Expense			3,210		2,906	2,547	1,765	854	-

NOTE I - RISK MANAGEMENT

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

Beginning in March 2020, the COVID-19 pandemic in the United States has caused disruption and a reduction in overall economic activity. While the disruption was expected to be temporary, there is still considerable uncertainty around the duration and the impact it will have on the Collaborative's operations and financial position. Any financial impact to the Collaborative, if any, cannot be reasonably estimated at this time. Management and the Collaborative's board of directors constantly monitor the financial and operational situation in relation to the pandemic.

NOTE J - COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE K –RESTRICTED FUND BALANCE

The Collaborative's Board of Directors has approved a capital budget plan in accordance with state regulations not to exceed \$722,500. During the year ended June 30, 2022, the Collaborative made no transfers to the capital reserve fund. The remaining balance in the capital reserve fund at June 30, 2022 was \$50,008.

NOTE L - SUBSEQUENT EVENTS

The Collaborative evaluated subsequent events through December 16, 2022, which is the date the financial statements were available to be issued.

Assabet Valley Collaborative

Required Supplementary Information

June 30, 2022

Assabet Valley Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balances
of the General Fund - Budget to Actual - Budgetary Basis
For the Year Ended June 30, 2022

	Original/ Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Member assessments	\$ 180,000	\$ 180,000	\$ -
Multiple handicapped (REACH/Crossroads)	1,518,942	1,567,456	48,514
Transportation	7,800,000	7,231,791	(568,209)
Alternative programs (OSA/SOAR)	3,911,772	3,444,791	(466,981)
Vocational program (Evolution)	2,007,744	1,715,027	(292,717)
Family success partnership (FSP)	556,653	556,577	(76)
Grants	-	246,712	246,712
Intergovernmental revenue*	-	1,099,743	1,099,743
Interest	-	5,159	5,159
Other	191,050	287,356	96,306
Total Revenues	16,166,161	16,334,612	168,451
Expenditures:			
Administration	1,600,124	1,379,001	221,123
Professional development	-	-	-
REACH/Crossroads	1,722,961	1,846,408	(123,447)
OT/PT/Therapies/Contract services	-	-	-
Transportation	6,843,109	6,721,772	121,337
Alternative programs (OSA/SOAR)	3,780,178	3,371,710	408,468
Vocational program (Evolution)	2,033,671	1,172,450	861,221
Family success partnership (FSP)	619,194	587,633	31,561
Grant related expenses	-	246,602	(246,602)
Intergovernmental expense*	-	1,099,743	(1,099,743)
Capital outlay, net of debt incurred	-	33,628	(33,628)
Debt Service:			
Debt principal	53,510	53,510	-
Debt interest	36,777	36,777	-
Lease Service:			
Lease financing principal	64,403	64,403	-
Lease interest	99,629	99,629	-
Total Expenditures	16,853,556	16,713,266	140,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	(687,395)	(378,654)	308,741
Other Financing Sources			
Transfer to capital project fund	50,000	-	(50,000)
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	\$ (637,395)	\$ (378,654)	\$ 258,741

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

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

Assabet Valley Collaborative
OPEB Plan - Required Supplementary Information
June 30, 2022

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

Schedule Presentation

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

Assabet Valley Collaborative
OPEB Plan - Required Supplementary Information
As of the June 30, 2022 Measurement Date

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

Schedule Presentation

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

Assabet Valley Collaborative
OPEB Plan - Required Supplementary Information
As of the June 30, 2022 Measurement Date

Notes to Required Supplementary Information:

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

Actuarial Cost Method: Entry Age Normal

Asset-Valuation Method: Market Value

Actuarial Assumptions:

Investment Rate of Return: 2.4% compounded annually, net of fees

Municipal Bond Rate: 3.54%, based on the Bond Buyer 20-Bond GO Index published on June 30, 2022

Single Equivalent Discount Rate: 3.54%, compounded annually

Inflation: 2.4% per year, based on current economic data, analyses from economists and other experts, and professional judgement

Salary Increases: 3.5% per year

Cost of Living Adjustment: Not Applicable

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

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

Assabet Valley Collaborative
OPEB Plan - Required Supplementary Information
As of the June 30, 2022 Measurement Date

Notes to Required Supplementary Information (Continued):

Actuarial Assumptions:

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

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

Plan Membership

Plan Membership: At June 30, 2022, the OPEB plan membership consisted for the following

Inactive employees or beneficiaries currently receiving benefits:	5
Active Employees:	<u>94</u>
Total:	<u>99</u>

Events Subsequent to the Measurement Date

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

Changes in Assumptions: From June 30, 2021 to June 30, 2022:

Discount rate is 3.54% previously 2.16%

Contributions:

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

Assabet Valley Collaborative
Schedule of the Collaborative's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2022

		<u>MTRS</u>	<u>MSERS</u>
Collaborative's proportion of net pension liability	FY2015	0.04561%	0.02466%
	FY2016	0.04893%	0.02650%
	FY2017	0.05218%	0.02512%
	FY2018	0.05300%	0.02333%
	FY2019	0.05160%	0.02279%
	FY2020	0.05363%	0.02713%
	FY2021	0.04928%	0.03038%
Collaborative's proportionate share of net pension liability	FY2015	\$ 9,345,520	\$ 2,806,546
	FY2016	\$ 10,938,585	\$ 3,653,558
	FY2017	\$ 11,941,119	\$ 3,222,152
	FY2018	\$ 12,567,663	\$ 3,086,439
	FY2019	\$ 13,009,603	\$ 3,335,691
	FY2020	\$ 15,308,931	\$ 4,655,414
	FY2021	\$ 11,291,571	\$ 3,170,601
Collaborative's covered-employee payroll	FY2015	\$ 2,891,227	\$ 1,349,422
	FY2016	\$ 3,218,268	\$ 1,475,832
	FY2017	\$ 3,552,532	\$ 1,434,591
	FY2018	\$ 3,715,284	\$ 1,341,094
	FY2019	\$ 3,797,949	\$ 1,371,234
	FY2020	\$ 4,127,108	\$ 1,678,535
	FY2021	\$ 3,926,642	\$ 1,848,959
Collaborative's proportionate share of net pension liability as a percentage of its covered-employee payroll	FY2015	323.24%	207.98%
	FY2016	339.89%	247.56%
	FY2017	336.13%	224.60%
	FY2018	338.27%	230.14%
	FY2019	342.54%	243.26%
	FY2021	287.56%	171.48%
Plan fiduciary net position as a percentage of the total pension liability	FY2015	55.38%	67.87%
	FY2016	52.73%	63.48%
	FY2017	54.25%	67.21%
	FY2018	54.84%	67.91%
	FY2019	53.95%	66.28%
	FY2020	50.67%	62.48%
	FY2021	62.03%	77.54%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System

MSERS is the Massachusetts State Employees' Retirement System

Also, see Note F to financial statements

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2021.

Schedule Presentation

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

See independent auditor's report.

Assabet Valley Collaborative
Schedule of Pension Contributions
For the Year Ended June 30, 2022

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

Notes to Required Supplementary Info

MTRS is the Massachusetts Teachers' Retirement System

MSERS is the Massachusetts State Employees' Retirement System

Also, see Note F to financial statements

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2021.

Schedule Presentation

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

Contributions

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

See independent auditor's report.

Assabet Valley Collaborative

Other Supplementary Information

June 30, 2022

Assabet Valley Collaborative
Statement of Revenues and Expenditures and Changes in Fund Balance by Program
For the Year Ended June 30, 2022

	REACH/ Crossroads	Transportation	Alternative HS	Vocational Evolution	Family Success Partnership	Other Funds	Grant	Total Programs
Revenues								
Programs	\$ 1,567,449	\$ 7,231,791	\$ 3,444,790	\$ 1,715,027	\$ 556,577	\$ 31,685	\$ -	\$ 14,547,319
Federal and state grants	4,762	-	12,388	6,940	2,550	-	214,514	241,154
Other revenue	-	-	-	-	-	-	-	-
Total Revenues	1,572,211	7,231,791	3,457,178	1,721,967	559,127	31,685	214,514	14,788,473
Expenditures								
Salaries	970,856	47,736	2,023,902	613,044	489,111	-	214,000	4,358,649
Therapy	391,521	-	402,508	120,396	-	-	-	914,425
Other contracted services	140,307	65	207,541	16,366	237	-	-	364,516
Transportation	-	6,657,831	3,817	27,125	-	-	-	6,688,773
Supplies	30,133	-	98,004	41,725	2,483	403	514	173,262
Retirement	32,395	2,912	-	-	-	-	-	35,307
Medicare	19,450	646	78,591	29,453	11,296	-	-	139,436
Travel	2,461	115	99	257	6,527	-	-	9,459
Medical insurance	182,900	11,819	391,659	162,918	63,456	-	-	812,752
Medical services	33,488	-	15,846	124,258	-	-	-	173,592
Rent	12,000	-	168,734	2,952	-	-	-	183,686
Maintenance	1,715	-	62,111	9,268	-	31,685	-	104,779
Membership & subscriptions	199	225	150	200	-	-	-	774
Telephone & utilities	15,643	423	114,731	21,582	10,911	-	-	163,290
Equipment	13,340	-	1,675	2,908	3,612	-	-	21,535
Debt principal	-	-	-	39,725	7,694	-	-	47,419
Professional development	-	-	-	-	-	-	-	-
Total Expenditures	1,846,408	6,721,772	3,569,368	1,212,177	595,327	32,088	214,514	14,191,654
Revenues (over) under expenditures before transfers	(274,197)	510,019	(112,190)	509,790	(36,200)	(403)	-	596,819
Other financing sources (uses):								
Operating transfers out	(129,158)	(470,196)	(249,682)	(84,793)	(41,644)	-	-	(975,473)
Net change in fund balances	\$ (403,355)	\$ 39,823	\$ (361,872)	\$ 424,997	\$ (77,844)	\$ (403)	\$ -	\$ (378,654)

See independent auditor's report.

Assabet Valley Collaborative
 Schedule of Treasurer's Cash
 June 30, 2022

COMPOSITION OF CASH AT YEAR END:

Governmental fund cash is comprised of:

Avidia Bank (3 accounts)	Interest Bearing	\$ 1,392,601
Avidia Bank (1 account)	Non-Interest Bearing	1,973
Main Street Bank (1 account)	Interest Bearing	726,907
Main Street Bank (1 account)	Non-Interest Bearing	<u>53,894</u>
Total governmental fund cash		<u><u>\$ 2,175,375</u></u>

Fiduciary fund cash is comprised of:

Avidia Bank (1 account)	Interest Bearing	<u>\$ 202,513</u>
Total fiduciary fund cash		<u><u>\$ 202,513</u></u>

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

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

None

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

See Note G - Lease Disclosures

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

<u>Name and Title</u>	<u>Total Compensation</u>
C. Cummins, Executive Director	\$ 118,606
C. Alexander, Director of Educational Technology	\$ 118,606
A. Tortorelli, Director of Facilities	\$ 118,606
K. Franjul, Clinical Coordinator	\$ 118,606
B. Goodreau, Program Co-Director	\$ 118,606
M. Sharma, Program Coordinator	\$ 118,606

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

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

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

Program Principal/Directors/Coordinators - Responsible for the operation, maintenance, and general administration of program.

The amounts expended on administration and overhead:

Administration and overhead \$ 1,379,001

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

None

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

None

Any other items as may be required by regulation:

None

See independent auditor's report.

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

Annual determination and disclosure of cumulative surplus:

Cumulative Surplus Calculation - FY22	Page(s) in financial statements
(A) Surplus as of June 30, 2021	\$ 2,854,273 (A) p.12
<i>(Breakdown of use of 2021 surplus)</i>	
B(1) used to support the FY22 budget	\$ 378,654
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 FY22 <i>(total from B1:B4)</i>	\$ 378,654 (B) p.12
(C) Unexpended FY22 General Funds	\$ - (C) p.12
(D) Cumulative Surplus as of June 30, 2022 <i>(A) - (B) + (C) = (D)</i>	\$ 2,475,619 (D) p.12
(E) FY22 Total General Fund Expenditures*	\$ 15,613,523 (E) p.12
(F) Cumulative Surplus Percentage <i>(D) ÷ (E)</i>	15.86% (F) p.12
CUMULATIVE SURPLUS REDUCTION	
Allowable uses of surplus - in excess of the 25% limit	
(G) Cumulative surplus as of June 30, 2022	\$ 2,475,619
25% limit (allowed)	\$ 3,903,381
(H) Cumulative Surplus REDUCTIONS	
(H)1 Credited to member districts for tuition, services, etc.	\$ -
(H)2 Deposit to an established trust and/or reserve fund	\$ -
(H)3 Returned (check) to school districts/towns	\$ -
Total Reductions	\$ -
FY22 Cumulative Surplus Percentage after Reductions	15.86%
* Excludes Intergovernmental expense, includes transfers to capital reserve and OPEB trust fund.	

See independent auditor's report.



FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Assabet Valley Collaborative (a collaborative organized under the General Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Assabet Valley Collaborative's basic financial statements, and have issued our report thereon dated December 16, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Certified Public Accountants

Newburyport, Massachusetts

December 16, 2022



ACCEPTANCE OF THE BOARD OF DIRECTORS

We, the Board of Directors of the Assabet Valley Collaborative, have voted to accept the representations of management and the expression of the opinions made by Fritz DeGuglielmo LLC as embodied in the financial statements, supplemental schedules and independent auditor's reports for the year ended June 30, 2022.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and under Commonwealth of Massachusetts laws for the year ended June 30, 2022.

Amber R. Bock

Board Chair

12 / 22 / 2022

Date

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