NORTH RIVER COLLABORATIVE
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING JUNE 30, 2021

NORTH RIVER COLLABORATIVE

Basic Financial Statements and Management's Discussion and Analysis

For the Year Ended June 30, 2021

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LM LYNCH MARINI & ASSOCIATES INC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North River Collaborative
Rockland, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North River Collaborative as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North River Collaborative, as of June 30, 2021, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages v-ix, the Schedule of the Collaborative's Proportionate Share of the Net Pension Liabilities and Pension Plan Contributions, the Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios, the Schedule of Collaborative Contributions – Other Postemployment Benefits, the Schedule of Investment Returns – Other Postemployment Benefits Trust Fund, and the Budgetary Comparison Schedule – General Fund and related notes on pages 41 – 47 be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North River Collaborative's basic financial statements. The other information presented in accordance with Massachusetts General Law, Chapter 40, Section 4E and Regulations on Educational Collaboratives 603 CMR 50.00 on pages 48 – 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021 on our consideration of the North River 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 North River 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 North River Collaborative's internal control over financial reporting and compliance.

Lynch Marini + Associates Inc.

Norwell, Massachusetts
November 17, 2021

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North River Collaborative
Rockland, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North River Collaborative, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the North River Collaborative's basic financial statements, and have issued our report thereon dated November 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North River 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 North River Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of the North River 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.

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 may exist that have not been identified.

Compliance and Other Matters

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

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Purpose of this Report

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

Lynch Marini & Associates Inc.

Norwell, Massachusetts
November 17, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the North River Collaborative (the Collaborative), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. The Collaborative complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Collaborative's basic financial statements. These basic financial statements consist of the following components: 1.) government-wide financial statements, 2.) fund financial statements, and 3.) notes to the financial statements. Required supplementary information, as required by the Governmental Accounting Standards Board (GASB), accompanies the financial statements and notes to provide additional analysis.

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

The *statement of net position* presents information on all assets plus deferred outflows of resources less liabilities and deferred inflows of resources, resulting in the aggregate *net position* of the Collaborative. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Collaborative is improving or deteriorating. The reader should also consider other non-financial factors, such as the condition of the Collaborative's capital assets, to assess the overall health of the Collaborative.

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 periods (e.g., earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Collaborative.

The government-wide financial statements distinguish functions that are principally supported by intergovernmental revenues (*governmental activities*) from other material functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Collaborative include: administration, instruction, other school services, and fixed charges, among others. The Collaborative has not classified any activity as a business-type activity.

Fund financial statements present financial information using funds. 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. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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, the governmental fund financial statements focus on *near-term inflows 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. 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.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Collaborative has several governmental funds. The general fund, the capital projects fund, and the capital reserve fund are considered major funds for presentation purposes. Each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as other governmental funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside of 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 own programs. The reporting basis is on net position and changes in net position. The Collaborative's sole fiduciary fund consists of the Retiree Health Insurance Trust Fund. This fund accounts for resources legally held in trust for the purpose of funding health insurance benefits for retirees and are not subject to any creditors of the Collaborative.

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

Required supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Collaborative's budgetary comparisons and its pension and other postemployment benefit obligations. Furthermore, this report presents *other information* which is required by Massachusetts General Laws (M.G.L.) Chapter 43 of the Acts of 2012.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of the Collaborative's financial position. As indicated in the following chart, governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately $4.7 million at the close of fiscal year 2021.

A portion of the net position, approximately $714,000 (15.3%), represents resources that are subject to external restrictions on how they may be used and approximately $2.4 million (52.2%) has been categorized as net investment in capital assets. The remaining net position, which may be used to meet the government's ongoing obligations to its creditors, was approximately $1.5 million (32.5%) at June 30, 2021.

The following table demonstrates the net position of the Collaborative as of June 30, 2021 and June 30, 2020 as previously reported.

	Primary Government Governmental Activities	
	June 30, 2021	June 30, 2020
Current assets	$ 4,387,545	$ 4,463,366
Capital assets, net	3,305,770	3,527,078
Total assets	7,693,315	7,990,444
Deferred outflows of resources	382,563	289,800
Current liabilities	935,270	883,074
Noncurrent liabilities	1,428,383	2,142,538
Total liabilities	2,363,653	3,025,612
Deferred inflows of resources	1,055,564	570,303
Net position:		
Net investment in capital assets	2,429,929	2,589,762
Restricted	713,617	713,123
Unrestricted	1,513,115	1,381,444
Total net position	$ 4,656,661	$ 4,684,329

As indicated in the following chart, governmental activities' net position decreased by approximately $28,000 during the current fiscal year, which reflects the governmental activities' results of operations.

	Primary Government Governmental Activities	
	FY2021	FY2020
Program Revenues:		
Charges for services	$ 174,467	$ 314,764
Operating grants and contributions	4,134,462	4,243,455
General Revenues:		
Tuition income	4,403,858	4,821,363
Charges for services	6,645,947	8,200,754
Intergovernmental	99,700	85,512
Departmental and other	77,646	74,200
Member assessments	30,000	30,000
Investment income	1,757	98,922
Total revenues	15,567,837	17,868,970
Expenses:		
Administration	1,388,416	1,293,468
Instruction	5,441,345	5,573,030
Other school services	2,766,928	3,377,037
Fixed charges	5,079,044	5,236,697
Operations and maintenance	398,499	465,557
Debt service	13,030	74,537
Depreciation	508,243	585,044
Total expenses	15,595,505	16,605,370
Change in net position	$ (27,668)	$ 1,263,600

The on-behalf payments related to the Massachusetts Teachers' Retirement System increased by approximately $92,000 and the Massachusetts State Employees' Retirement System decreased by approximately $125,000 for fiscal year 2021. During fiscal year 2021, the Collaborative sold transportation vehicles that were fully depreciated, resulting in a gain on the sale of the assets of approximately $72,000 which has been included in the departmental and other income. The Collaborative also experienced a decrease in tuition income as a result of decreased enrollment at the North River School during fiscal year 2021 as well as a decrease in charges for services (transportation) as a result of the COVID-19 Pandemic and social distancing. The net OPEB expense recognized by the Collaborative during fiscal year 2021 decreased approximately $87,000 from the prior fiscal year. Based on the information above, overall, the total decrease in revenues, 12.6%, and total decrease in expenditures, 6.1%, is reasonable compared with the prior year.

Governmental Funds Financial Analysis:

As noted earlier, the Collaborative uses fund accounting to ensure and demonstrate its compliance with finance-related legal requirements.

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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of approximately $3.5 million; an increase of approximately $129,000 from the prior year.

The general fund is the Collaborative's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately $2.8 million. As a measure of the general fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. Unassigned fund balance represents 23.1% of total general fund expenditures.

General Fund Budgetary Highlights:

The Collaborative adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. For fiscal year 2021, the Collaborative had actual revenues of approximately $11.3 million, compared to budgeted revenues of approximately $14.8 million. The major reasons for the differences between budgeted revenues and actual revenues are as follows: (1) decreased tuition income as a result of decreased enrollment at the North River School in addition to (2) decreases in transportation revenues as a result of the COVID-19 pandemic and the social distancing requirements in accordance with the Massachusetts Department of Elementary and Secondary Education. Actual expenditures of the Collaborative were approximately $11.3 million, compared to budgeted expenditures of $15.7 million. The major reasons for the differences between budgeted expenditures and actual expenditures are as follows: (1) overall reductions in staff and salaries during the year and (2) decreased number of transportation drivers.

Capital Asset and Debt Administration:

Capital Assets:

At the end of fiscal year 2021, the Collaborative had approximately $3.3 million in capital assets, which is net of accumulated depreciation of approximately $3.2 million. This is compared to $3.5 million in capital assets, which is net of accumulated depreciation of $3.1 million in the previous year.

The table below represents a summary of the Collaborative's capital assets, net of accumulated depreciation by category (in thousands):

Capital Assets	**2021**	**2020**
Land	$ 575	$ 575
Buildings and related improvements	1,626	1,688
Improvements other than buildings	38	49
Vehicles	1,066	1,215
	$ 3,305	$ 3,527

During fiscal year 2021, the Collaborative acquired vehicles costing approximately $287,000. Additionally, the Collaborative disposed of vehicles costing approximately $429,000 which were fully depreciated.

Debt Administration:

At the end of the current fiscal year, the Collaborative had total long-term outstanding debt of approximately $876,000. This is compared to approximately $937,000 last year. During the current fiscal year, the Collaborative borrowed approximately $281,000 to acquire new vehicles. Additionally, they paid down their outstanding loans by approximately $343,000.

Economic Factors and Next Year's Budget:

The Collaborative has approved a budget for fiscal year 2022 in which revenues and expenses amount to approximately $14.9 million.

The economic impact to the Collaborative resulting from the effects of COVID-19 Pandemic cannot be fully determined as of the date of these financial statements.

Requests for Information:

This financial report is designed to provide a general overview of the North River 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 Marc Wright, North River Collaborative, 198 Spring Street, Rockland, Massachusetts 02370.

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BASIC FINANCIAL STATEMENTS

NORTH RIVER COLLABORATIVE
Statement of Net Position
June 30, 2021

		Primary Government Governmental Activities
ASSETS		
Cash, cash equivalents, and investments	$	4,035,199
Receivables		304,067
Prepaid expenses		48,279
Noncurrent assets:		
Capital assets, net of accumulated depreciation		3,305,770
Total assets		7,693,315
DEFERRED OUTFLOWS OF RESOURCES		
Associated with OPEB		382,563
Total deferred outflows of resources		382,563
LIABILITIES		
Accounts and salaries payable and withholdings		500,250
Accrued interest		910
Noncurrent liabilities:		
Due within one year		434,110
Due in more than one year		1,428,383
Total liabilities		2,363,653
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		343,390
Associated with OPEB		712,174
Total deferred inflows of resources		1,055,564
NET POSITION		
Net investment in capital assets		2,429,929
Restricted		713,617
Unrestricted		1,513,115
Total net position	$	4,656,661

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NORTH RIVER COLLABORATIVE

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Primary government					
Governmental activities:					
Administration	$ 1,388,416	$	$	$	$ (1,388,416)
Instruction	5,441,345	174,467	574,199		(4,692,679)
Other school services	2,766,928				(2,766,928)
Fixed charges	5,079,044		3,560,263		(1,518,781)
Operations and maintenance	398,499				(398,499)
Debt service	13,030				(13,030)
Depreciation	508,243				(508,243)
Total governmental activities	$ 15,595,505	$ 174,467	$ 4,134,462	$	(11,286,576)
			General revenues:		
			Tuition income		4,403,858
			Charges for services		6,645,947
			Intergovernmental		99,700
			Departmental and other		77,646
			Member assessments		30,000
			Investment income		1,757
			Total general revenues		11,258,908
			Change in net position		(27,668)
			Net position - beginning of year		4,684,329
			Net position - end of year		$ 4,656,661

See Independent Auditor's Report.

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

NORTH RIVER COLLABORATVIE
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments	$ 3,321,581	$	$ 699,828	$ 13,790	$ 4,035,199
Program/intergovernmental receivables	264,676			39,391	304,067
Interfund receivables	28,371				28,371
Prepaid expenses	47,879			400	48,279
Total assets	$ 3,662,507	$	$ 699,828	$ 53,581	$ 4,415,916
LIABILITIES					
Accounts and salaries payable and withholdings	$ 488,831	$	$	$ 11,419	$ 500,250
Interfund payables				28,371	28,371
Total liabilities	488,831			39,790	528,621
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	343,390				343,390
Total deferred inflows of resources	343,390				343,390
FUND BALANCES					
Restricted			699,828	13,791	713,619
Unassigned	2,830,286				2,830,286
Total fund balances	2,830,286		699,828	13,791	3,543,905
Total liabilities, deferred inflows of resources, and fund balances	$ 3,662,507	$	$ 699,828	$ 53,581	$ 4,415,916

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NORTH RIVER COLLABORATIVE

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Tuition income	$ 4,403,858	$	$	$ 174,467	$ 4,578,325
Charges for services	6,645,947				6,645,947
Intergovernmental	1,336,938			571,414	1,908,352
Departmental and other	77,646			2,785	80,431
Member assessments	30,000				30,000
Interest and investment income (includes $30,376 in unrealized losses)	1,757				1,757
Total revenues	12,496,146			748,666	13,244,812
EXPENDITURES					
Administration	1,377,367			11,049	1,388,416
Instruction	4,852,138			589,207	5,441,345
Other school services	2,734,912			32,016	2,766,928
Fixed charges	2,585,686			174,141	2,759,827
Operations and maintenance	370,924		3,545	16,479	390,948
Debt service	354,890				354,890
Capital outlay	2,604	286,935	4,693	254	294,486
Total expenditures	12,278,521	286,935	8,238	823,146	13,396,840
Revenues over (under) expenditures	217,625	(286,935)	(8,238)	(74,480)	(152,028)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt		281,265			281,265
Transfers in/(out)	(88,884)	5,670	20,000	63,214	
Total other financing sources (uses)	(88,884)	286,935	20,000	63,214	281,265
Revenues and other financing sources over (under) expenditures and other financing uses	128,741		11,762	(11,266)	129,237
Fund balances - beginning	2,701,545		688,066	25,057	3,414,668
Fund balances - ending	$ 2,830,286	$	$ 699,828	$ 13,791	$ 3,543,905

See Independent Auditor's Report.

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

NORTH RIVER COLLABORATIVE

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

June 30, 2021

Total governmental fund balances	$	3,543,905
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reported as governmental activities in the Statement of Net Position.		3,305,770
Certain deferred outflows of resources and deferred inflows of resources are reported in the government-wide financial statements to be amortized over future periods:		
Deferred outflows associated with OPEB		382,563
Deferred inflows associated with OPEB		(712,174)
Certain liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities in the Statement of Net Position:		
Long-term debt		(875,841)
Net other postemployment benefits (OPEB) liability		(986,652)
Accrued interest		(910)
Net position of governmental activities in the Statement of Net Position	$	4,656,661

NORTH RIVER COLLABORATIVE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds:	$	129,237
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense:		
Capital asset additions during the fiscal year		286,935
Depreciation expense recorded for the fiscal year		(508,243)
Certain deferred outflows of resources and deferred inflows of resources are reported in the government-wide financial statements to be amortized over future periods:		
Net change in deferred outflows associated with OPEB		92,763
Net change in deferred inflows associated with OPEB		(398,156)
Governmental funds report bond proceeds as current financial resources whereas the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities:		
Principal payments on long-term debt		342,740
Issuance of long-term debt		(281,265)
The fund financial statements record interest on long-term debt when due. The government-wide financial statements report interest on long-term debt as an expense when incurred:		
Net change in accrued interest expense		(880)
Certain liabilities are not funded through the use of current financial resources and, therefore, are not reported in the fund financial statements; however, these liabilities are reported in the government-wide financial statements. The net change in these liabilities is reflected as an expense in the Statement of Activities:		
Net change in OPEB liability		309,201
Change in net position of governmental activities	$	(27,668)

NORTH RIVER COLLABORATIVE
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2021

	Retiree Health Insurance Trust Fund
ASSETS	
Investments:	
Money market funds	$ 4,237
U.S. governments and agencies	246,247
Corporate bonds	147,889
Fixed income mutual funds	56,686
Equities	2,226,210
Equity mutual funds	239,045
Total investments	2,920,314
Total assets	2,920,314
NET POSITION	
Restricted for postemployment benefits other than pensions	2,920,314
Total net position	$ 2,920,314

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NORTH RIVER COLLABORATIVE
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2021

		Retiree Health Insurance Trust Fund
ADDITIONS		
Contributions:		
Employer contributions	$	321,780
Employee contributions		60,856
Total contributions		382,636
Investment income:		
Net increase of fair value of investments		529,423
Interest and dividends		62,047
Less: investment expense		(10,710)
Net investment income		580,760
Total additions		963,396
DEDUCTIONS		
Benefit payments		267,760
Administrative expense		5,984
Total deductions		273,744
Net increase in net position		689,652
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS		
Beginning of year		2,230,662
End of year	$	2,920,314

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND REPORTING ENTITY

A. Organization

The North River Collaborative (the Collaborative), located in Rockland, Massachusetts, was formed in 1976 as authorized under Massachusetts General Laws (M.G.L.) Chapter 40 Section 4E. The Collaborative is a public entity formed as an educational organization by the Collaborative Agreement between the school committees of Abington, Avon, Bridgewater-Raynham Regional School District, East Bridgewater, Hanover, Holbrook, Rockland, Stoughton, West Bridgewater, and Whitman-Hanson Regional School District. The mission of the Collaborative is to serve as an extension of the member school districts to cooperatively develop and deliver high-quality and cost-effective programs and services for students, school districts, partner organizations as permitted by law, and communities.

The Collaborative is a municipal entity, and as such, is exempt from income taxation.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America (GAAP) and in accordance with the *Governmental Accounting Standards Board* (GASB), the accompanying financial statements present the North River Collaborative (the primary government) and its component units.

Primary Government – The Collaborative is governed by a ten (10) member Board of Directors (the Board) composed of the superintendents of schools of each member district. Additionally, the Commissioner of Elementary and Secondary Education appoints an individual to serve as a voting, appointed representative of the Board.

Component Units – Component units are included in the Collaborative's reporting entity if their operational and financial relationships with the Collaborative are significant. Refer to Note 16 regarding the North River Collaborative Retirees' Health Insurance Trust, a fiduciary component unit. Pursuant to these criteria, the Collaborative did not identify any additional component units requiring inclusion in the accompanying financial statements for the year ended June 30, 2021.

Joint Ventures – Municipal joint ventures pool resources to share the costs, risks, and rewards of providing services to its participants, the public, or others. For fiscal year 2021, the Collaborative did not participate in any significant joint ventures, except for a cost-sharing group that provides health insurance benefits. Additional disclosures are presented in these notes.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Collaborative's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The *Governmental Accounting Standards Board* (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Collaborative are discussed below.

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

Government-wide Financial Statements

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

The government-wide Statement of Activities reports both the sources and uses of funds received by the Collaborative. Certain costs, such as employee fringe benefits and property and liability insurance, among others, are not allocated among the Collaborative's functions and are included in fixed charges expenses in the Statement of Activities. Depreciation is reported as one unallocated amount in the Statement of Activities. None of these costs are allocated among the respective functions.

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

Fund Financial Statements

The financial transactions of the Collaborative are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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

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

The following describes fund types which may be used by the Collaborative; the Collaborative does not use proprietary funds:

Governmental Funds:

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

Major Funds:

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

- Capital Projects Fund – The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and construction of capital facilities and other capital assets.
- Capital Reserve Fund – The capital reserve fund is used to support costs associated with the acquisition, maintenance, and improvement of capital assets, including real property established in accordance with Massachusetts General Laws and the implementing regulations of 603 CMR 50.00; accordingly, the Collaborative has decided to report the capital reserve fund as a major fund for financial statement presentation purposes.

Other governmental funds consist of other special revenue, permanent, and other funds that are aggregated and presented in the other governmental funds' column in the governmental fund financial statements. The following describes the general use of these funds:

- Special revenue funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. These funds include the Collaborative's grant programs.
- Debt service funds – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Currently, the Collaborative does not utilize a debt service fund.
- Permanent funds – Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Collaborative's programs. Currently, the Collaborative does not utilize any permanent funds.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Collaborative programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The following is a description of the fiduciary funds of the Collaborative:

- Retiree Health Insurance Trust Fund – This fund is a fiduciary fund that is used to report resources required to be held in trust for the members and beneficiaries of the Collaborative's other postemployment benefits plan, other than pensions. See Note 16.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements and the fiduciary fund 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. Amounts reported as program revenues in the government-wide financial statements include: (1) tuition charges to districts for the Independence Academy; (2) operating grants and contributions; and (3) capital grants and contributions.

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments, and postemployment health care benefits, which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Entitlements and shared revenues are recorded at the time of receipt, or earlier, if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

C. Fair Value Measurements

The Collaborative measures assets, with the exception of certain investments and capital assets, and liabilities according to the hierarchy established by GAAP. Fair value is 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 upon valuation inputs, which are the assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk. The following levels are considered:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 inputs – pricing inputs that are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are not directly observable for an asset or a liability.
- Level 3 inputs – unobservable pricing inputs for an asset or a liability that should only be used if relevant Level 1 and Level 2 inputs are not available.

The Collaborative considers most assets and liabilities to be reported as Level 1 inputs; however, see accompanying notes for additional information regarding investments, capital assets, and net OPEB liabilities.

D. Cash, Cash Equivalents, and Investments

The Collaborative considers cash and cash equivalents to be cash on hand, certificates of deposit, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) have a present service capacity based solely on their ability to generate cash or be sold to generate cash. Generally, investments are reported according to the fair value hierarchy established by GAAP. Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended, and should be measured at the net asset value per share provided by the pool.

The Collaborative maintains deposits and investments in accordance with Massachusetts General Laws and adopted policies. Additional cash and investment disclosures are presented in these Notes.

E. Inventories

The Collaborative currently does not report any inventories for financial reporting purposes. The Collaborative reports food and supplies purchased in the food service program as expenditures when purchased, rather than when the food and supplies are consumed. The Collaborative has determined any amounts not consumed at year-end to be immaterial to the Collaborative's financial statements.

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and due from other funds." Short-term interfund loans are reported as "interfund receivables and interfund payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and advances to other funds." Interfund receivables and interfund payables between funds within governmental activities are eliminated in the Statement of Net Position.

G. Receivables

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The Collaborative considers all of its receivables to be collectible and does not report an allowance for uncollectible accounts.

H. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, donated works of art, historical treasurers, and similar assets, which are recorded at their acquisition value (entry price) at the date of donation. The Collaborative defines capital assets, which include land, buildings and improvements, and furniture and equipment, as assets with a per unit cost of $10,000 or more and an estimated useful life of one year or more. The cost of normal maintenance and repairs that do not add to the value or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects as constructed.

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

➢ Buildings	40 years
➢ Building improvements	20 years
➢ Infrastructure	20 years
➢ Machinery, equipment, and vehicles	5-10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

I. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources, as applicable, represent a consumption of assets by the government that is applicable to a future reporting period. These *deferred outflows of resources* have a positive effect on net position and are reported after assets when applicable. Deferred inflows of resources, as applicable, represent the acquisition of assets by the government that is applicable to a future reporting period. These *deferred inflows of resources* have a negative effect on net position and are reported after liabilities when applicable. These amounts are reported in the government-wide and fund financial statements based upon the nature of the items.

J. Liabilities

Liabilities represent present obligations to sacrifice resources for which the government has little or no discretion to avoid. The primary focus is on the obligation for the government to perform. The accounting treatment for these obligations depends on whether they are reported in the government-wide or fund financial statements.

Current liabilities are reported in both the fund and government-wide financial statements. Current liabilities represent obligations incurred in the operating cycle from the acquisition of goods, services, accruals for salaries/wages, vacation accruals, and other obligations due or generally expected to be liquidated within one year from the balance sheet date. Government-wide financial statements also report other current liabilities, such as accrued interest, which is reported on a full accrual basis.

Generally, all noncurrent (long-term) obligations are not reported as liabilities in the fund financial statements but are reported in the government-wide statements. Such obligations consist primarily of bonds payable, capital leases, and other postemployment benefits.

K. Compensated Absences

The Collaborative's policies and provisions regarding vacation and sick time permit certain employees to accumulate earned but unused vacation and sick leave. Upon termination, employees will be paid for earned, unused vacation time under the Collaborative's vacation time policy. There is no reimbursement for earned, unused sick time. The liability for these compensated absences (vacation time) is recorded as a liability in these financial statements.

L. Equity Classifications

Government-wide Financial Statements

Equity is classified as net position in the government-wide financial statements and is displayed in three components:

- Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

- Restricted: This component of net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. These assets may be restricted by constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation.

- Unrestricted: This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on specific purposes for which amounts in the funds can be spent. The Collaborative's spending policy is to spend restricted fund balance first, followed by committed, assigned, and then unassigned fund balance. Most governmental funds were designated for one purpose at the time of their creation. Therefore, any expenditure made from the fund will be allocated to the applicable fund balance classifications in accordance with the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Fund balances can be classified in the following components:

- Nonspendable fund balance: includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) they are legally or contractually required to be maintained intact.

- Restricted fund balance: includes amounts subject to constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) that are imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance: includes 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 (the Board of Directors). Any modification or rescission must also be made by a vote of the Board of Directors.

- Assigned fund balance: includes amounts that are constrained by the Collaborative's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by either (a) the governing body itself; or (b) a body or an official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Amounts are assigned based upon approval by the Executive Director and Director of Business Services through the Collaborative's procurement and budgetary processes.

- Unassigned fund balance: includes the residual classification for the remaining fund balance. This classification represents amounts that have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

N. Total Columns

The total column presented on the government-wide financial statements represents consolidated financial information.

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Massachusetts State Employees' Retirement System and the Massachusetts Teachers' Retirement System and additions to/deductions from the Systems' fiduciary net positions have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

P. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North River Collaborative Other Postemployment Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for MMDT and money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Process

Generally accepted accounting principles require the presentation of actual results compared to legally adopted budgets. Under M.G.L., the Collaborative is required to adopt an annual operating budget for its general fund in accordance with the provisions of 603 CMR 50.07.

Under the terms of the Collaborative agreement, costs are apportioned and charged to each member in the form of tuition. The calculation of the apportionment to each member is based on the number of enrollments from each member in relation to total enrollments. These tuition charges may be reduced by budgeted credits from other sources or by a portion of any surplus as determined by the Board of Directors.

A comparison of actual results to budgeted amounts for the general fund is included as required supplementary information in the accompanying pages of these financial statements.

Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies, and therefore, are not considered legally adopted budgets required to be presented as required supplementary information.

B. Fund Equities

Operations of the various Collaborative funds for fiscal year 2021 were funded in accordance with the General Laws of Massachusetts. The Collaborative classifies fund equity in the fund financial statements as either nonspendable, restricted, committed, or assigned for specific purposes; the residual amounts are classified as unassigned fund balance.

As of June 30, 2021, the classification of the Collaborative's fund balances can be detailed as follows:

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total
Restricted:				
Grants/donations	$	$	$ 13,791	$ 13,791
Capital improvements		699,828		699,828
Total restricted		699,828	13,791	713,619
Unassigned:	2,830,286			2,830,286
Total fund balances	$ 2,830,286	$ 699,828	$ 13,791	$ 3,543,905

C. Restricted Net Position

The following table illustrates the Collaborative's restricted net position as reported on the government-wide financial statements as of June 30, 2021:

Capital reserve	$ 699,828
Grants/donations	13,791
Total restricted net position	$ 713,619

NOTE 4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Massachusetts General Laws (M.G.L.), Chapter 44, Sections 54 and 55, place certain limitations on cash deposits and investments available to the Collaborative. The OPEB trust fund (Retiree Health Insurance Trust Fund - fiduciary fund) is invested in accordance with M.G.L. Chapter 203C. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. The Collaborative may also invest in the Massachusetts Municipal Depository Trust (MMDT) – an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts.

Cash deposits are reported at carrying amount, which reasonably approximates fair value. The Collaborative has adopted formal deposit and investment policies.

The Collaborative maintains its deposits at authorized financial institutions. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Collaborative's deposits may not be returned. At June 30, 2021 bank deposits totaled $614,662 and had a carrying amount of $602,223. Of the deposit amounts, $148,018 was exposed to custodial credit risk at June 30, 2021 because it was uninsured and uncollateralized. The difference between deposit amounts and carrying amounts generally represents outstanding checks and deposits in transit.

The Collaborative's investments, including those of the Retiree Health Insurance Trust Fund (fiduciary fund), as of June 30, 2021 consisted of the following:

Investment Type	Measurement	Value
Governmental Funds:		
MMDT	amortized cost	$ 2,274,449
Money Market Funds	amortized cost	17,064
Fixed Income Mutual Funds	Level 1	104,417
U.S. Governments & Agencies	Level 1	1,037,046
		$ 3,432,976

Investment Type	Measurement	Value
Fiduciary Funds:		
Money Market Funds	amortized cost	$ 4,237
U.S. Governments & Agencies	Level 1	246,247
Corporate Bonds	Level 1	147,889
Fixed Income Mutual Funds	Level 1	56,686
Equities	Level 1	2,226,210
Equity Mutual Funds	Level 1	239,045
		$ 2,920,314

- *Custodial credit risk* for investments is the risk that, in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Collaborative has investment policies covering custodial credit risk.

  Governmental Funds: The Collaborative may deposit or invest funds as allowed by Massachusetts General Laws, Chapter 44, Sections 54 and 55. The Collaborative may also invest in securities issued by or unconditionally guaranteed by the U.S. Government or an agency thereof having a maturity from the date of purchase of one year or less. The Collaborative may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from the date of purchase. The Collaborative may also invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts.

  Fiduciary Funds: The Collaborative will engage only those institutions with proven financial strength, capital adequacy, and overall affirmative reputation in the municipal industry.

- *Interest rate risk* is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The Collaborative has formal investment policies which address interest rate risk. The approximate maturities of the Collaborative investments, including those of the Retiree Health Insurance Trust Fund (fiduciary fund), as of June 30, 2021 consisted of the following:

  Governmental Funds: Interest rate risk for governmental funds is minimized by investing funds not required for operations or invested in approved fixed income securities or MMDT, in certificates or instruments not exceeding four years.

		Maturity		
Investment Type	**Value**	**Less Than 1 Year**	**1-5 Years**	**6-10 Years**
Governmental Funds:				
MMDT	$ 2,274,449	$ 2,274,449	$	$
Money Market Funds	17,064	17,064		
Fixed Income Mutual Funds	104,417	104,417		
U.S. Governments & Agencies	1,037,046	141,582	734,404	161,060
Total Governmental Funds	$ 3,432,976	$ 2,537,512	$ 734,404	$ 161,060

Fiduciary Funds: The investment manager will manage interest rate risk by managing duration in the account.

		Maturity		
Investment Type	**Value**	**Less Than 1 Year**	**1-5 Years**	**6-10 Years**
Fiduciary Funds:				
Money Market Funds	$ 4,237	$ 4,237	$	$
U.S. Governments & Agencies	246,247	45,577	125,451	75,219
Corporate Bonds	147,889	30,435	101,270	16,184
Total Fiduciary Funds	$ 398,373	$ 80,249	$ 226,721	$ 91,403

- *Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. Government and certain of its agencies are not considered to have credit risk and are not required to be rated; however, the Collaborative's investment in U.S. Treasuries & Agencies of $1,283,293 has a credit rating of AA+. Equity securities and equity mutual funds are not rated as to credit risk. The Collaborative has formal investment policies which address credit risk. The credit risk of the Collaborative investments, including those of the Retiree Health Insurance Trust Fund (fiduciary fund), as of June 30, 2021 consisted of the following:

Governmental Funds: The Collaborative will minimize credit risk by depositing funds, not required for current operations or required to meet average daily balance requirements, or covered by depository insurance and investor protection in obligations of or guaranteed by the U.S. government or those approved under Massachusetts General Laws Chapter 44, Sections 54 and 55.

Investment Type	**Value**	**Rating**
Governmental Funds:		
MMDT	$ 2,274,449	unrated
Money Market Funds	17,064	unrated
Fixed Income Mutual Funds	104,417	unrated
U.S. Governments & Agencies	1,037,046	AA+
Total Governmental Funds	$ 3,432,976	

Fiduciary Funds: The investment manager will purchase investment grade securities with a high concentration in securities rated A or better at the time of purchase. Lower-quality investments may only be held through diversified vehicles, such as mutual funds or exchange traded funds. There will be no limit to the amount of United States Treasury and United States Agency obligations.

Investment Type	**Value**	**Rating**
Fiduciary Funds:		
Money Market Funds	$ 4,237	unrated
U.S. Governments & Agencies	246,247	AA+
Corporate Bonds	147,889	A- to AA+
Total Fiduciary Funds	$ 398,373	

The credit ratings associated with the corporate bonds reported in the fiduciary activities (based upon Moody's ratings) are as follows:

	Rating	Value	Maturity
Apple Inc 2.4%	AA+	$ 31,124	1-5 years
Chevron Corp 2.954%	AA-	21,694	1-5 years
Deere & Co 2.75%	A	21,344	1-5 years
JPMorgan Chase & Co 3.625%	A-	27,108	1-5 years
NIKE Inc 2.75%	AA-	16,183	6-10 years
Target Corp 2.9%	A-	30,436	less than 1 year
Total		$ 147,889	

- *Concentration of credit risk* is the risk that the Collaborative's potential losses from credit risk are heightened if a significant portion of the Collaborative's funds are invested with a single issuer or institution. As mentioned above in credit risk, obligations of or guaranteed by the U.S. government are not considered to be exposed to credit risk. The Collaborative has formal investment policies which address concentration of credit risk.

  Governmental Funds: The Collaborative will minimize this risk by depositing funds, not required for current operations or required to meet average daily balance requirements, not in excess of: (a) $1,000,000 in Rockland Trust Investment Management Group (invested in obligations of or guaranteed by the U.S. government or those approved under Massachusetts General Laws Chapter 44, Sections 54 and 55) or (b) $2,000,000 in MMDT (an external investment pool managed by the Treasurer of the Commonwealth). Additionally, the Collaborative will annually obtain credit ratings on its banks as a measure of due diligence.

  Fiduciary Funds: The investment manager will diversify the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Securities of a single corporate issuer (with the exception of the United States Government and its Agencies) will not exceed 5% of the portfolio value.

NOTE 5. RECEIVABLES

The Collaborative reports the total amount of receivables in the accompanying Statement of Net Position and Balance Sheet. The Collaborative considers these receivables to be fully collectible and has accrued revenue accordingly. As of June 30, 2021, the Collaborative had the following receivables:

Intergovernmental/grant receivables	$ 41,772
Member & non-member receivables	262,295
Total	$ 304,067

NOTE 6. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

At June 30, 2021, the Collaborative reported the following deferred outflows of resources and deferred inflows of resources:

Deferred Outflows of Resources	**June 30, 2021**
Associated with net OPEB:	
Differences between actual & expected experience	$ 20,924
Changes of assumptions	299,906
Net difference between projected & actual earnings on OPEB plan investments	61,733
Total deferred outflows of resources	$ 382,563

Deferred Inflows of Resources		**June 30, 2021**
Unavailable revenues:		
Advanced member payments	$	327,473
Tuition credits		15,649
Transportation credits		268
Subtotal:		343,390
Associated with net OPEB:		
Differences between actual & expected experience		241,512
Changes of assumptions		125,798
Net difference between projected & actual earnings on OPEB plan investments		344,864
Subtotal:		712,174
Total deferred inflows of resources	$	1,055,564

The deferred revenues are reported on both Government-wide and Governmental Funds Financial Statements and consist of advance member payments, tuition credits and transportation credits. Advance member payments represent payments to the Collaborative in the current fiscal year for services to be rendered in a later period. The tuition and transportation credits represent overpayments in amounts billed. The Collaborative utilizes these credits in lieu of payments until the credit balance is exhausted.

NOTE 7. INTERFUND BALANCES AND ACTIVITY

As of June 30, 2021, the Collaborative's general fund was owed $28,371 from various governmental funds. During fiscal year 2021, interfund transfers consisted of the following:

Purpose	**General Fund**	**Capital Projects Fund**	**Capital Reserve Fund**	**Other Governmental Funds**
Appropriation of transfers between the following funds:				
Transfers from general fund to:				
Capital reserve fund	$ (20,000)	$	$ 20,000	$
Capital projects fund	(5,670)	5,670		
Other governmental funds	(63,214)			63,214
Net transfers	$ (88,884)	$ 5,670	$ 20,000	$ 63,214

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	**Additions**	**Disposals**	**Ending Balances**
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 575,000	$	$	$ 575,000
Capital assets being depreciated:				
Buildings and related improvements	2,500,623			2,500,623
Improvements other than buildings	202,470			202,470
Equipment and machinery	32,200			32,200
Vehicles	3,350,777	286,935	(429,336)	3,208,376
Subtotal	6,086,070	286,935	(429,336)	5,943,669

Less accumulated depreciation:				
Buildings and related improvements	$ 812,707	$ 62,516	$	$ 875,223
Improvements other than buildings	153,778	10,123		163,901
Equipment and machinery	32,200			32,200
Vehicles	2,135,307	435,604	(429,336)	2,141,575
Subtotal	3,133,992	508,243	(429,336)	3,212,899
Governmental capital assets, net	$ 3,527,078	$ (221,308)	$	$ 3,305,770

Depreciation expense of $508,243 was not allocated to governmental functions. It appears unallocated in the Statement of Activities. In fiscal year 2021, the Collaborative disposed of 19 vehicles for a gain of approximately $72,000, which has been included in the departmental and other income.

NOTE 9. LONG-TERM OBLIGATIONS

Long-term Obligations Related to Debt

Changes in long-term obligations for the year ended June 30, 2021 are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Industrial development bond	$ 537,993	$	$ (242,456)	$ 295,537	$ 131,525
Notes from direct borrowings/ capital leases	399,323	281,265	(100,285)	580,303	302,585
Total	$ 937,316	$ 281,265	$ (342,741)	$ 875,840	$ 434,110

The Collaborative's outstanding industrial development bond related to governmental activities of $295,537 is secured with collateral of (1) a first mortgage on the land and improvements located at the property together with the assignment of all leases and rents of the property and (2) a first security interest in all of the Collaborative's personal property located on that property. Additionally, the industrial development bond agreement contains the following significant provisions: (1) the loan is subject to a 1.1 times debt service coverage covenant, measured annually; and (2) in the event of a default, all outstanding amounts become immediately due if the Collaborative is unable to make payment.

The Collaborative's outstanding notes from direct borrowings of $580,303 are secured with collateral of first priority interest in vehicles purchased with loan proceeds. Additionally, each of the notes contain a provision that in the event of a default, outstanding amounts become immediately due if the Collaborative is unable to make payment.

Additional detail of the Collaborative's long-term debt is as follows:

Purpose	Issue Amount	Maturity Date	Interest Rate	Year-End Balance
Industrial Development Bond:				
North River School building	$ 2,100,000	2/14/2027	Adjustable	$ 295,537
Notes from Direct Borrowings:				
Transportation vehicles	$ 419,098	5/28/2022	3.63%	101,400
Transportation vehicles	$ 441,674	5/28/2028	3.59%	218,888
Transportation vehicles	$ 78,946	11/28/2022	3.99%	29,312
Transportation vehicles	$ 281,265	9/9/2024	3.34%	230,703
			Total:	$ 875,840

Debt services requirements on long-term debt at June 30, 2021 are as follows:

	Governmental Activities			
	Bonds		Notes from Direct Borrowings	
Year Ending June 30,	**Principal**	**Interest**	**Principal**	**Interest**
2022	$ 131,525	$ 7,257	$ 302,585	$ 15,416
2023	135,634	3,149	186,015	6,358
2024	28,378	130	73,056	1,951
2025			18,647	104
	$ 295,537	$ 10,536	$ 580,303	$ 23,829

Fiscal year 2021 debt service expenditures consisted of $342,740 of principal and $12,150 of interest.

Other Long-term Obligations

Additional long-term obligations of the Collaborative for the year-ended June 30, 2021 are as follows. Refer to Note 14 – Employee Benefits.

	Balance July 1, 2020	**Additions**	**Reductions/ Payments**	**Balance June 30, 2021**
Governmental Activities				
Net other postemployment benefits liability	$ 1,295,853	$ 664,419	$ (973,620)	$ 986,652

NOTE 10. LINES OF CREDIT

The Collaborative has a working capital line of credit agreement of $500,000 and a guidance line of credit of $150,000 with Rockland Trust Bank that expired on September 30, 2021 and June 30, 2021, respectively. While the bank completes formal underwriting, both lines of credit have been extended to December 31, 2021. The $500,000 working capital line of credit bears interest at an annual rate of the aggregate rate of the prime rate plus 0% per annum. However, under no circumstance shall the interest rate payable on the loan be less than 0% per annum. The $150,000 guidance line of credit bears interest at the FHLBB rate plus 2.65% fixed rate on notes advanced under the line or prevailing promotional rates in effect at the time of advance, if applicable. However, under no circumstance shall the interest rate payable on the loan be less than 3.50% per annum. Both lines are reviewed annually and are due on demand. Both of the lines of credit are subject to a 1.1 times debt service covenant, measured annually. The approval of the Board of Directors is required prior to borrowing against the lines of credit. As of June 30, 2021, and for the year then ended, there were no borrowings against either of the lines of credit.

NOTE 11. OPERATING LEASES

The Collaborative leased classrooms and administrative space at several locations during fiscal year 2021, as well as space for the Independence Academy, which is an alternative multi-service secondary school serving adolescents with substance abuse and dependence problems. Total rent expense for all operating leases totaled $278,063 for fiscal year 2021, with $110,000 relating to the Independence Academy. Subject to annual review, the lease agreements expire on various dates through fiscal year 2023 with the exception of the lease agreement with Rockland Public Schools for administrative office space at the Almshouse, which expires in fiscal year 2029.

A summary of the future lease payments is as follows:

FY22	$ 168,063
FY23	80,563
FY24	35,563
FY25	36,630
FY26	36,630
FY27-FY29	109,890
Total:	$ 467,339

NOTE 12. DUE TO MEMBER SCHOOL DISTRICTS

In accordance with Massachusetts General Laws, unexpended general (surplus) funds may either be carried forward and used in the Collaborative's subsequent budget cycles or refunded to the member districts. On an annual basis, the Board of Directors votes to retain the cumulative surplus funds for the Collaborative's use or return all, or some portion, of the funds to the member districts. The amounts owed to the members are either returned or credited to the member's account to offset billings for future programs and services. The Board did not authorize any surplus funds to be returned to members for fiscal year 2021.

NOTE 13. COMMITMENTS AND CONTINGENCIES

The Collaborative receives significant financial assistance from Federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies, principally the Federal and State governments. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, however, the Collaborative believes such amounts, if any, would be immaterial.

As a result of the ongoing COVID-19 pandemic, the Collaborative continues to follow state and federal guidelines. Any further impact to the Collaborative's financial statements cannot be measured as of the date the financial statements were available to be issued.

NOTE 14. EMPLOYEE BENEFITS

A. Compensated Absences

Employees are granted vacation leave under the terms of their employment contracts or Collaborative policy up to a maximum of six (6) weeks. Five to ten days of vacation time may be carried forward to the next fiscal year with prior approval of the Executive Director. Employees are entitled to accumulate sick leave up to a maximum of one hundred (100) days. Collaborative policy does not allow for compensation for unused sick leave, if any, when an employee's service is terminated by resignation, death, or retirement. At June 30, 2021, the accrued liability for vacation time was approximately $29,000 and is reflected in accounts and salaries payable and withholdings in the accompanying financial statements.

B. Pension Plans

Special Funding Situation – 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 multiple 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 (the Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributing entity 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's reporting entity and does not issue a stand-alone audited financial report. The Commonwealth's Comprehensive Annual Financial Report (CAFR) may be obtained by visiting https://www.macomptroller.org/cafr.

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

The Commonwealth is a nonemployer contributing entity and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers, including the Collaborative, are 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 contributing entity in MTRS. Since the Collaborative does not contribute directly to MTRS, there is no net pension liability for the Collaborative to recognize. However, the Collaborative must disclose the portion of the nonemployer contributing entity's share of the collective net pension liability that is associated with the Collaborative. In addition, the Collaborative must recognize its portion of the collective pension expense as both a revenue and a pension expense.

Benefits Provided

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

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

The MTRS' funding policies have been established by Chapter 32 of the M.G.L. 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 as indicated below. 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:

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

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

The total of Commonwealth provided contributions has been allocated based on the ratio of each employer's covered payroll to the total covered payroll (approximately $7,576,767,000) of employers in MTRS as of the measurement date of June 30, 2020. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the Collaborative is required to recognize its proportional share of pension revenue and expenses, as reported by MTRS, as on-behalf payments in its financial statements. As of June 30, 2021, the Collaborative recognized $1,727,287 of on-behalf revenues and expenses in its Statement of Activities and $761,048 of on-behalf revenues and expenditures in its Statement of Revenues, Expenditures, and Changes in Fund Balances.

Pension Liabilities and Expenses Related to Pensions

The collective net pension liability of the MTRS was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020 (measurement date). The following table illustrates the Plan's net pension liability and the Commonwealth's proportionate share associated with the Collaborative:

	2020
Total pension liability	$ 57,862,841,000
Less: Plan fiduciary net position	29,317,997,000
Net pension liability	$ 28,544,844,000
Plan fiduciary net position as a percentage of total pension liability	50.67%
Commonwealth's proportionate share of the collective net pension liability associated with the Collaborative	$ 13,984,506
Commonwealth's proportionate share of the collective pension expense associated with the Collaborative	$ 1,727,287
Commonwealth's proportionate share of the collective net pension liability as a percentage of the total associated with the Collaborative	0.049%

The Commonwealth's proportionate share of pension expense has been included in the Collaborative's Statement of Revenues, Expenditures, and Changes in Fund Balances as intergovernmental revenues and as fixed charges expenditures. In the Statement of Activity, these amounts are reported as program revenues from operating grants and contributions and as fixed charges expenses. Since the Collaborative is considered to be in a special funding situation and does not contribute directly to MTRS, the Collaborative does not record a net pension liability in the Statement of Net Position.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

(1) (a) 7.15% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund, and (c) 3.00% cost of living increase on the first $13,000 of allowance per year.

(2) Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.

(3) Mortality rates were as follows:

- Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
- Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
- Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

(4) Experience study was performed as follows:

- Dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.0%	4.8%
Core Fixed Income	15.0%	0.7%
Private Equity	13.0%	8.2%
Portfolio Completion Strategies	11.0%	3.2%
Real Estate	10.0%	3.5%
Value Added Fixed Income	8.0%	4.2%
Timberland/Natural Resources	4.0%	4.1%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate as of June 30, 2020. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

	1% Decrease to 6.15%	Current Discount Rate 7.15%	1% Increase to 8.15%
MTRS - Total Plan	$ 35,411,955	$ 28,544,844	$ 22,908,510
Collaborative's proportionate share	$ 17,349	$ 13,985	$ 11,223

Special Funding Situation – 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 multiple employer defined benefit pension plan as defined by Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans,* covering substantially all employees of the Commonwealth and certain employees of independent authorities and agencies. The former Massachusetts Turnpike Authority (MTA) employees and retirees became members of MSERS upon the creation of the Massachusetts Department of Transportation (MassDOT). Other employees who transferred to MassDOT have been, and remain, members of MSERS. The assets and liabilities of the former MTA have been transferred to MSERS. MSERS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report. The Commonwealth's Comprehensive Annual Financial Report (CAFR) may be obtained by visiting https://www.macomptroller.org/cafr.

Management of MSERS is vested in the Massachusetts State Retirement Board (the MSRB) which consists of five members – two elected by current and active MSERS members, one who is appointed by the State Treasurer, the State Treasurer who serves as ex-officio and is the Chair of the MSRB, and one by the remaining members of the MSRB.

Benefits Provided

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

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

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

Contributions

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

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

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

For fiscal year 2021, actual contributions made by the Commonwealth to MSERS on-behalf of the Collaborative totaled $476,190.

Educational Collaboratives

A special funding situation was created by M.G.L. for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 5.6% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Therefore, the Collaborative does not have a net pension liability.

The total of the Commonwealth provided contributions has been allocated based on the ratio of each employer's covered payroll to the total covered payroll of employers in MSERS as of the measurement date of June 30, 2020. The Collaborative's required contribution to MSERS equaled its actual contribution for 2020, which was $297,149 and 5.6% of covered payroll.

As of June 30, 2020, the Commonwealth's proportionate share of the collective net pension liability associated with the North River Collaborative was .07156% or $12,278,450. As this is a special funding situation, a liability is not recorded on the Collaborative's Statement of Net Position. The Collaborative contributed approximately $245,000 to MSERS during fiscal year 2021.

In the Statement of Activities, the Collaborative recognized its proportionate share of the Commonwealth's pension expense in the amount of $1,832,976 as program revenues from operating grants and contributions and as fixed charges expenses. In the Statement of Revenues, Expenditures, and Changes in Fund Balances, the Collaborative recognized the Commonwealth's actual contributions in the amount of $476,190 as intergovernmental revenues and fixed charges expenditures.

The following table illustrates the Plan's collective net position liability at June 30, 2020:

	2020
Total pension liability	$ 45,725,000,000
Less: Plan fiduciary net position	28,567,300,000
Net pension liability	$ 17,157,700,000
Plan fiduciary net position as a percentage of total pension liability	62.48%

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

(1) (a) 7.15% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund, and (c) 3.00% cost of living increase on the first $13,000 of allowance each year.

(2) Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.

(3) Mortality rates were as follows:

- Pre-retirement – reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016, set forward 1 year for females.
- Post-retirement – reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year for females.
- Disability – the mortality rate reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year.

(4) Experience studies were performed as follows:

- Dated February 27, 2014 and encompass the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

Investment assets of 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.0%	4.8%
Core Fixed Income	15.0%	0.7%
Private Equity	13.0%	8.2%
Portfolio Completion Strategies	11.0%	3.2%
Real Estate	10.0%	3.5%
Value Added Fixed Income	8.0%	4.2%
Timberland/Natural Resources	4.0%	4.1%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate as of June 30, 2020. In particular, the table presents 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 (amounts in thousands):

	1% Decrease to 6.15%	Current Discount Rate 7.15%	1% Increase to 8.15%
MSERS – Total Plan	$ 22,606,331	$ 17,157,700	$ 12,679,351
Collaborative's proportionate share	$ 16,178	$ 12,278	$ 9,074

C. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

The North River Collaborative administers the North River Collaborative Other Postemployment Benefits Plan (the Plan) – a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) to retirees, their dependents, and beneficiaries. Contributions for the funding of these benefits are provided through the North River Collaborative Retirees' Health Insurance Trust (the Trust), See Note 16.

Benefits Provided

The Plan provides health and dental benefits to retirees, their dependents, and beneficiaries. Benefits are provided through the Mayflower Municipal Health Group, a third-party insurer, which administers, assumes, and pays all claims of the Plan.

The following provides descriptions of the retiree medical insurance program and the dental insurance program:

Retiree Medical Insurance Program:

Plan Type:	Comprehensive medical insurance offered through Blue Cross Blue Shield of Massachusetts and Harvard Pilgrim Healthcare.
Administrator:	North River Collaborative
Eligibility:	An employee hired before April 2, 2012 shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service.
Cost Sharing:	The employer shall pay 55% of the premiums for an individual medical policy. If a retiree chooses family coverage, there will be no employer subsidy beyond that 55% paid for the individual policy. As such, the retiree shall pay 45% for an individual policy and the difference between the family premium amount and the 55% of the individual premium amount if they elect dependent coverage.

Retiree Dental Insurance Program:

Plan Type:	Comprehensive dental.
Administrator:	North River Collaborative
Eligibility:	Same as above.
Cost Sharing:	Retirees shall pay 100% of stated premiums.

Employees Covered by Benefit Terms

As of the actuarial valuation date, July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	20
Active employees:	192
Total:	212

Contributions

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. For the period ending on the June 30, 2021 measurement date, total Collaborative premiums plus implicit costs for the retiree medical program were $146,780. The Collaborative also made a contribution to the Trust of $175,000 for a total contribution during the measurement period of $321,780 to be reported on the financial statement for the fiscal year ending June 30, 2021.

Net OPEB Liability

In accordance with GASB No. 75, the Collaborative recognizes a net OPEB liability which is measured as the portion of the actuarial present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of employee service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The Collaborative's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Methods & Assumptions

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

The following assumptions were utilized in the actuarial valuation as of June 30, 2021 (measurement date):

Actuarial Cost Method:	Individual Entry Age Normal
Investment Rate of Return:	6.75%, net of OPEB plan investment expense, including inflation
Discount Rate:	6.75% per annum (previously 7.00%, used in the calculation of the interest cost)
Healthcare Trend Rates:	Rates were developed using the SOA Getzen Model of Long-Run Medical Cost Trends
General Inflation Assumption:	2.50% per annum
Annual Compensation Increase:	3.00% per annum
Asset-Valuation Method:	Market Value of assets as of the measurement date, June 30, 2021
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females, set forward 1 year for females
	Teachers: RP-2014 Mortality Tale for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year for females
	Teachers: RP-2014 Mortality Tale for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Disabled Mortality:

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year for females

Teachers: RP-2014 Mortality Tale for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Investment Policy

The Collaborative pursues an investment strategy that provides the maximum investment return with minimal risk. Funds not required for current operations should be invested according to an investment policy approved by the Board of Directors and the preservation of capital always takes priority over maximizing returns.

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic Equity - Large Cap	46.25%	4.90%
Domestic Equity - Small/Mid Cap	6.50%	5.40%
International Equity - Developed Market	6.00%	5.32%
International Equity - Emerging Market	3.00%	6.26%
Domestic Fixed Income	18.75%	1.40%
International Fixed Income	2.00%	1.30%
Alternatives	11.25%	6.32%
Real Estate	6.00%	6.25%
Cash & Cash Equivalents	0.25%	0.00%
Total	**100.00%**	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%, previously 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Collaborative's funding policy. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all projected future benefit payments.

Concentrations

As of June 30, 2021, the Collaborative's investment in the Fidelity Diversified International Fund had a market value of $171,641, which represents 5.87% of the OPEB plan's fiduciary net position.

Rate of Return

As of the June 30, 2021 measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 26.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net OPEB Liability

The following table illustrates the changes in the net OPEB liability at June 30, 2021 (measurement date and reporting date).

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances for June 30, 2020	$ 3,526,515	$ 2,230,662	$ 1,295,853
Changes for the year:			
Service cost	208,849		208,849
Interest on total OPEB liability, service cost, and benefit payments	256,425		256,425
Changes in assumptions	199,145		199,145
Differences between expected and actual experience	(137,188)		(137,188)
Net investment income		580,759	(580,759)
Employer contributions to Trust		255,673	(255,673)
Benefit payments withdrawn from Trust		(146,780)	146,780
Total benefit payments including implicit costs	(146,780)		(146,780)
Net changes	380,451	689,652	(309,201)
Balances at June 30, 2021	**$ 3,906,966**	**$ 2,920,314**	**$ 986,652**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability and corresponding service cost of the Collaborative, as well as what the Collaborative's net OPEB liability and corresponding service cost would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	$ 1,467,921	$ 986,652	$ 524,687
Service cost	$ 248,656	$ 208,849	$ 171,998

<u>Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates</u>

The following presents the net OPEB liability and corresponding service cost of the Collaborative, as well as what the Collaborative's net OPEB liability and corresponding service cost would be if they were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.5%)	Current Trend Rate (4.5%)	1% Increase (5.5%)
Net OPEB liability	$ 478,812	$ 986,652	$ 1,607,759
Service cost	$ 170,455	$ 208,849	$ 258,085

<u>OPEB Expense & Deferred Outflows of Resources & Deferred Inflows of Resources Related to OPEB</u>

For the fiscal year ended June 30, 2021 (measurement date and reporting date), the Collaborative recognized net OPEB income of $3,808. Additionally, the Collaborative reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2021 (measurement date and reporting date):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,924	$ (241,512)
Changes of assumptions	299,906	(125,798)
Net difference between projected and actual earnings on OPEB plan investments	61,733	(344,864)
Total	**$ 382,563**	**$ (712,174)**

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

Year Ended June 30	Net
2022	$ (59,224)
2023	(67,381)
2024	(71,198)
2025	(135,029)
2026	(5,630)
Thereafter	8,851
Total, net	$ (329,611)

<u>GASB Statement #74</u>

GASB Statement #74 is associated with reporting of the OPEB plan as of its reporting date June 30, 2021. The OPEB plan reported net position of $2,920,314 as of June 30, 2021.

Net OPEB Liability

The components of the net OPEB liability of the Collaborative at June 30, 2021 (measurement date and reporting date) were as follows:

Total OPEB liability	$	3,906,966
Plan fiduciary net position		(2,920,314)
Collaborative's net OPEB liability	$	986,652
Plan fiduciary net position as a percentage of the total OPEB liability		74.75%

Actuarial Determined Contribution (ADC)

The Collaborative's Actuarial Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement #74/75 which is composed of the service cost and an amortization of the unfunded liability. A 30-year flat dollar amortization of the Collaborative's unfunded liability has been used for the purpose of calculating ADC. The following table shows the components of the Collaborative's annual ADC and the amount actually contributed to the plan:

		FY2021
Service cost	$	208,849
30-year level dollar amortization of NOL		52,678
Actuarial determined contribution		261,527
Contributions in relation to actuarially determined contribution		(255,673)
Contribution deficiency/(excess)	$	5,854
Covered employee payroll	$	8,289,619
Contributions as a percentage of covered employee payroll		3.08%

Note: Contributions and benefits are reported in the financial statements on actual amounts. Actuarial calculation and amounts reported for contributions and benefits also account for implicit costs. There is no overall difference in the net change when funding net position of the Plan.

NOTE 15. RISK MANAGEMENT

The Collaborative is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Collaborative carries commercial insurance for all risks except health insurance.

The Collaborative participates in the Mayflower Municipal Health Group (the Group), a municipal joint-purchase group consisting of 31 governmental units, formed pursuant to Massachusetts General Law Chapter 32B to provide employee insurance benefits. Employees and the Collaborative both contribute to the Group. On an annual basis, the Collaborative budgets in the general fund for its estimated share of premiums. The Group reported net position at June 30, 2020 of $34.7 million (audited). Payments to the Group for premiums for fiscal year 2021 were approximately $1.4 million. Additional financial information related to the Group can be obtained by contacting the Group directly at: 65 Cordage Park Circle, Suite 110, Plymouth, MA 02360.

NOTE 16. NORTH RIVER COLLABORATIVE RETIREES' HEALTH INSURANCE TRUST

On March 20, 2000, the Board of Directors authorized the creation of the North River Collaborative Retirees' Health Insurance Trust (The Trust). The Trust is a separate legal entity, which has received a determination letter from the Internal Revenue Service indicating that it has tax-exempt status under 501(c)(9) of the Internal Revenue Code. The purpose of the Trust is to provide a funding mechanism to pay the on-going liability associated with providing health insurance premiums of eligible retirees, their dependents, and beneficiaries of the Collaborative under M.G.L. Chapter 32. In effect, the Trust is a single employer defined benefit OPEB plan. The Trust is governed by a Board of Trustees comprised of the Board of Directors of North River Collaborative.

Because of the governance and fiscal responsibility of the Collaborative to the Trust, the Trust, a component unit, is reported as a fiduciary fund of the Collaborative. The Trust does not issue separate financial statements.

Additional funding of the Collaborative's OPEB liability is funded on a discretionary basis by contributions from the unrestricted fund balance of the Collaborative. The Board has the authority to decide when such contributions, if any are to be made. During fiscal year 2021, the Board authorized contributions of $175,000 to the Trust.

Effective August 3, 2021, the Collaborative voted to amend and restate the North River Collaborative Retirees Health Insurance Trust Fund into the OPEB Declaration of Trust for the North River Collaborative Other Post-Employment Benefits Liability Trust Fund (OPEB Trust).

NOTE 17. SUBSEQUENT EVENTS

The Collaborative has evaluated subsequent events through November 17, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 18. IMPLEMENTATION OF GASB PRONOUNCEMENTS

The following are pronouncements issued by the Governmental Accounting Standards Board (GASB), which are applicable to the Collaborative's financial statements:

Current Pronouncements:

- The GASB issued Statement No. 84, *Fiduciary Activities*, which was required to be implemented in fiscal year 2021, as amended by GASB Statement No. 95. This pronouncement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The pronouncement had no impact on the Collaborative's financial statements.
- The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statement No. 14. And No. 61,* which is required to be implemented in fiscal year 2021, as amended by GASB Statement No. 95. This pronouncement improves the consistency and comparability of reporting a government's majority interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The pronouncement had no impact on the Collaborative's financial statements.

Future Pronouncements:

- The GASB issued Statement No. 87, *Leases,* which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Collaborative expects to implement the pronouncement as applicable.

- The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. Additionally, it will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period. The Collaborative will evaluate the applicability of this pronouncement upon implementation.

- The GASB issued Statement No. 91, *Conduit Debt Obligations*, which is required to be implemented in fiscal year 2023, as amended by GASB Statement No. 95. This pronouncement improves financial reporting by providing a single method of reporting conduit debt obligations by issuers and eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Collaborative will evaluate the applicability of this pronouncement upon implementation.

- The GASB issued Statement No. 92, *Omnibus 2020,* which is generally required to be implemented in fiscal year 2023, as amended by GASB Statement No. 95. This pronouncement addresses a variety of topics and includes specific provisions of previously issued pronouncements. The Collaborative will evaluate the applicability of this pronouncement upon implementation.

- The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates,* which is generally required to be implemented in fiscal year 2022 or thereafter, as amended by GASB Statement No. 95. This pronouncement addresses the accounting and reporting implications resulting from interbank offered rates (IBOR). The Collaborative will evaluate the applicability of this pronouncement upon implementation.

- The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is generally required to be implemented in fiscal year 2023. This pronouncement addresses the accounting and reporting of arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or an exchange-like transaction. The Collaborative will evaluate the applicability of this pronouncement upon implementation.

- The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* which is generally required to be implemented in fiscal year 2023. This pronouncement addresses the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Collaborative will evaluate the applicability of this pronouncement upon implementation.

- The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* This pronouncement improves the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements will also enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The requirements of this Statement that are related to the accounting and financial reporting of Section 457 plans are generally required to be implemented in fiscal year 2022. The Collaborative will evaluate the applicability of the pronouncement upon implementation.

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REQUIRED SUPPLEMENTARY INFORMATION

NORTH RIVER COLLABORATIVE

Required Supplementary Information

Schedule of the Collaborative's Proportionate Share of the Net Pension Liabilities and Pension Plan Contributions

Last 10 Fiscal Years*

A. Special Funding Situation - Massachusetts Teachers' Retirement System

The Commonwealth of Massachusetts is a nonemployer contributing entity and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers, including the Collaborative, are considered to be in a special funding situation as defined by GASB 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in the Massachusetts Teachers' Retirement System (MTRS) (the Plan). Since the Collaborative does not contribute directly to the MTRS, there is no net pension liability to recognize. Based upon the actuarial valuation of the Plan for the year ended June 30, XX, the following is presented:

	2020	2019	2018	2017	2016	2015	2014
Collaborative's proportion of the net pension liability	0.05%	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%
Commonwealth's proportionate share of the net pension liability associated with the Collaborative	$ 13,984,506	$ 13,481,684	$ 13,485,406	$ 12,897,939	$ 13,681,515	$ 13,271,835	$ 10,213,579
Collaborative's covered payroll (approximate)	$ 3,710,000	$ 3,890,000	$ 3,990,000	$ 3,830,000	$ 4,030,000	$ 4,100,000	$ 3,940,000
Collaborative's proportionate share of the net pension liability as a percentage of its covered payroll	376.94%	346.57%	337.98%	336.76%	339.49%	323.70%	259.23%
Plan fiduciary net position as a percentage of the total pension liability	50.67%	53.95%	54.84%	54.25%	52.73%	55.38%	61.64%
Actuarially determined contribution	$ 761,048	$ 771,937	$ 747,761	$ 696,322	$ 688,167	$ 661,939	$ 602,276
Contributions in relation to the actuarial determined contribution	(761,048)	(771,937)	(747,761)	(696,322)	(688,167)	(661,939)	(602,276)
Contribution deficiency (excess)	$	$	$	$	$	$	$
Contributions as a percentage of covered payroll	20.51%	19.84%	18.74%	18.18%	17.08%	16.14%	15.29%

Notes to Schedule:

Changes of Assumptions:

- Effective June 30, 2020:
  Discount rate is 7.15%; previously 7.25%
- Effective June 30, 2019:
  Discount rate is 7.25%; previously 7.35%
- Effective June 30, 2018:
  Discount rate is 7.35%; previously 7.50%
- Effective June 30, 2015:
  Discount rate is 7.50%; previously 8.00%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Collaborative will present information for those years which information is available.

NORTH RIVER COLLABORATIVE

Required Supplementary Information

Schedule of the Collaborative's Proportionate Share of the Net Pension Liabilities and Pension Plan Contributions

Last 10 Fiscal Years*

B. *Special Funding Situation - Massachusetts State Employees' Retirement System*

Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 5.6% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e. the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Based upon the actuarial valuation of the Plan for the year ended June 30, 20XX, the following is presented:

	2020	2019	2018	2017	2016	2015	2014
Collaborative's proportion of the net pension liability	0.07%	0.08%	0.08%	0.09%	0.09%	0.07%	0.07%
Commonwealth's proportionate share of the net pension liability associated with the Collaborative	$ 12,278,450	$ 11,788,994	$ 10,670,101	$ 11,063,118	$ 12,151,223	$ 8,260,585	$ 5,200,485
Collaborative's covered payroll (approximate)	$ 5,310,000	$ 3,780,000	$ 4,580,000	$ 3,710,000	$ 4,500,000	$ 3,840,000	$ 3,710,000
Collaborative's proportionate share of the net pension liability as a percentage of its covered payroll	231.23%	311.88%	232.97%	298.20%	270.03%	215.12%	140.17%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%
Actuarially determined contribution	$ 297,149	$ 211,579	$ 256,523	$ 207,644	$ 252,000	$ 214,900	$ 207,812
Contributions in relation to the actuarial determined contribution	(297,149)	(211,579)	(256,523)	(207,644)	(252,000)	(214,900)	(207,812)
Contribution deficiency (excess)	$	$	$	$	$	$	$
Contributions as a percentage of covered payroll	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%

Notes to Schedule:

Changes of Assumptions:

- Effective June 30, 2020:
  Discount rate is 7.15%; previously 7.25%
- Effective June 30, 2019:
  Discount rate is 7.25%; previously 7.35%
- Effective June 30, 2018:
  Discount rate is 7.35%; previously 7.50%
- Effective June 30, 2015:
  Discount rate is 7.50%; previously 8.00%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Collaborative will present information for those years which information is available.

NORTH RIVER COLLABORATIVE

Required Supplementary Information

Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years*

(Unaudited)

Valuation Date: **For the Reporting Period & Fiscal Year Ending On:**	**July 1, 2020** **June 30, 2021**	**July 1, 2019** **June 30, 2020**	**July 1, 2018** **June 30, 2019**	**July 1, 2016** **June 30, 2018**	**July 1, 2016** **June 30, 2017**
Total OPEB liability					
Service cost	$ 208,849	$ 201,886	$ 213,858	$ 208,529	$ 188,351
Interest	256,425	231,215	227,643	198,953	179,175
Differences between expected and actual experience	(137,188)	(9,055)	(511,918)		
Changes of assumptions	199,145	(188,854)	258,852		
Benefits payments, including implicit costs	(146,780)	(125,915)	(117,221)	(71,272)	(71,237)
Net change in total OPEB liability	380,451	109,277	71,214	336,210	296,289
Total OPEB liability - beginning	3,526,515	3,417,238	3,346,024	3,009,814	2,713,525
Total OPEB liability - ending (a)	$ 3,906,966	$ 3,526,515	$ 3,417,238	$ 3,346,024	$ 3,009,814
Plan fiduciary net position					
Earnings from plan investments, net expenses	$ 580,759	$ 73,465	$ 130,510	$ 116,886	$ 90,378
Contributions	255,673	221,795	186,833	149,547	137,153
Benefit payments, including implicit costs	(146,780)	(125,915)	(117,221)	(71,272)	(71,237)
Net change in fiduciary net position	689,652	169,345	200,122	195,161	156,294
Plan fiduciary net position - beginning	2,230,662	2,061,317	1,861,195	1,666,034	1,509,740
Plan fiduciary net position - ending (b)	$ 2,920,314	$ 2,230,662	$ 2,061,317	$ 1,861,195	$ 1,666,034
Collaborative's net OPEB liability - ending (a-b)	$ 986,652	$ 1,295,853	$ 1,355,921	$ 1,484,829	$ 1,343,780
Plan fiduciary net position as a percentage of the total OPEB liability	74.75%	63.25%	60.32%	55.62%	55.35%
Covered-employee payroll	$ 8,289,619	$ 9,682,000	$ 9,400,000	$ 9,594,363	$ 9,314,916
Collaborative's net OPEB liability as a percentage of covered-employee payroll	11.90%	13.38%	14.42%	15.48%	14.43%

Notes to Schedule:

Changes of Assumptions:

- Effective June 30, 2021:
  - Discount rate is 6.75%; previously 7.00%
  - The mortality table was updated
  - The Getzen model was adopted
  - The methodology was updated for calculating expected claims
- Effective June 30, 2020:
  - Discount rate is 7.00%; previously 6.50%
- Effective June 30, 2019:
  - Discount rate is 6.50%; previously 6.25%
  - Teacher retirement rates were updated
  - The expected long-term medical trend for Medicare Supplement plans has been updated to 4.50%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Collaborative will present information for those years which information is available.

NORTH RIVER COLLABORATIVE

Required Supplementary Information

Schedule of Collaborative Contributions - Other Postemployment Benefits

Last 10 Fiscal Years*

(Unaudited)

For the Fiscal Year Ending:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarially determined contribution	$ 261,527	$ 299,482	$ 311,354	$ 302,882	$ 273,732
Contributions in relation to the actuarially determined contribution	$ 255,673	$ 221,795	$ 186,833	$ 149,547	$ 137,153
Contribution deficiency (excess)	$ 5,854	$ 77,687	$ 124,521	$ 153,335	$ 136,579
Covered-employee payroll	$ 8,289,619	$ 9,682,000	$ 9,400,000	$ 9,594,363	$ 9,314,916
Contributions as a percentage of covered-employee payroll	3.08%	2.29%	1.99%	1.56%	1.47%

Notes to Schedule:

Valuation date: July 1, 2020

Methods and assumptions used to determine the contribution rates:

Actuarial cost method:	Individual entry age normal
Plan membership:	212
Asset valuation method:	Market value
Discount rate:	6.75%
Inflation:	2.50% as of June 30, 2021 and for future periods
Healthcare cost trend rates:	
Medicare supplement plans:	4.50%
Dental plans:	N/A
Salary increases:	3.00% annually as of June 30, 2021 and for future periods
Investment rate of return:	6.75%, net of OPEB plan investment expense, including inflation
Retirement age:	Varies based on age and length of service
Mortality:	
Pre-retirement:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-retirement:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Collaborative will present information for those years which information is available.

NORTH RIVER COLLABORATIVE

Required Supplementary Information

Schedule of Investment Returns - Other Postemployment Benefits Trust Fund

Last 10 Fiscal Years*

(Unaudited)

For the fiscal year ending:	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Annual money-weighted rate of return, net of investment expense	26.01%	3.57%	7.03%	7.09%	5.80%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Collaborative will present information for those years which information is available.

NORTH RIVER COLLABORATIVE

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2021

(Unaudited)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Tuition income	$ 4,833,418	$ 4,833,418	$ 4,403,858	$ (429,560)
Charges for services	9,704,595	9,704,595	6,645,947	(3,058,648)
Intergovernmental	104,500	104,500	99,700	(4,800)
Departmental and other	80,000	80,000	77,646	(2,354)
Member assessments	30,000	30,000	30,000	
Interest and investment income	25,000	25,000	1,757	(23,243)
Total revenues	14,777,513	14,777,513	11,258,908	(3,518,605)
EXPENDITURES				
Administration	1,532,599	1,532,599	1,377,367	155,232
Instruction	5,898,989	5,898,989	4,852,138	1,046,851
Other school services	4,295,330	4,295,330	2,734,912	1,560,418
Fixed charges	1,912,351	1,912,351	1,348,448	563,903
Operations and maintenance	393,553	393,553	370,924	22,629
Debt service	724,691	724,691	354,890	369,801
Capital outlay	900,000	900,000	289,539	610,461
Total expenditures	15,657,513	15,657,513	11,328,218	4,329,295
Revenue over (under) expenditures	(880,000)	(880,000)	(69,310)	810,690
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	900,000	900,000	281,265	(618,735)
Transfers in (out), net	(20,000)	(20,000)	(83,214)	(63,214)
Total other financing sources (uses)	880,000	880,000	198,051	(681,949)
Net budget	$	$	$ 128,741	$ 128,741

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedule.

NOTE 1. BUDGET PROCESS

The Collaborative annually determines the amount necessary to maintain and operate the Collaborative for the next fiscal year in accordance with 603 CMR 50.00. Budgets for grants and certain revenues from revolving funds accounted for in special revenue funds are not required to be prepared under the General Laws of Massachusetts. Accordingly, a comparison of actual to budgeted results of operations for the special revenue funds and other governmental funds is not presented in the accompanying financial statements. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies.

NOTE 2. BUDGETARY BASIS OF ACCOUNTING

Often, budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). Although the Collaborative included estimated amounts for on-behalf payments made by the Commonwealth of Massachusetts, these amounts have not been included in the budgeted amounts presented in the Budgetary Comparison Schedule. In addition, the Collaborative includes capital outlay as part of the annual budget process; however, capital outlay has been reported in the capital projects fund in accordance with accounting principles generally accepted in the United States of America.

A comparison of the budget to actual amounts on a "budgetary basis" is provided as required supplementary information to provide a meaningful comparison with the budget. A reconciliation of the budgetary-basis to GAAP basis results for the general fund for the year ended June 30, 2021 is presented in the following schedule:

	Revenues	Expenditures	Other Financing Sources (Uses), Net
As reported on a budgetary basis	$ 11,258,908	$ 11,328,218	$ 198,051
State funded pension	1,237,238	1,237,238	
Activity recorded in the capital projects fund		(286,935)	(286,935)
As reported on a GAAP basis	$ 12,496,146	$ 12,278,521	$ (88,884)

OTHER INFORMATION

NORTH RIVER COLLABORATIVE
Other Information
(Unaudited)
June 30, 2021

In accordance with Massachusetts General Law Chapter 40, Section 4E and Regulations on Educational Collaboratives, 603 CMR 50.00, educational collaboratives are required to disclose certain other information as indicated below.

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

Name & Position	General Duties		FY21 Compensation
Stephen Donovan,			
Executive Director	Manages the Collaborative on a day-to-day basis	$	167,117
Michael Laliberte,			
Director of Business Services	Responsible for financial accounting & reporting	$	132,555
Clarice Doliber,			
Assistant Executive Director	Assists in managing the Collaborative on a day-to-day basis	$	132,250
Ryan Morgan,			
Program Director, Independence Academy	Facilitates the Independence Academy program	$	121,757
Catherine Stevens,			
Multi-Disabilities Program Coordinator	Facilitates learning centers for students with disabilities	$	111,760

2. TRANSACTIONS BETWEEN THE COLLABORATIVE AND ANY RELATED FOR-PROFIT OR NON-PROFIT ORGANIZATION, AS DEFINED IN M.G.L. CHAPTER 40, SECTION 4E:

As described in the notes to the financial statements, North River Collaborative contributes to the North River Collaborative Retirees' Health Insurance Trust – an entity operated exclusively to provide funding for the Collaborative's other postemployment benefit obligations. In accordance with generally accepted accounting principles, the financial position and activity of this entity is included in the Collaborative's financial statements as a fiduciary fund.

3. AMOUNTS EXPENDED ON SERVICES FOR INDIVIDUALS AGED 22 AND OLDER:

The Collaborative did not expend any funds on services for individuals aged 22 years and older during fiscal year 2021.

4. AMOUNTS EXPENDED ON ADMINISTRATION AND OVERHEAD:

Expenses classified as administrative and overhead totaled $1,388,416, in accordance with the Massachusetts Department of Elementary and Secondary Education functional classification system.

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

The Collaborative had no such accounts during fiscal year 2021.

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

The Collaborative has entered into several leases for the use of real property, as follows:

Property	Use	Lessor
Alms House	Administrative offices	Town of Rockland, MA
Independence Academy	School facility	Massachusetts Greyhound Association
Abington classrooms	Instructional classrooms	Town of Abington, MA
Easton classrooms	Instructional classrooms	Town of Easton, MA
East Bridgewater classrooms	Instructional classrooms	Town of East Bridgewater, MA
Pembroke classrooms	Instructional classrooms	Town of Pembroke, MA
Rockland classrooms	Instructional classrooms	Town of Rockland, MA
West Bridgewater classrooms	Instructional classrooms	Town of West Bridgewater, MA
Whitman classrooms	Instructional classrooms	Whitman-Hanson Regional School District

7. ANNUAL DERMINATION AND DISCLOSURE OF CUMULATIVE SURPLUS:

The Collaborative's cumulative surplus for the current and prior fiscal year is as follows:

	June 30, 2021	June 30, 2020
General Fund:		
Unassigned Fund Balance	$ 2,830,286	$ 2,701,545

During fiscal year 2021, the Collaborative expended $11,328,218 in actual general fund budgetary expenditures. The unassigned fund balance represents 24.98% of these expenditures.