

**CONCORD AREA SPECIAL
EDUCATION COLLABORATIVE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

CONTENTS

FINANCIAL SECTION

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	10-11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Funds	16
Statement of Fiduciary Net Position – Fiduciary Fund	17
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	18
Notes to Financial Statements	19-45

REQUIRED SUPPLEMENTARY INFORMATION

Budget and Actual

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual – General Fund	46
Notes to Required Supplementary Information for General Fund Budget	47

Pension

Schedule of Proportionate Share of the Net Pension Liability	48
Schedule of Pension Contributions	49

OPEB

Schedule of Changes in the Net OPEB Liability	50
Schedule of Net OPEB Liability, Contributions, and Investment Returns	51

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

CONTENTS

SUPPLEMENTARY INFORMATION

Required Disclosures per Massachusetts General

Laws Chapter 40, Section 4E 52-55

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with *Governmental Auditing Standards* 56-57

Independent Auditors' Report

To the Board of Directors
Concord Area Special Education Collaborative

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Concord Area Special Education Collaborative (the "Collaborative"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Collaborative, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collaborative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in this report. The other information comprises the required disclosures by the Massachusetts Department of Elementary and Secondary Education for Massachusetts Educational Collaboratives but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance on them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Collaborative's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boston, MA
December 19, 2025

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

As management of the Concord Area Special Education Collaborative (the "Collaborative"), we offer readers this narrative overview and analysis of the financial activities of the Collaborative for the fiscal year ended June 30, 2025.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Collaborative. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Collaborative's programs.

Notes to Financial Statements

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

Other 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, which includes information concerning the Collaborative's budgetary comparisons for the general fund and its pension and other postemployment benefit obligations. This report also presents other information as required by Massachusetts General Law (M.G.L.) Chapter 40, Section 4E.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$3,815,003, an increase of \$1,293,260.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$6,239,835, an increase of \$691,265 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,024,575, an increase of \$1,249,799 in comparison to the prior year.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

Government-Wide Financial Analysis

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

Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 7,195,764	\$ 6,411,800
Capital assets	<u>2,778,040</u>	<u>2,816,288</u>
Total Assets	<u>9,973,804</u>	<u>9,228,088</u>
Deferred Outflows of Resources	<u>738,273</u>	<u>839,794</u>
Liabilities		
Other liabilities	955,929	863,230
Long-term liabilities	<u>4,107,831</u>	<u>4,437,060</u>
Total Liabilities	<u>5,063,760</u>	<u>5,300,290</u>
Deferred Inflows of Resources	<u>1,833,314</u>	<u>2,245,849</u>
Net Position		
Net investment in capital assets	1,233,666	1,032,462
Restricted	85,670	84,991
Unrestricted	<u>2,495,667</u>	<u>1,404,290</u>
Total Net Position	<u>\$ 3,815,003</u>	<u>\$ 2,521,743</u>

As noted earlier, net position may serve over time as a useful indicator of the Collaborative's financial position. At the close of the most recent fiscal year, total net position was \$3,815,003, an increase of \$1,293,260 in comparison to the prior year.

Net position of \$1,233,666 reflects our investment in capital assets (e.g., transportation vehicles), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

An additional portion of net position, \$85,670, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,495,667, may be used to meet the Collaborative's ongoing obligations.

Change in Net Position

	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 5,812,129	\$ 5,383,847
Operating grants and contributions	1,568,047	1,954,802
General revenues:		
School year program member tuition and fees	4,188,162	4,248,689
School year program non-member tuition and fees	5,100,726	3,938,678
Summer program tuition and fees	633,374	495,500
Investment income	144,875	163,208
Miscellaneous	1,033,091	649,811
Total Revenues	<u>18,480,404</u>	<u>16,834,535</u>
Expenses		
Administration	1,017,860	937,444
Supervision	1,094,350	1,234,386
Instruction	8,455,935	7,980,305
Transportation	6,618,999	6,160,588
Total Expenses	<u>17,187,144</u>	<u>16,312,723</u>
Change in Net Position	1,293,260	521,812
Net Position - Beginning of Year	<u>2,521,743</u>	<u>1,999,931</u>
Net Position - End of Year	<u>\$ 3,815,003</u>	<u>\$ 2,521,743</u>

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

Governmental Activities

Governmental activities for the year resulted in an increase in net position of \$1,293,260. Key elements of this change are as follows:

Return of prior year surplus	\$ (428,686)
Capital acquisitions less depreciation expense	223,025
Change in net OPEB liability, net of related deferrals	490,575
Repayment of lease liability	239,452
Other	<u>768,894</u>
	<u>\$ 1,293,260</u>

Financial Analysis of the Collaborative's Funds

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

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,024,575, while total fund balance was \$6,221,559. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to table below.

General Fund	June 30, 2025	June 30, 2024	Change	% of General Fund Expenditures*
Unassigned fund balance	\$ 5,024,575	\$ 3,774,776	\$ 1,249,799	31.0%
Total fund balance	\$ 6,221,559	\$ 5,530,973	\$ 690,586	38.4%

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$1,023,170 and from the Commonwealth of the Massachusetts State Employees' Retirement System of \$700,293.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

The total fund balance of the General Fund increased by \$690,586 during the current fiscal year. Primarily reflecting positive fiscal year 2025 budgetary result, softened by the return of surplus and expenditures of prior encumbrances.

General Fund Budgetary Highlights

There was no difference between the total original budget and the final amended budget in fiscal year 2025.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at year-end amounted to \$2,778,040 (net of accumulated depreciation and amortization). This investment in capital assets includes transportation vehicles and right to use leased assets. Major capital asset events during the current fiscal year included the following:

- \$652,432 – Acquisition of vehicles

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

Long-Term Debt

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

At the end of the current fiscal year, the Collaborative leases office space under right-to-use leases totaling \$1,544,374.

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

Requests for Information

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

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

STATEMENT OF NET POSITION

JUNE 30, 2025

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and short-term investments	\$ 6,827,572
Accounts receivable	293,942
Other assets - security deposit	<u>74,250</u>
Total Current Assets	<u>7,195,764</u>
Noncurrent Assets	
Right to use leased assets, net of accumulated amortization	1,354,661
Other capital assets, net of accumulated depreciation	<u>1,423,379</u>
Total Noncurrent Assets	<u>2,778,040</u>
Total Assets	<u>9,973,804</u>
Deferred Outflows of Resources	
Related to OPEB	<u>738,273</u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2025

Liabilities

Current Liabilities

Warrants and accounts payable	331,575
Accrued liabilities	624,354
Current portion of long-term liabilities:	
Lease liability	257,491
Compensated absences	<u>2,653</u>

Total Current Liabilities	<u>1,216,073</u>
----------------------------------	------------------

Noncurrent Liabilities

Lease liability, net of current portion	1,286,883
Compensated absences	103,460
Net OPEB liability	<u>2,457,344</u>

Total Noncurrent Liabilities	<u>3,847,687</u>
-------------------------------------	------------------

Total Liabilities	<u>5,063,760</u>
--------------------------	------------------

Deferred Inflows of Resources

Related to OPEB	<u>1,833,314</u>
-----------------	------------------

Net Position

Net investment in capital assets	1,233,666
Restricted for:	
Grants and other	11,420
Nonspendable for security deposit	74,250
Unrestricted	<u>2,495,667</u>

Total Net Position	<u><u>\$ 3,815,003</u></u>
---------------------------	----------------------------

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$ 1,017,860	\$ --	\$ 35,153	\$ (982,707)
Supervision	1,094,350	--	12,522	(1,081,828)
Instruction	8,455,935	--	900,882	(7,555,053)
Transportation	<u>6,618,999</u>	<u>5,812,129</u>	<u>619,490</u>	<u>(187,380)</u>
Total Governmental Activities	<u>\$ 17,187,144</u>	<u>\$ 5,812,129</u>	<u>\$ 1,568,047</u>	(9,806,968)
		General Revenues		
		School year program member tuitions and fees		4,188,162
		School year program non-member tuitions and fees		5,100,726
		Summer program tuition and fees		633,374
		Investment income		144,875
		Miscellaneous		<u>1,033,091</u>
		Total General Revenues		<u>11,100,228</u>
		Change in Net Position		1,293,260
		Net Position, Beginning of year		<u>2,521,743</u>
		Net Position, End of year		<u>\$ 3,815,003</u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and short-term investments	\$ 6,809,296	\$ 18,276	\$ 6,827,572
Accounts receivable	293,942	--	293,942
Security deposit	74,250	--	74,250
Total Assets	<u>\$ 7,177,488</u>	<u>\$ 18,276</u>	<u>\$ 7,195,764</u>
Liabilities			
Warrants and accounts payable	\$ 331,575	\$ --	\$ 331,575
Accrued liabilities	623,784	--	623,784
Total Liabilities	<u>955,359</u>	<u>--</u>	<u>955,359</u>
Fund Balances			
Nonspendable	74,250	--	74,250
Restricted	--	11,420	11,420
Committed	--	6,856	6,856
Assigned	1,122,734	--	1,122,734
Unassigned	5,024,575	--	5,024,575
Total Fund Balances	<u>6,221,559</u>	<u>18,276</u>	<u>6,239,835</u>
Total Liabilities and fund balances	<u>\$ 7,177,488</u>	<u>\$ 18,276</u>	<u>\$ 7,195,764</u>

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

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

JUNE 30, 2025

<i>Total Governmental Fund Balances</i>	\$ 6,239,835
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,423,379
Right to use leased assets used in governmental activities are not resources and, therefore, are not reported in the governmental funds.	1,354,661
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	738,273
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in governmental funds:	
Lease liability	(1,544,374)
OPEB liability, net of related deferred outflows and inflows of resources	(2,457,344)
Compensated absences liability	(106,113)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(1,833,314)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 3,815,003</u></u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
School year program member tuition and fees	\$ 4,188,162	\$ --	\$ 4,188,162
School year program non-member tuition and fees	5,100,726	--	5,100,726
Summer program tuition and fees	633,374	--	633,374
Transportation assessments	5,810,488	--	5,810,488
Intergovernmental	1,723,463	8,830	1,732,293
Investment income	144,875	--	144,875
Miscellaneous	<u>1,034,732</u>	<u>6,250</u>	<u>1,040,982</u>
Total Revenues	<u>18,635,820</u>	<u>15,080</u>	<u>18,650,900</u>
Expenditures			
Program:			
Administration	943,783	--	943,783
Supervision	1,076,701	--	1,076,701
Instruction	6,956,648	14,401	6,971,049
Instructional rent	412,399	--	412,399
Instructional insurance and benefits	1,585,108	--	1,585,108
Transportation operating	6,318,163	--	6,318,163
Transportation capital outlay	<u>652,432</u>	<u>--</u>	<u>652,432</u>
Total Expenditures	<u>17,945,234</u>	<u>14,401</u>	<u>17,959,635</u>
Change in Fund Balance	690,586	679	691,265
Fund Balance, at Beginning of Year	<u>5,530,973</u>	<u>17,597</u>	<u>5,548,570</u>
Fund Balance, at End of Year	<u><u>\$ 6,221,559</u></u>	<u><u>\$ 18,276</u></u>	<u><u>\$ 6,239,835</u></u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

<i>Net Changes in Fund Balances - Total Governmental Funds</i>	\$ 691,265
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	652,432
Right to use asset amortization	(261,273)
Depreciation	(429,407)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Repayment of lease liability	239,452
Decrease in OPEB expense from GASB 75	490,575
Change in compensated absences	<u>(89,784)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 1,293,260</u></u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

JUNE 30, 2025

	<u>OPEB Trust Fund</u>
Assets	
Investments:	
External investment pool	<u>\$ 6,171,222</u>
Net Position	
Restricted for OPEB purposes	<u>\$ 6,171,222</u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

	<u>OPEB Trust Fund</u>
Additions	
Investment income	\$ 539,489
Contributions from employer	<u>429,500</u>
Total Additions	968,989
Deductions	
Benefit payments to plan members	<u>389,500</u>
Net Increase	579,489
Net Position Restricted for OPEB	
Net position , at Beginning of Year	<u>5,591,733</u>
Net position , at End of Year	<u><u>\$ 6,171,222</u></u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The Collaborative is a municipal corporation governed by an appointed Board of Directors. As required by GAAP, these financial statements present the Collaborative and applicable component units for which the Collaborative is considered to be financially accountable. In fiscal year 2025, no entities met the criteria to be reported as component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Collaborative reports the following major governmental fund:

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

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The Collaborative reports the following fiduciary fund:

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

CASH AND INVESTMENTS

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

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

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

Investments are carried at fair value.

CAPITAL ASSETS

Capital assets, which include transportation vehicles, are reported in the applicable in the government-wide financial statements. Capital assets are defined by the Collaborative as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are reviewed annually for impairment. No impairment losses were recognized during the fiscal year ended.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

<u>Assets</u>	<u>Years</u>
Vehicles	5
Right-to-use leases assets	10

LEASES

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

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

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

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, the face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as administrative expenditures.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

FUND EQUITY

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

Fund Balance

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

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

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Net Position

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

USE OF ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Collaborative's Board of Directors approves the annual school year program, summer program, and transportation budgets. School year and summer program budgets are based on anticipated enrollment and are funded by annually approved per pupil tuition rates for member and non-member entities. The transportation budget consists of estimated operating and capital costs and is funded by assessments based on the weighted average number of students transported two years previously in the month of June (i.e., fiscal year 2025 transportation assessments are based on the weighted average number of pupils transported in June 2023).

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS

MGL Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Collaborative. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks and MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

DEPOSITS

Custodial Credit Risk

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

As of June 30, 2025, the carrying amount of the Collaborative's deposits totaled \$4,302,221, and the bank balance totaled of \$5,152,672. Of the bank balance, \$500,000 was covered by FDIC insurance, \$3,941,989 was collateralized, and \$710,683 was exposed to custodial credit risk because it was uninsured and uncollateralized.

INVESTMENTS

The following is a summary of the Collaborative's Plan investments as of June 30, 2025:

<u>Investment Type</u>	<u>Amount</u>
MMDT - Cash portfolio	\$ 2,525,351
PRIT - Internal Investment Pool	<u>6,171,222</u>
Total investments	<u><u>\$ 8,696,573</u></u>

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

As of June 30, 2025, the Plan did not have investments subject to custodial credit risk exposure.

Credit Risk – Investments in Debt Securities

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

As of June 30, 2025, the credit quality ratings of the Plan's debt securities were as follows:

Investment Type	Amount	Rating as of Year End
		Unrated
MMDT - Cash portfolio	\$ 2,525,351	\$ 2,525,351
PRIT - Internal Investment Pool	6,171,222	6,171,222
Total investments	<u>\$ 8,696,573</u>	<u>\$ 8,696,573</u>

Concentration of Credit Risk

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

As of June 30, 2025, the Plan did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk – Investments in Debt Securities

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Credit Risk – Investments in Debt Securities

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

At June 30, 2025, none of the Plan's investments were exposed to foreign currency risk.

Fair Value

The Plan categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

The Collaborative did not have any investments subject to the fair value level classification as of June 30, 2025. The Collaborative's investments in the PRIT Internal Investment Pool are measured at net asset value (NAV). The fair value of these investments has been determined using the NAV as a practical expedient and has not been categorized within the fair value hierarchy (Level 1, Level 2, or Level 3). Practical expedient is not used when the investment would be expected to sell at a value different from the NAV. The Collaborative's investments in the MMDT cash portfolio are measured at amortized cost.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable represents tuition due from member and non-member communities for services rendered in fiscal year 2025.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, Being Depreciated/Amortized:				
Vehicles	\$ 4,344,503	\$ 652,432	\$ --	\$ 4,996,935
Right to use assets (office suites)	<u>2,399,753</u>	<u>--</u>	<u>--</u>	<u>2,399,753</u>
Total Capital Assets, Being Depreciated/Amortized	<u>6,744,256</u>	<u>652,432</u>	<u>--</u>	<u>7,396,688</u>
Less Accumulated Depreciation Amortization For:				
Vehicles	(3,144,149)	(429,407)	--	(3,573,556)
Right to use assets (office suites)	<u>(783,819)</u>	<u>(261,273)</u>	<u>--</u>	<u>(1,045,092)</u>
Total Accumulated Depreciation/Amortization	<u>(3,927,968)</u>	<u>(690,680)</u>	<u>--</u>	<u>(4,618,648)</u>
Capital Assets, Net	<u>\$ 2,816,288</u>	<u>\$ (38,248)</u>	<u>\$ --</u>	<u>\$ 2,778,040</u>

Depreciation and amortization expense was charged to functions of the Collaborative as follows during fiscal year 2024:

Transportation	<u>\$ 690,680</u>
----------------	-------------------

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

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

NOTE 7 – ACCRUED LIABILITIES

Accrued liabilities are comprised of accrued payroll as of June 30, 2025.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 8 – LEASE OBLIGATIONS

The Collaborative is the lessee of office spaces under leases expiring in various years through 2031. The future principal and interest lease payments as of June 30, 2025, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 257,491	\$ 93,198	\$ 350,689
2027	276,139	84,816	360,955
2028	295,417	75,813	371,230
2029	315,347	66,170	381,517
2030	399,980	90,869	490,849
	<u>\$ 1,544,374</u>	<u>\$ 410,866</u>	<u>\$ 1,955,240</u>

NOTE 9 – LONG-TERM LIABILITIES

CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Leases	\$ 1,783,826	\$ --	\$ (239,452)	\$ 1,544,374	\$ (257,491)	\$ 1,286,883
Compensated absences	16,329	--	--	16,329	--	16,329
Net OPEB liability	2,636,905	--	(179,561)	2,457,344	--	2,457,344
	<u>\$ 4,437,060</u>	<u>\$ --</u>	<u>\$ (419,013)</u>	<u>\$ 4,018,047</u>	<u>\$ (257,491)</u>	<u>\$ 3,760,556</u>

NOTE 10 – DEFERRED INFLOWS OF RESOURCES

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 11 – GOVERNMENTAL FUNDS – FUND BALANCES

The Collaborative's fund balances at June 30, 2025 are comprised of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Security deposit	\$ 74,250	\$ --	\$ 74,250
Restricted			
Donation fund	--	10,599	10,599
State and federal grants	--	821	821
Total Restricted	--	11,420	11,420
Committed			
Professional development	--	6,856	6,856
Assigned			
Encumbrances:			
School Program	67,059	--	67,059
Transportation	1,055,675	--	1,055,675
Total Assigned	1,122,734	--	1,122,734
Unassigned			
General fund	5,024,575	--	5,024,575
Total Fund Balance	\$ 6,221,559	\$ 18,276	\$ 6,239,835

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

PLAN DESCRIPTION

The Massachusetts State Employees’ Retirement System (“MSERS”) is a public employee retirement system (“PERS”) that administers a cost-sharing, multi-employer, defined benefit plan as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 67, *Financial Reporting for Pension Plans*. MSERS covers substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The financial report may be obtained by visiting <https://www.macomptroller.org/gasb-68-reports/>. Management of MSERS is vested in the Massachusetts State Retirement Board (“MSRB”), which consists of five members—two elected by current and active MSERS members, one by the remaining members of the MSRB, one who is appointed by the State Treasurer and the State Treasurer, who serves as ex-officio and is the Chair of the MSRB.

PARTICIPANT RETIREMENT BENEFITS

MSERS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. MGL establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation, or regular payment made into a fund by an employee toward a future pension, retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

PARTICIPANT CONTRIBUTIONS

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

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

ACTUARIAL ASSUMPTIONS

The total pension liability is measured as of June 30, 2024 and was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024. This valuation used the following assumptions:

- (a) 2.5% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.
- Mortality rates were as follows:
 - Pre-retirement – reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females.
 - Post-retirement – reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females.
 - Disability – the mortality rate reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year.
- Experience studies were performed as follows:
 - Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Investment assets of the MSERS are with the Pension Reserves Investment Trust (“PRIT”) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	36.00%	4.60%
Core fixed income	15.00%	2.10%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.70%
Real estate	10.00%	3.90%
Value added fixed income	9.00%	5.10%
Timber/natural resources	4.00%	4.40%
	<u>100.00%</u>	

DISCOUNT RATE

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

SENSITIVITY ANALYSIS

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

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 12,424,328	\$ 9,821,663	\$ 5,814,591

SPECIAL FUNDING SITUATION – EDUCATIONAL COLLABORATIVES

A special funding situation was created by MGL for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission ("PERAC"), currently 6.10% of covered payroll. Legally, the Collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives. Therefore, the Collaborative does not have a net pension liability. The Collaborative's required contribution to MSERS equaled its actual contribution for the year ended June 30, 2024, was \$245,811.

NOTE 13 – MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

BENEFITS PROVIDED

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. MGL establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for regular payment of retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A regular payment of retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

CONTRIBUTIONS

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

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024. This valuation used the following assumptions:

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

Mortality rates were as follows:

- Pre-retirement – reflects SOA Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Post-retirement – reflects SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Disability – assumed to be in accordance with the SOA Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

TARGET ALLOCATIONS

Investment assets of the MTRS are with the PRIT Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	36.00%	4.60%
Core fixed income	15.00%	2.10%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.70%
Real estate	10.00%	3.90%
Value added fixed income	9.00%	5.10%
Timber/natural resources	<u>4.00%</u>	4.40%
	<u>100.00%</u>	

DISCOUNT RATE

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

SENSITIVITY ANALYSIS

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

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 32,776,000	\$ 25,356,461	\$ 19,080,000

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

SPECIAL FUNDING SITUATION

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Collaborative's teachers and retired teachers to the MTRS. Therefore, the Collaborative is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Collaborative does not contribute directly to the MTRS, the Collaborative does not have a net pension liability. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in the MTRS as of the measurement date of June 30, 2024. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$1,023,170 is reported in the General Fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is \$10,731,586 as of the measurement date.

NOTE 14— OTHER POST-EMPLOYMENT BENEFITS

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

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

All the following OPEB disclosures are based on a measurement date of June 30, 2025.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Benefits Provided

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

Funding Policy

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

Plan Membership

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	75
Active employees	<u>160</u>
	<u>235</u>

INVESTMENTS

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

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 9.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The net OPEB liability was determined by an actuarial valuation as of July 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%, net of OPEB plan investment expense
Salary increases	3.00% annually as of June 30, 2025 and for future periods
Investment rate of return	6.47%, net of OPEB plan investment expense
Municipal bond rate	4.81% as of June 30, 2025
Discount rate	6.97%, net of OPEB plan investment expense
Healthcare cost trend rates	4.96% for June 2025, fluctuating 0.04-0.50% for an ultimate rate of 3.63% in 2060
Retirees' share of benefit-related costs	50%
Participation rate	80%

Pre-retirement mortality for general employees reflects RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 1 year for females. Pre-retirement mortality for teachers reflects PubT-2010 Mortality Table (Headcount-weighted) for Employees projected generationally with scale MP-2021. Post-retirement mortality for general employees reflects RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females. Post-retirement mortality for teachers reflects PubT-2010 Mortality Table (Headcount weighted) for Healthy Annuitants projected generationally with scale MP-2021. Disabled mortality for general employees reflects RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females. Disabled mortality for teachers reflects PubT-2010 Mortality Table (Headcount-weighted) for Healthy Annuitants projected generationally with scale MP-2021.

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

TARGET ALLOCATIONS

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic Equity - Large Cap	14.50%	4.52%
Domestic Equity - Small/Mid Cap	3.50%	5.06%
International Equity - Developed Market	16.00%	5.08%
International Equity - Emerging Market	6.00%	5.80%
Domestic Fixed Income	20.00%	2.44%
International Fixed Income	3.00%	2.13%
Alternatives	23.00%	6.09%
Real Estate	<u>14.00%</u>	3.73%
	<u>100.00%</u>	

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

DISCOUNT RATE

The discount rate used to measure the net OPEB liability was 6.46% at June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2025, were as follows:

Total OPEB liability	\$ 8,628,566
Plan fiduciary net position	<u>6,171,222</u>
Net OPEB liability	<u><u>\$ 2,457,344</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	71.52%
--	--------

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

CHANGES IN THE NET OPEB LIABILITY

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

		Increase (Decrease)	
		Plan	
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances, Beginning of Year	\$ 8,228,638	\$ 5,591,733	\$ 2,636,905
Changes for the year:			
Service cost	300,668	--	300,668
Interest	581,147	--	581,147
Contributions - employer	--	429,500	(429,500)
Net investment income	--	539,489	(539,489)
Differences between expected and actual experience	(398,423)	--	(398,423)
Changes in assumptions	306,036	--	306,036
Benefit payments	<u>(389,500)</u>	<u>(389,500)</u>	<u>--</u>
Net Changes	<u>399,928</u>	<u>579,489</u>	<u>(179,561)</u>
Balances, End of Year	<u><u>\$ 8,628,566</u></u>	<u><u>\$ 6,171,222</u></u>	<u><u>\$ 2,457,344</u></u>

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Changes of assumptions and other inputs reflect a change in the discount rate from 6.97% in 2024 to 6.46% in 2025.

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

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

1% Decrease (5.46%)	Current Discount Rate (6.46%)	1% Increase (7.46%)
\$ 3,557,623	\$ 2,457,344	\$ 1,548,006

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

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

1% Decrease (3.96%)	Current Healthcare Cost Trend Rates (4.96%)	1% Increase (5.96%)
\$ 1,458,368	\$ 2,457,344	\$ 3,655,143

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

For the year ended June 30, 2025, the Collaborative recognized an OPEB expense of \$(61,075). At June 30, 2025, the Collaborative reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ (1,313,914)
Change in assumptions	738,273	(421,252)
Net difference between projected and actual OPEB investment earnings	--	(98,148)
	<u>\$ 738,273</u>	<u>\$ (1,833,314)</u>

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

Year Ended June 30:

2025	\$ (338,469)
2026	(323,320)
2027	(303,856)
2028	(111,879)
2029	(14,974)
Thereafter	(2,543)
	<u>\$ (1,095,041)</u>

NOTE 15— COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

GRANTS

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

ENCUMBRANCES

At year-end, the Collaborative's General Fund has \$1,122,734 in encumbrances that will be liquidated in the next fiscal year.

NOTE 16— IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2025, the following GASB pronouncements were implemented:

- GASB Statement #101, *Compensated Absences*. The Town implemented GASB 101 in 2025. This pronouncement did not impact the basic financial statements.
- GASB Statement #102, *Certain Risk Disclosures*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #103, *Financial Reporting Model Improvements*, which is required to be implemented for fiscal years beginning after June 15, 2025.
- The GASB issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented for fiscal years beginning after June 15, 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Revenues					
School year program member tuition and fees	\$ 4,273,225	\$ 4,273,225	\$ 4,188,162	\$ --	\$ (85,063)
School year program non-member tuition and fees	4,416,165	4,416,165	5,100,726	--	684,561
Summer program tuition and fees	643,723	643,723	633,374	--	(10,349)
Transportation assessments	5,810,488	5,810,488	5,810,488	--	--
Investment income	152,500	152,500	144,875	--	(7,625)
Miscellaneous	498,998	498,998	1,034,732	--	535,734
Total Revenues	<u>15,795,099</u>	<u>15,795,099</u>	<u>16,912,357</u>	<u>--</u>	<u>1,117,258</u>
Expenditures					
Program:					
Administration	737,145	737,145	906,884	--	(169,739)
Supervision	1,197,636	1,197,636	1,063,557	--	134,079
Instruction	7,007,200	7,007,200	6,956,648	67,059	(16,507)
Instructional rent	405,213	405,213	412,399	--	(7,186)
Instructional insurance and benefits	711,883	711,883	561,938	--	149,945
Transportation operating	7,417,973	7,417,973	6,320,345	1,055,675	41,953
Total Expenditures	<u>17,477,050</u>	<u>17,477,050</u>	<u>16,221,771</u>	<u>1,122,734</u>	<u>132,545</u>
Excess (Deficiency) of Revenues over Expenditures	(1,681,951)	(1,681,951)	690,586	(1,122,734)	1,249,803
Other Financing Sources					
Use of prior year reserves	1,253,265	1,253,265	--	--	(1,253,265)
Voted use of Cumulative Surplus	428,686	428,686	--	--	(428,686)
Total Other Financing Sources	<u>1,681,951</u>	<u>1,681,951</u>	<u>--</u>	<u>--</u>	<u>(1,681,951)</u>
Net Change in Fund Balance	--	--	690,586	(1,122,734)	(432,148)
Budgetary Fund Balance, Beginning of Year	<u>17,477,050</u>	<u>17,477,050</u>	<u>5,530,973</u>	<u>--</u>	<u>(564,693)</u>
Budgetary Fund Balance, End of Year	<u>\$ 17,477,050</u>	<u>\$ 17,477,050</u>	<u>\$ 6,221,559</u>	<u>\$ (1,122,734)</u>	<u>\$ (996,841)</u>

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

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR GENERAL FUND BUDGET

FOR THE YEAR ENDED JUNE 30, 2025

BUDGETARY BASIS

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

BUDGET/GAAP RECONCILIATION

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

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

	<u>Revenues</u>	<u>Expenditures</u>
GAAP Basis	\$ 18,635,820	\$ 17,945,234
Reverse MSERS and MTRS on-behalf contributions	<u>(1,723,463)</u>	<u>(1,723,463)</u>
Budgetary Basis	<u>\$ 16,912,357</u>	<u>\$ 16,221,771</u>

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (for the past ten years)

Massachusetts State Employees' Retirement System								
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Collaborative	Total Net Pension Liability Associated with the Collaborative	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2025	June 30, 2024	0.06261%	\$ --	\$ 8,844,429	\$ 8,844,429	\$ 5,457,109	-	72.90%
June 30, 2024	June 30, 2023	0.06705%	\$ --	\$ 9,821,663	\$ 9,821,663	\$ 4,402,898	-	70.71%
June 30, 2023	June 30, 2022	0.06356%	\$ --	\$ 8,841,058	\$ 8,841,058	\$ 4,305,299	-	71.05%
June 30, 2022	June 30, 2021	0.06773%	\$ --	\$ 7,068,881	\$ 7,068,881	\$ 3,955,826	-	77.54%
June 30, 2021	June 30, 2020	0.07863%	\$ --	\$ 13,491,119	\$ 13,491,119	\$ 4,122,264	-	62.48%
June 30, 2020	June 30, 2019	0.08755%	\$ --	\$ 12,812,898	\$ 12,812,898	\$ 4,818,848	-	66.28%
June 30, 2019	June 30, 2018	0.09592%	\$ --	\$ 12,690,024	\$ 12,690,024	\$ 5,216,730	-	67.91%
June 30, 2018	June 30, 2017	0.10150%	\$ --	\$ 13,017,348	\$ 13,017,348	\$ 5,513,967	-	67.21%
June 30, 2017	June 30, 2016	0.10506%	\$ --	\$ 14,486,536	\$ 14,486,536	\$ 5,795,679	-	63.48%
June 30, 2016	June 30, 2015	0.10303%	\$ --	\$ 11,727,901	\$ 11,727,901	\$ 5,851,807	-	67.87%
Massachusetts Teachers' Retirement System								
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Collaborative	Total Net Pension Liability Associated with the Collaborative	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2025	June 30, 2024	0.042323%	\$ --	\$ 10,731,586	\$ 10,731,586	\$ 4,045,357	-	61.45%
June 30, 2024	June 30, 2023	0.042229%	\$ --	\$ 11,102,023	\$ 11,102,023	\$ 3,918,740	-	58.48%
June 30, 2023	June 30, 2022	0.042065%	\$ --	\$ 10,889,971	\$ 10,889,971	\$ 3,668,647	-	57.75%
June 30, 2022	June 30, 2021	0.043619%	\$ --	\$ 9,904,412	\$ 9,904,412	\$ 3,468,854	-	62.03%
June 30, 2021	June 30, 2020	0.047346%	\$ --	\$ 13,514,959	\$ 13,514,959	\$ 3,397,762	-	50.67%
June 30, 2020	June 30, 2019	0.056981%	\$ --	\$ 14,367,222	\$ 14,367,222	\$ 3,587,327	-	53.95%
June 30, 2019	June 30, 2018	0.065278%	\$ --	\$ 15,478,182	\$ 15,478,182	\$ 4,146,598	-	54.84%
June 30, 2018	June 30, 2017	0.065285%	\$ --	\$ 14,940,804	\$ 14,940,804	\$ 4,584,365	-	54.25%
June 30, 2017	June 30, 2016	0.069674%	\$ --	\$ 15,577,621	\$ 15,577,621	\$ 4,433,479	-	52.73%
June 30, 2016	June 30, 2015	0.070960%	\$ --	\$ 14,539,513	\$ 14,539,513	\$ 4,582,903	-	55.38%

See independent auditors' report.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

(for the past ten years)

Massachusetts State Employees' Retirement System					
Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2025	\$ 245,811	\$ 245,811	\$ --	\$ 5,457,109	4.50%
June 30, 2024	\$ 256,806	\$ 256,806	\$ --	\$ 4,402,898	5.83%
June 30, 2023	\$ 262,623	\$ 262,623	\$ --	\$ 4,305,299	6.10%
June 30, 2022	\$ 241,562	\$ 241,562	\$ --	\$ 3,955,826	6.11%
June 30, 2021	\$ 251,458	\$ 251,458	\$ --	\$ 4,122,264	6.10%
June 30, 2020	\$ 293,950	\$ 293,950	\$ --	\$ 4,818,848	6.10%
June 30, 2019	\$ 318,221	\$ 318,221	\$ --	\$ 5,216,730	6.10%
June 30, 2018	\$ 336,352	\$ 336,352	\$ --	\$ 5,513,967	6.10%
June 30, 2017	\$ 324,558	\$ 324,558	\$ --	\$ 5,795,679	5.60%
June 30, 2016	\$ 326,736	\$ 326,736	\$ --	\$ 5,851,807	5.60%

Massachusetts Teachers' Retirement System					
Fiscal Year	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2025	\$ 1,023,170	\$ 1,023,170	\$ --	\$ 4,045,357	25.29%
June 30, 2024	\$ 907,357	\$ 907,357	\$ --	\$ 3,918,740	23.15%
June 30, 2023	\$ 885,312	\$ 885,312	\$ --	\$ 3,668,647	24.13%
June 30, 2022	\$ 762,663	\$ 762,663	\$ --	\$ 3,468,854	21.99%
June 30, 2021	\$ 735,495	\$ 735,495	\$ --	\$ 3,397,762	21.60%
June 30, 2020	\$ 822,642	\$ 822,642	\$ --	\$ 3,587,327	22.90%
June 30, 2019	\$ 858,260	\$ 858,260	\$ --	\$ 4,146,598	20.70%
June 30, 2018	\$ 806,610	\$ 806,610	\$ --	\$ 4,584,365	17.60%
June 30, 2017	\$ 783,540	\$ 783,540	\$ --	\$ 4,433,479	17.70%
June 30, 2016	\$ 725,165	\$ 725,165	\$ --	\$ 4,582,903	15.80%

See independent auditors' report.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY *(for the past nine years)*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 300,668	\$ 338,736	\$ 313,465	\$ 274,567	\$ 347,433	\$ 331,581	\$ 308,602	\$ 430,236	\$ 418,048
Interest	581,147	533,471	574,264	545,268	599,743	560,665	486,400	484,858	407,624
Differences between expected and actual experience	(398,423)	--	(1,477,125)	--	(2,236,911)	(7,367)	251,742	(533,893)	--
Changes of assumptions	306,036	(657,246)	413,956	417,900	1,218,704	--	(539,930)	--	--
Benefit payments, including refunds of member contributions	<u>(389,500)</u>	<u>(333,905)</u>	<u>(351,875)</u>	<u>(327,283)</u>	<u>(363,544)</u>	<u>(322,117)</u>	<u>(284,391)</u>	<u>(186,874)</u>	<u>(152,312)</u>
Net Change in Total OPEB Liability	399,928	(118,944)	(527,315)	910,452	(434,575)	562,762	222,423	194,327	673,360
Total OPEB Liability - Beginning	<u>8,228,638</u>	<u>8,347,582</u>	<u>8,874,897</u>	<u>7,964,445</u>	<u>8,399,020</u>	<u>7,836,258</u>	<u>7,613,835</u>	<u>7,419,508</u>	<u>6,746,148</u>
Total OPEB Liability - Ending (a)	<u>\$ 8,628,566</u>	<u>\$ 8,228,638</u>	<u>\$ 8,347,582</u>	<u>\$ 8,874,897</u>	<u>\$ 7,964,445</u>	<u>\$ 8,399,020</u>	<u>\$ 7,836,258</u>	<u>\$ 7,613,835</u>	<u>\$ 7,419,508</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 429,500	\$ 373,905	\$ 391,875	\$ 374,083	\$ 376,744	\$ 342,117	\$ 304,391	\$ 206,874	\$ 182,312
Net investment income (loss)	539,489	483,028	272,041	(187,066)	1,112,649	72,367	196,142	299,430	352,722
Benefit payments, including refunds of member contributions	<u>(389,500)</u>	<u>(333,905)</u>	<u>(351,875)</u>	<u>(327,283)</u>	<u>(363,544)</u>	<u>(322,117)</u>	<u>(284,391)</u>	<u>(186,874)</u>	<u>(152,312)</u>
Net Change in Plan Fiduciary Net Position	579,489	523,028	312,041	(140,266)	1,125,849	92,367	216,142	319,430	382,722
Plan Fiduciary Net Position - Beginning	<u>5,591,733</u>	<u>5,068,705</u>	<u>4,756,664</u>	<u>4,896,930</u>	<u>3,771,081</u>	<u>3,678,714</u>	<u>3,462,572</u>	<u>3,143,142</u>	<u>2,760,420</u>
Plan Fiduciary Net Position - Ending (b)	<u>6,171,222</u>	<u>5,591,733</u>	<u>5,068,705</u>	<u>4,756,664</u>	<u>4,896,930</u>	<u>3,771,081</u>	<u>3,678,714</u>	<u>3,462,572</u>	<u>3,143,142</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 2,457,344</u>	<u>\$ 2,636,905</u>	<u>\$ 3,278,877</u>	<u>\$ 4,118,233</u>	<u>\$ 3,067,515</u>	<u>\$ 4,627,939</u>	<u>\$ 4,157,544</u>	<u>\$ 4,151,263</u>	<u>\$ 4,276,366</u>

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

See independent auditors' report.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (for the past nine years)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability									
Total OPEB liability	\$ 8,628,566	\$ 8,228,638	\$ 8,347,582	\$ 8,874,897	\$ 7,964,445	\$ 8,399,020	\$ 7,836,258	\$ 7,613,835	\$ 7,419,508
Plan fiduciary net position	6,171,222	5,591,733	5,068,705	4,756,664	4,896,930	3,771,081	3,678,714	3,462,572	3,143,142
Net OPEB Liability	<u>\$ 2,457,344</u>	<u>\$ 2,636,905</u>	<u>\$ 3,278,877</u>	<u>\$ 4,118,233</u>	<u>\$ 3,067,515</u>	<u>\$ 4,627,939</u>	<u>\$ 4,157,544</u>	<u>\$ 4,151,263</u>	<u>\$ 4,276,366</u>
Plan fiduciary net position as a percentage of the total OPEB liability	71.52%	67.95%	60.72%	53.60%	61.48%	44.90%	46.94%	45.48%	42.36%
Covered employee payroll	\$ 10,022,657	\$ 8,862,882	\$ 8,604,740	\$ 7,184,878	\$ 7,184,878	\$ 10,414,874	\$ 10,111,528	\$ 11,612,861	\$ 11,360,179
Net OPEB liability as a percentage of covered employee payroll	24.52%	29.75%	38.11%	57.32%	42.69%	44.44%	41.12%	35.75%	37.64%
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Contributions									
Actuarially determined contribution	\$ 427,665	\$ 482,984	\$ 479,097	\$ 485,233	\$ 511,210	\$ 680,131	\$ 621,725	\$ 730,499	\$ 684,578
Contributions in relation to the actuarially determined contribution	429,500	373,905	391,875	374,083	376,744	342,117	304,391	206,874	182,312
Contribution deficiency (excess)	<u>\$ (1,835)</u>	<u>\$ 109,079</u>	<u>\$ 87,222</u>	<u>\$ 111,150</u>	<u>\$ 134,466</u>	<u>\$ 338,014</u>	<u>\$ 317,334</u>	<u>\$ 523,625</u>	<u>\$ 502,266</u>
Covered employee payroll	\$ 10,022,657	\$ 8,862,882	\$ 8,604,740	\$ 7,184,878	\$ 7,184,878	\$ 10,414,874	\$ 10,111,528	\$ 11,612,861	\$ 11,360,179
Contributions as a percentage of covered employee payroll	4.29%	4.22%	4.55%	5.21%	5.24%	3.28%	3.01%	1.78%	1.60%
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Investment Returns									
Annual money weighted rate of return, net of investment expense	9.64%	9.53%	5.72%	-3.81%	29.41%	1.97%	5.64%	8.89%	12.78%

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

See independent auditors' report.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

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

Accordingly, the Collaborative discloses the following:

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

In fiscal year 2025, the names, duties, and total compensation of the Collaborative's five most highly compensated employees are as follows:

Name	Duties	Total Compensation
1) Sanchita Banerjee	Administration - Executive Director	\$ 192,500
2) Melissa Devine	Administration - Assistant Executive Director	\$ 144,500
3) Joseph Adams	Director of Finance and Operations	\$ 141,900
4) Carla Chioda	Special Education Administrator	\$ 128,702
5) Amanda Martinage	Principal	\$ 122,000

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

In fiscal year 2025, there were no transactions between the Collaborative and any related for-profit or non-profit organizations.

AMOUNTS EXPENDED ON SERVICES FOR INDIVIDUALS AGED 22 YEARS AND OLDER

In fiscal year 2025, the Collaborative did not expend any monies on services for individuals aged 22 years and older.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

AMOUNTS EXPENDED ON ADMINISTRATION AND OVERHEAD

In fiscal year 2025, the Collaborative had the following administration and overhead expenditures:

	Administration	Overhead	Direct Costs	Total Governmental Funds
Expenditures				
Current:				
Program:				
Administration	\$ 943,783	\$ 15,000	\$ --	\$ 958,783
Supervision	--	--	1,076,701	1,076,701
Instruction	--	--	6,971,049	6,971,049
Instructional rent	--	395,580	1,819	397,399
Instructional insurance and benefits	--	--	1,585,108	1,585,108
Transportation operating	331,235	--	5,986,928	6,318,163
Transportation capital outlay	--	--	652,432	652,432
Total Expenditures	<u>\$ 1,275,018</u>	<u>\$ 410,580</u>	<u>\$ 16,274,037</u>	<u>\$ 17,959,635</u>

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

In fiscal year 2025, the Collaborative did not hold any accounts that may be spent at the discretion of another person or entity.

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

In fiscal year 2025, there were no transactions or contracts related to the purchase or sale of real property. Transactions related to the rental or lease of real property are summarized in the paragraphs below.

The Collaborative rents administrative, classroom, and transportation facilities from its member communities. These expenditures are transacted as rent credits, which reduce the gross program tuitions and transportation assessments of the applicable member communities. In fiscal year 2025, the Collaborative recorded administrative, program supervision, and instructional rent credits of \$7,500 per room for a total of \$105,000

The Collaborative leases various spaces for additional administrative, classroom, and transportation facilities. In fiscal year 2025, the Collaborative paid a total of \$379,668 to Peter Central LLC for rental fees.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

The Collaborative also leases transportation facilities from a private vendor. In fiscal year 2025, the Collaborative paid a total of \$90,065 to Wedgewood Realty Trust for rental fees and contracted maintenance charges for these transportation facilities.

Administration, program supervision, instruction and transportation tuition and assessment credits, as well as direct transportation facility rental expenditures are classified as overhead costs in the table of Administration and Overhead Expenditures on page 53.

CONCORD AREA SPECIAL EDUCATION COLLABORATIVE

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

FOR THE YEAR ENDED JUNE 30, 2025

ANNUAL DETERMINATION AND DISCLOSURE OF CUMULATIVE SURPLUS

In fiscal year 2025, the Collaborative cumulative surplus was calculated as follows:

Surplus Calculation Fiscal Year 2025	Enter values below	Page in FY25 Financial Statements
(A) PY Cumulative Surplus (FY25)	\$ 3,774,776	(A) PY
(B) Uses of Prior Year Surplus in Current Year		
B(1) used to support the FY25 budget	\$ -	
B(2) issued as credits to member districts	\$ -	
B(3) issued as a check(s) to member districts	\$ -	
B(4) deposited to capital account(s)	\$ -	
B(5) deposited to OPEB trust	\$ -	
Board voted uses of surplus funds during 2025	(total from B1:B5) \$ -	(B)
(C) Unexpended 2025 General Funds/Current Year Activity		
Change in fund balance from income statement	690,586	page 15 - st. of revenues, expenditures, and changes in fund balance
Add back amounts in (B) included in FY25 income statement	\$ -	governmental funds
Total	\$ 690,586	(C)
(D) Balance Sheet Reservations		
Plus:		
2024 funds encumbered for 2025	\$ 1,681,947	
2024 prepaid funds reserved in 2024 balance sheet	\$ -	
2024 funds committed for capital or OPEB	\$ -	
Less:		
2025 funds encumbered for 2026	\$ (1,122,734)	page 13 - balance sheet
2025 prepaid funds reserved in 2025 balance sheet	\$ -	
2025 funds committed for capital or OPEB	\$ -	
Total	\$ 559,213	(D)
(E) Cumulative Surplus as of June 30, 2025	A) - (B) + (C) + (D) = (E) \$ 5,024,575	(E) page 13 - balance sheet
(F) 2025 Total General Fund Expenditures *	\$ 16,221,771	(F)
(G) Cumulative Surplus Percentage	(E) ÷ (F) 30.97%	(G)
CUMULATIVE SURPLUS REDUCTION		
Allowable uses of surplus - in excess of the 25% limit		
(H) Cumulative surplus as of June 30, 2025	\$ 5,024,575	
25% limit (allowed)	\$ 4,055,443	
(I) Cumulative Surplus REDUCTIONS		
(I)1 Credited to member districts for tuition, services, etc	\$ 969,132	
(I)2 Deposited to an established trust and/or reserve fund	\$ -	
(I)3 Returned (check) to school districts/towns	\$ -	
Total Reductions	\$ 969,132	
FY25 Cumulative Surplus Percentage after Reductions	25.00%	

* Net of intergovernmental on-behalf payments (MTRS and MSERS).

N/A - Not Applicable

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Concord Area Special Education Collaborative

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Concord Area Special Education Collaborative (the "Collaborative"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Collaborative'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 Collaborative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Boston, MA
December 19, 2025