LABBB Collaborative

Financial Statements

For the Year Ended June 30, 2023

LABBB Collaborative
Contents
For the Year Ended June 30, 2023

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LABBB Collaborative
Burlington, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LABBB Collaborative (a collaborative organized under the Laws of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise LABBB Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of LABBB Collaborative, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–7 and 33-39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of LABBB 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 LABBB 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 LABBB Collaborative's internal control over financial reporting and compliance.

Fritz DeGuglielmo LLC

Newburyport, Massachusetts

December 14, 2023

LABBB Collaborative
Management's Discussion & Analysis
June 30, 2023

The following discussion and analysis of LABBB Collaborative's ("LABBB") financial performance provides an overview of LABBB's financial activities for the fiscal year ended June 30, 2023 and summarized comparative information for 2022. Please read it in conjunction with LABBB's financial statements, which follow.

OVERVIEW OF THE FINANCIAL REPORTS

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

Government-wide Statements:

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

- The **Statement of Net Position** presents information on all of LABBB's assets and liabilities with the difference between the two reported as net position. It is one way of measuring LABBB's financial health or position.

- The **Statement of Activities** presents information showing how LABBB's net position changed during the most recent fiscal year. All of the current year's revenues and expenditures are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

Fund Financial Statements:

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

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

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

Notes to the Financial Statements:

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

Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS

Revenue and Other Support

Operating revenue and other support for the fiscal year ended June 30, 2023 increased $1,340,771 or 5.0% from the prior fiscal year, excluding retirement systems on-behalf revenue. The increase is primarily due to a return to in-classroom learning and a 2.5% increase in tuition billing rates.

Member credits can be used to reduce amounts due to LABBB Collaborative from member districts for special education services provided by LABBB. Member credits were not issued in fiscal year 2023.

Interest income increased $119,979. The increase is related to the increase of average funds held in deposit as well as the decrease in the interest rate at the Massachusetts Municipal Depository Trust (MMDT) during fiscal year 2023.

Expenditures

Expenditures for the fiscal year ended June 30, 2023 increased $2,517,989 or 10.0 % from the prior fiscal year, excluding retirement systems on-behalf expense and the annual post-employment benefit cost ("OPEB expense"). Instructional and other program expenditures increased due to more instructional time.

Change in OPEB net liability was an increase of $678,406 in fiscal year 2023 and an increase of $1,961,531 in fiscal year 2022. The amounts were determined by an actuarial study, under Governmental Accounting Standards Board ("GASB") Statement No. 75. The plan is offered to retired LABBB employees who meet specific eligibility requirements.

Change in Net Position

The change in net position for the fiscal year ended June 30, 2023 was an increase of $727,807. The change in net position is a result of revenues exceeding expenditures in the current fiscal year, net of member credits and change in net OPEB liability.

Total Assets

Total assets as of June 30, 2023 decreased $1,480,576 or 10.8% from June 30, 2022. Cash decreased $527,528 accounts receivable decreased $1,341,310, and prepaid expense increased by $1,400. The primary decrease in cash is due to use of restricted cash for capital funds for the purchase of the vans. The decrease in accounts receivable is due to timing on receipts from billed services. LABBB maintains cash balances with Brookline Bank and the MMDT. Cash balances at Brookline Bank are maintained at levels that at times exceed FDIC protection. However, Brookline Bank is a member of the Depositor's Insurance Fund which insures all cash balances in full. Cash balances at the MMDT are not FDIC insured.

The MMDT is managed by the Massachusetts State Treasurer and Federated Investors, Inc. and offers investors a stable investment option, competitive yields, low cost, liquidity, and professional management. The MMDT investment objectives are the preservation of capital, maintaining a high level of portfolio liquidity, and to attain the highest level of current income consistent with the objectives of preservation of capital and liquidity. To achieve the investment objectives the MMDT limits investments to the highest quality U.S. dollar-denominated money market instruments of domestic and foreign issuers, U.S. government securities, and repurchase agreements. LABBB had an average of $3,159,090 invested with the MMDT during fiscal year 2023 and the largest investment during that period was $3,631,587.

LABBB capitalizes assets purchased which equal or exceed $5,000 in value. These assets are depreciated over lives of three to five years on the straight-line method. During fiscal year 2023, there were several purchases of fixed assets; the largest being the purchase of vans totaling $774,482. Depreciation expense for the year ended June 30, 2023 was $101,193.

Liabilities and Net Position

Total liabilities as of June 30, 2023 decreased $1,938,383 or 15.0% from June 30, 2022. All liabilities are considered to be current with the exception of the accrued compensated absences, lease liabilities and the net postemployment obligation. Accounts payable decreased $827,658. The decrease relates primarily to payment cycle of payables. All accounts payable in fiscal year 2023 and fiscal year 2022 were current. Accrued expenditures increased $14,673. The increase relates to accrued payroll. Deferred revenue decreased by $213,169 and is attributable to no prepayment of tuition by a district.

Member credits were not issued during 2023.

The net OPEB liability increased $678,406 as a result of various actuarial changes. Including the net effect of deferred inflows and outflows caused by changes in assumptions and other factors, LABBB had a net credit to OPEB of $321,245 during fiscal 2023. LABBB made no contributions in fiscal year 2023 to the OPEB trust.

GENERAL FUND BUDGETARY HIGHLIGHTS

LABBB's annual budget for fiscal 2023 was approved by its Board of Directors. During fiscal 2023, actual revenues, excluding retirement systems on-behalf revenue, outperformed the budget by $438,005. The tuition revenue was greater than projected by $817,963, due to higher than projected enrollments. Transportation revenue was lower than budget by $289,650 due to decreased network participants.

During fiscal 2023, LABBB incurred actual expenditures, excluding retirement systems on-behalf expense, of $27,679,358 compared to budgeted expenditures of $27,630,211. The difference between budgeted and actual expenditures is primarily due to higher than expected administrative costs.

KNOWN FACTS, DECISIONS, OR CONDITIONS

The Collaborative implemented a new standard from the GASB Statement No. 96, Subscription-Based Information Technology Agreements ("SBITAs"), in fiscal year 2023. The standard changes the recognition of SBITAs in the Collaborative's financial statements. Long-term SBITAs are required to be recorded as assets with related liabilities for future lease payments. The change could significantly impact the Collaborative's total assets and liabilities in its government-wide financial statements. However, the Collaborative evaluated its agreements and determined it has no agreements required to be recorded in accordance with GASB Statement No. 96.

During 2022, the Collaborative implemented GASB Statement No. 87 which requires right-of-use leased assets and related liabilities for all long-term leases. The Collaborative recorded the lease assets and liabilities effective upon lease inception. As of June 30, 2023, the Collaborative recognized right-of-use assets totaling $207,770. Fiscal year amortization was $69,257 and lease liabilities as of June 30, 2023 were $78,789 for all leases. See Note D in the notes to the financial statements for additional information on the Collaborative's leases.

LABBB implemented a new standard from the GASB, Statement No. 75, in fiscal year 2018. The standard relates to the accounting and reporting by employers for postemployment benefits other than pensions. The new standard requires that the post-employment health benefits obligation be recorded at the full allocation amount, no longer as a portion of the obligation. This change significantly impacts the recording of these costs.

LABBB historically recorded the cost of the postemployment health benefits on a "pay as you go" basis. The new standard requires these costs be recorded on an accrual basis and requires the disclosure of the post-employment health benefit plan's accumulated liabilities in the footnotes to the financial statements. This change significantly impacts the recording of these costs and significantly impacted LABBB's government-wide results in fiscal years 2023 and 2022. LABBB recorded an adjustment in each fiscal year for the estimated annual cost of the program, plus the unfunded prior costs that have accumulated to date. The total (credit)/charge for fiscal years 2023 and 2022 is ($321,245) and ($452,566), respectively. During fiscal year 2023, LABBB made no contribution to its OPEB trust.

LABBB implemented GASB Statement No. 68 in fiscal year 2015. The standard relates to the accounting and financial reporting for pensions. LABBB's employees participate in the Massachusetts Teachers' (MTRS) or State Employees' Retirement System (MSERS), statewide cost-sharing multi-employer defined benefit plans public employee retirement systems (PERS) covering all employees of local school districts within the Commonwealth of Massachusetts ("the Commonwealth").

Educational collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. The Commonwealth is a nonemployer contributor in MTRS and MSERS and is required by statute to make all actuarially determined employer contributions on behalf of the member employers participating in MTRS. Therefore, LABBB is considered to be in a 100% special funding situation as defined by GASB Statement No. 68. Since the employers do not contribute directly to each system beyond the MSERS annual normal cost, there is no net pension liability to recognize. However, the notes to the financial statements must disclose the portion of the nonemployer contributing entities' share of the collective net pension liability that is associated with the employer. In addition, LABBB must recognize its portion of the collective pension expense as both revenue and pension expense.

REQUESTS FOR INFORMATION

The financial report is designed to provide the reader with a general overview of LABBB's financial activities. If you have questions in regard to this report, contact Pamela Girouard, 123 Cambridge Street, Burlington, MA 01803, or at 339-222-5615.

LABBB Collaborative
Statement of Net Position
June 30, 2023

		Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents		
Cash available for operations	$	2,763,978
Cash assigned as reserve for operations		3,030,630
Cash restricted for capital fund		2,851,362
Accounts receivable, net		2,785,463
Prepaid expenses		7,508
Total Current Assets		11,438,941
Non-current Assets		
Right-of-use leased asset, net of accumulated amortization of $132,742		75,028
Equipment and improvements, net		753,917
Total Non-current Assets		828,945
Total Assets		12,267,886
Deferred Outflows of Resources		
Deferred Outflows of Resources Related to OPEB		1,290,113
Total Assets and Deferred Outflows of Resources	$	13,557,999
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Lease liability, current portion	$	72,818
Accounts payable		622,005
Accrued expenses		998,577
Deferred revenue		15,230
Total Current Liabilities		1,708,630
Non-current Liabilities:		
Lease liability, non-current portion		5,971
Compensated absences		27,337
Other postemployment benefits		10,210,615
Total Long Term Liabilities		10,243,923
Total Liabilities		11,952,553
Deferred Inflows of Resources		
Deferred Inflows of Resources Related to OPEB		3,719,472
Net Position		
Unrestricted net position:		
General and other purposes		(5,715,544)
Net position invested in capital assets		753,917
Net position invested in right-of use leased assets		(3,761)
Restricted - capital reserve fund		2,851,362
Total Net Position		(2,114,026)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	13,557,999

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

LABBB Collaborative
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues		
Functions/ Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Net (Expense) Revenue and Changes in Net Position**
Governmental Activities:				
Administration	$ 1,407,336	$ -	$ -	$ (1,407,336)
Educational and instructional	18,586,388	20,660,238	-	2,073,850
Transportation	7,638,142	7,413,782	-	(224,360)
Intergovernmental revenue and expense	3,014,748	-	3,014,748	-
Interest expense	2,909	-	-	(2,909)
Depreciation and amortization	101,193	-	-	(101,193)
Amortization expense: Right-of use asset	69,257	-	-	(69,257)
Other postemployment benefits	(321,245)	-	-	321,245
Total Governmental Activities	$ 30,498,728	$ 28,074,020	$ 3,014,748	590,040
General Revenue and Other:				
Interest				137,193
Other				574
Total General Revenue and Other				137,767
Change in Net Position				727,807
Net Position, Beginning of Year:				(2,841,833)
Net Position, End of Year				$ (2,114,026)

LABBB Collaborative
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents				
Cash available for operations	$ 2,763,978	$ -	$ -	$ 2,763,978
Cash assigned as reserve for operations	3,030,630	-	-	3,030,630
Cash restricted for capital fund	-	2,851,362	-	2,851,362
Accounts receivable, net	2,785,463	-	-	2,785,463
Prepaid expenses	7,508	-	-	7,508
Total Assets	$ 8,587,579	$ 2,851,362	$ -	$ 11,438,941
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 622,005	$ -	$ -	$ 622,005
Accrued expenses	998,577	-	-	998,577
Deferred revenue	15,230	-	-	15,230
Total Liabilities	1,635,812	-	-	1,635,812
Fund Balances:				
Nonspendable	7,508	-	-	7,508
Restricted	-	2,851,362	-	2,851,362
Assigned	-	-	-	-
Unassigned	6,944,259	-	-	6,944,259
Total Fund Balances	6,951,767	2,851,362	-	9,803,129
Total Liabilities and Fund Balances	$ 8,587,579	$ 2,851,362	$ -	$ 11,438,941

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

LABBB Collaborative

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

June 30, 2023

Total fund balances, governmental funds	$ 9,803,129
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of related debt, used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	753,917
Right-of-use leased assets, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported in the funds.	75,028
Liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(78,789)
The compensated absences liability is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the Statement of Net Position.	(27,337)
The Other postemployment benefit (OPEB) liability and related deferred inflows and outflows are not current obligations and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	(12,639,974)
Net Position of Governmental Activities	$ (2,114,026)

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

LABBB Collaborative

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Tuition and services revenue	$ 20,374,618	$ -	$ -	$ 20,374,618
Industry revenue	133,612	-	-	133,612
Recreation revenue	106,840	-	-	106,840
Transportation revenue	7,413,782	-	-	7,413,782
Home services revenue	45,168	-	-	45,168
Intergovernmental revenue	3,014,748	-	-	3,014,748
Interest	13,655	123,538	-	137,193
Other	574	-	-	574
Credits to member districts	-	-	-	-
Total Revenues	31,102,997	123,538	-	31,226,535
Expenditures:				
Administration	1,428,954	-	-	1,428,954
Educational and instructional	18,540,291	46,101	-	18,586,392
Transportation expense	7,638,142	-	-	7,638,142
Intergovernmental expense	3,014,748	-	-	3,014,748
Lease interest	2,909	-	-	2,909
Lease financing principal	69,062	-	-	69,062
Capital outlay	-	827,311	-	827,311
Total Expenditures	30,694,106	873,412	-	31,567,518
Excess of Revenues over Expenditures	408,891	(749,874)	-	(340,983)
Other Financing Sources:				
Lease financing principal	-	-	-	-
OPEB obligation funding	-	-	-	-
Transfer from restricted funds	-	-	-	-
	-	-	-	-
Net Change in Fund Balances	408,891	(749,874)	-	(340,983)
Fund Balances, Beginning of Year	6,542,876	3,601,236	-	10,144,112
Fund Balances, End of Year	$ 6,951,767	$ 2,851,362	$ -	$ 9,803,129

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

LABBB Collaborative

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

For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	$	(340,983)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets, right-of-use assets and compensated absences as expenditures because such outlays use current financial resources, In contrast, the Statement of Acctivities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation or amortization expense for the period, or a change in administrative costs.		
Capital outlay		827,311
Amortization		(69,257)
Depreciation and amortization		(101,193)
Compensated absences		21,622
		678,483
Governmental funds report debt and lease payments as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only the current year interest accrued on the debt as expense.		
Lease financing principal		69,062
Other postemployment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in other postemployment benefits (OPEB) accrual		321,245
Change in net position of governmental activities	$	727,807

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

LABBB Collaborative
Statement of Fiduciary Net Position
Other Postemployment Benefits Trust
June 30, 2023

ASSETS	
Mutual funds - held through PARS	$ 6,654,673
Total Assets	$ 6,654,673
NET POSITION	
Net position held in trust for other postemployment benefits	$ 6,654,673
Total Net Position	$ 6,654,673

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

LABBB Collaborative

Statement of Changes in Fiduciary Net Position

Other Postemployment Benefits Trust

For the year ended June 30, 2023

Additions:	
Investment gains	$ 635,756
Total Additions	635,756
Deductions:	
Investment expenses	19,640
Total Deductions	19,640
Change in Net Position	616,116
Net Position - Beginning of Year	6,038,557
Net Position - End of Year	$ 6,654,673

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

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

LABBB Collaborative ("LABBB") is an educational collaborative organized under Chapter 40 of the general laws of the Commonwealth of Massachusetts. LABBB was entered into by the school committees of Lexington, Arlington and Burlington in April 1974, with the addition of Bedford in May 1980 and Belmont in July 1995. The Watertown school district will become a member of LABBB effective July 1, 2023. LABBB provides special education services and programs, as defined in the Regulations under Chapter 766, primarily to students aged 3 to 21, with moderate to severe special needs.

A summary of accounting policies consistently applied in the financial statements follows:

Basis of Presentation

LABBB'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 in GAAP and used by LABBB are discussed below.

LABBB's basic financial statements include both government-wide (reporting LABBB as a whole) and fund financial statements (reporting LABBB'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. LABBB does not have any activities classified as business type activities.

Cumulative effect of change in accounting principle

The Collaborative has fully implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITAs"). Statement No. 96 requires the present value of long-term SBITAs be recorded as an asset of the Collaborative and future payments to be recorded as a liability. The asset is required to be amortized ratably over the SBITA term and payments are allocated between interest expense and liability payments. Previously, SBITA payments were expensed as incurred with no corresponding asset or liability recorded. The significant impact to the Collaborative's financial statements from SBITAs would be to the government-wide financial statements. There was no change in the opening balance in the government-wide or governmental fund balances as a result of the cumulative effect of this change in accounting principle since the Collaborative did not have any long-term SBITA agreements prior to fiscal 2023.

Government-wide Financial Statements

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. LABBB does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments and other items not properly included among program revenues are reported instead as general revenues.

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

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Fiduciary Funds:
Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support collaborative programs. The reporting focus is on net position and changes in net position presented in fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (retiree health insurance participants) and cannot be used to address activities or obligations of LABBB, these funds are reported separately from that of LABBB's government-wide activities.

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

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

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements and Investments
LABBB has contributed $5,091,472 to a public employee retirement trust account with U.S Bank National Association as trustee, on behalf of its retirees' health insurance trust fund. The trustee invests the funds in Vanguard mutual funds. As of June 30, 2023, the balance in these investments consisted of the following:

	LABBB Contribution (Estimated Cost)	Fair Value	Cumulative Investment Gain
Mutual Funds	$5,091,472	$6,654,673	$1,563,221

All investments of LABBB are measured at fair value, generally based on quoted market prices in accordance with level 1 of the Fair Value Hierarchy established under GASB Statement No. 72, *Fair Value Measurement and Application.*

Net increase in the fair value on investments for the year ended June 30, 2023 was $616,116. There were no realized gains or losses during the year ended June 30, 2023. Annual investment gain totaled $635,756 and investment fees for the year ended June 30, 2023 were $19,640.

LABBB manages its investments in accordance with state public finance laws that require that all moneys held in the name of LABBB, which are not required to be kept liquid for purposes of distribution, shall be invested in such a manner as to require the payment of interest on the money at the highest possible rate reasonably available, taking account of safety, liquidity and yield. LABBB has directed a local investment management service to manage the funds as conservatively as possible. However, the investments are still subject to market risk of loss. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, LABBB will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. LABBB's investments are uninsured, not registered in the name of LABBB, and held by the counterparty's trust department or agent but not in LABBB's name.

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

Cash and Cash Equivalents
Cash equivalents include cash balances maintained in checking accounts and money market accounts. For purposes of the statement of cash flows, LABBB considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

LABBB maintains cash and cash equivalent balances at two institutions located in Massachusetts. Bank accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. LABBB's cash balances, at times, may exceed federally insured limits. LABBB monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts. LABBB also maintains cash and cash equivalents at the Massachusetts Municipal Depository Trust, which is collateralized by its underlying assets.

The Board of Directors of LABBB has set aside cash in reserve for operations. The reserve for operations is based on 10% of LABBB's next fiscal year budget (see Note J), as approved by the Board of Directors. As of June 30, 2023, the cash reserved for operations was $3,030,630.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are carried at their net realized value. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received. At June 30, 2023, management has recorded an allowance for doubtful accounts of $16,321.

Equipment and Improvements and Right -of-use Leased Assets

Equipment is stated at cost at the date of acquisition. Depreciation is provided in amounts sufficient to allocate the cost of depreciable assets to operations over their estimated service lives on the straight-line basis. Expenditures for repairs and maintenance are charged to expense as incurred. Equipment and improvements are being depreciated over useful lives ranging from three to five years.

LABBB records long-term lease assets and related liabilities for all assets with a term extending beyond 12 months. The lease asset is recorded as the discounted present value of required lease payments and is amortized ratably over the shorter of the lease term or the underlying asset's useful life.

In the fund financial statements, capital and right-of-use leased assets are not capitalized and related depreciation or amortization is not reported. Such assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Revenue

Deferred revenue consists primarily of amounts received from cities and towns for programs in which services have not yet been provided under the terms of the agreement.

Member Credits

The member school districts have elected to make a portion of current and prior year surpluses available to them for future application to service and tuition billings. Member credits are recognized as obligations when approved by the board. During fiscal year 2023, no new credits were issued to the member districts.

Compensated Absences

It is LABBB's policy to permit certain employees to accumulate earned but unused vacation pay benefits up to specified limits. Employees may use this time in addition to other vacation time earned each year. Unused time is paid to the employee upon termination or retirement. Compensated absences are recorded as a non-current liability in the Statement of Net Position.

Postemployment Healthcare Plan

LABBB follows standards which require the recognition and disclosure of the liability for benefits of current and former employees, as calculated in an actuarial study, over a period not to exceed thirty years, as well as the disclosure of actuarial assumptions and methods used (see Note F).

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications

Government-wide Statements

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

Net position invested in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributed to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end the portion of the debt attributable to the unspent proceeds are not included in the calculation or invested in capital assets. LABBB has no bonded debt on Capital assets as of June 30, 2023.

Net position invested in right-of-use leased assets - Consists of right-of-use leased assets, net of accumulated amortization, reduced by the outstanding balances of liabilities that are attributable to the leased assets.

Restricted net position (as applicable) - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, granters, contributors or laws or regulations of other government or, (2) law through constitutional provisions or enabling legislation. It includes cumulative investment income earned on these funds.

Unrestricted net position - general and other purposes - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

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

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

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

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

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

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

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

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses
Fringe benefit and administrative costs have been allocated to functions based on a percentage of salary cost and have been summarized on a functional basis in the statement of revenues, expenses and changes in net position. Accordingly, these costs have been allocated among the programs and supporting services benefited.

Capital Reserve Fund (Restricted)
The Collaborative's member school committees have approved a capital budget plan in accordance with state regulations not to exceed $4,000,000. During the year ended June 30, 2023, the Collaborative utilized $749,874 from the reserve fund. The remaining balance in the capital reserve fund at June 30, 2023 was $2,851,362.

Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant management estimates included in the financial statements relate to the allowance for doubtful accounts receivable, useful lives of depreciable assets, fair value of certain investments, measurement of actuarial obligations for defined postemployment health care benefits, and the allocations of common expenses over program functions.

Income Tax Status
LABBB was established under Chapter 40 Section 4(e) under the general laws of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions
LABBB accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. LABBB has identified its tax status as a tax-exempt entity as its only significant tax position; however, LABBB has determined that such tax position does not result in an uncertainty requiring recognition. LABBB is not currently under examination by any taxing jurisdiction. As a Chapter 40 government entity, LABBB is exempt from filing certain non- profit filings and, accordingly, there are no returns currently open for examination.

Surplus Revenue Retention (unaudited)
The excess (deficiency) of revenue received from departments of the Commonwealth of Massachusetts is the amount in accordance with the Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy, pursuant to 808CMR 1.19(3) of the Pricing, Reporting, and Auditing for Special Programs, which allows a provider to retain, the future use, a portion of annual net surplus. Net surplus from the revenues and expenses with services provided to purchasing agencies, which are subject to 808CMR 1.00, may not exceed 20% of the provider's revenues derived from contracts with state departments annually. LABBB's surplus under this regulation is calculated in relation to its 22-year-old program and surplus revenue did not exceed the 20% threshold for the year ended June 30, 2023.

Subsequent Events
LABBB has evaluated subsequent events through December 14, 2023, the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents included the following at June 30, 2023:

Bank balance of cash and cash equivalents	$ 5,873,234
Deposits held in a Massachusetts Municipal Depository Trust	2,851,362
Reconciling items (deposits in transit, outstanding checks, etc.), net	(78,626)
Total cash and cash equivalents as reported on the statement of net position	$ 8,645,970
Bank deposits insured by the Federal Deposit Insurance Corporation	$ 250,000

LABBB's cash and cash equivalents are held at Brookline Bank. Brookline Bank is a member of the Depositors Insurance Fund which insures all balances in excess of the FDIC insured limit in full.

NOTE C - EQUIPMENT AND IMPROVEMENTS

Equipment and improvement activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Equipment and improvements:				
Equipment	$ 7,732	$ 11,717	$ -	$ 19,449
Leasehold improvements	152,467	-	-	152,467
Furniture and equipment		41,111		41,111
Vans	-	774,483		774,483
Total at historic cost	160,199	827,311	-	987,510
Accumulated depreciation	(132,400)	(101,193)	-	(233,593)
	$ 27,799	$ 726,118	$ -	$ 753,917

NOTE D - LEASE COMMITMENTS

LABBB has entered into operating lease agreements for facilities used by the 22-year-old program, kitchen use for two district schools, event rentals, office equipment and vehicles used to transport students, which expire at various times through 2023. The lease expense related to the 22-year-old program facilities and kitchen use was $9,600 and $2,400, respectively. Total lease expense for event rentals and the office equipment at June 30, 2023 was $13,410 and $5,055, respectively. LABBB entered into an agreement with the lessor of the vehicles to outright purchase the vans in fiscal year 2022 and was consummated for the purchase of 16 vans with the remaining van purchase deferred by the lessor until fiscal year 2024. Total rental expense for the vehicles was $130,321 for the year ended June 30, 2023. For leases recorded in accordance with GASB Statement No. 87, Leases, see Note G.

The approximate minimum future obligations on the lease agreements described above at June 30, 2023 are as follows:

2024	$ 13,305
2025	-
2026	-
2027	-
2028	-
	$ 13,305

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS

Plan Descriptions

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

Benefits Provided

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

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

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

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

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

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

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS (continued)

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
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.

Educational collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, 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 collaboratives. During fiscal year 2023, LABBB's contributions on behalf of employees totaled $360,180.

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 Retirement plus otherwise the withholdings are reduced to 6% plus 2% on earnings over $30,000 a year after achieving 30 years of creditable service.

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

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

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS (continued)

Contributions (continued)

The nonemployer contributing entities' share of the collective net pension liability that is associated with LABBB was measured as of June 30, 2022 and was $12,285,629 and $24,909,681 under MSERS and MTRS, respectively. In fiscal year 2023, LABBB recognized revenue and related expense of $965,686 (under GASB Statement No. 68) for its portion of the collective pension expense under MSERS. In fiscal year 2022, LABBB recognized revenue and related expense of $2,049,062, (under GASB Statement No. 68) for its portion of the collective pension expense under MTRS. These amounts are recorded as intergovernmental revenue and expense in the financial statements.

NOTE F - RETIREMENT HEALTH BENEFITS

LABBB follows the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions."

Description

LABBB offers comprehensive medical, dental and life insurance through the Group Insurance Commission to eligible employees. Eight retirees/spouses have been grandfathered into medical insurance plans through Blue Cross Blue Shield or Harvard Pilgrim. An employee hired before April 2, 2012 shall become eligible to retire under these programs upon meeting the following conditions:

i. Completion of 10 years of continuous service at LABBB
ii. And attainment of age 55 as an active member
iii. Or completion of 20 years of continuous service at LABBB, regardless of age

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

i. Completion of 10 years of continuous service at LABBB
ii. And attainment of age 60 as an active member

The plan is administered by LABBB and LABBB shares in 40% of premiums for medical insurance. Eleven retirees are grandfathered into cost sharing arrangements where they pay 10%-25% of premiums. LABBB does not share in the premiums for dental insurance. LABBB shares in 50% of the premiums for life insurance.

Funding Policy

The contribution requirements of plan members and LABBB are established and may be amended through LABBB ordinances. For the 2023 fiscal year total LABBB premiums plus implicit costs for the retiree medical program were $378,878. LABBB made no contributions to the OPEB Trust for the fiscal year 2023 for a cumulative total contribution of $378,878.

Investment Policy

The long-term rate of return on assets developed based on LABBB's Investment Policy is 5.30%. The rate is comprised of a 4.13% real rate of return and 2.50% inflation assumption, net of 0.37% investment expense.

Actuarially Determined Contribution (ADC)

LABBB's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The following table shows the components of LABBB's annual ADC for the fiscal year and the amount actually contributed to the plan:

NOTE F- RETIREMENT HEALTH BENEFITS (continued)

Actuarially Determined Contribution - Deficiency / (Excess)

		June 30, 2023
I.	Service Cost	$ 536,270
II.	30-year amortization of NOL at 3.00%	450,295
III.	Actuarial Determined Contribution [I. + II.]	986,565
IV.	Contributions in relation to the actuarially determined contribution	(378,878)
V.	Contribution deficiency / (excess) [III. + IV.]	$ 607,687
	Covered employee payroll	$14,953,117
	Contribution as a % of covered employee payroll	2.53%
	Discount rate	5.12%
	Money Weighted Rate of Return	10.20%

OPEB Liability, OPEB Expense and ADC

	Fiscal Year Ended June 30, 2023	
	District Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2023	$16,865,288	$16,865,288
II. Fiduciary Net Position as of June 30, 2023	6,654,673	6,654,673
III. Net OPEB Liability (Asset) as of June 30, 2023 [I.-II.]	10,210,615	10,210,615
IV. Service Cost	536,270	536,270
V. Interest on Total OPEB Liability (Asset) and Service Cost, and Benefit Payments	837,393	837,393
VI. Projected Earnings on OPEB Plan Investments	(328,528)	(328,528)
VII. Net recognition of Deferred (Inflows)/Outflows	(987,502)	(987,502)
VIII. Expense Related to Change in Benefit Terms	-	-
IX. Financial Statement Expense [IV.+V.+ VII.+VIII.]	57,633	57,633
X. Employer Share of Costs	(378,878)	(378,878)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	0	0
XII. Total Employer Contribution [X.+XI.]	(378,878)	(378,878)
XIII. Net OPEB Expense (Benefit) [IX.+ XII.]	($321,245)	($321,245)

NOTE F- RETIREMENT HEALTH BENEFITS (continued)

Effect of 1% Change in Healthcare Trend
In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Net OPEB Liability as of the June 30, 2023 Measurement Date would increase to $13,786,452 or by 35.02%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Net OPEB Liability would decrease to $7,461,048 or by 26.93%.

Effect of 1% Change in Discount Rates
As of the June 30, 2023 Measurement Date, if the discount rate were 1% higher than what was used in this valuation, the Net OPEB Liability would decrease to $7,770,170 or by 23.90%. If the discount rate were 1% lower than was used in this valuation, the Net OPEB Liability would increase to $13,308,334 or by 30.34%.

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

Actuarial Cost Method:	Individual Entry Age Normal
Discount Rate:	5.12% per annum (previously 5.26%)
General Inflation Assumption:	2.50% per annum
Annual Compensation Increases:	3.00% per annum Actuarial
Value of Assets:	Market Value

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

NOTE F- RETIREMENT HEALTH BENEFITS (continued)

Changes in Net OPEB Liability

Changes in Net OPEB Liability		Increase (Decrease)	
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances at June 30, 2022 Reporting Date	$ 15,570,766	$ 6,038,557	$ 9,532,209
II. Prior Period Adjustment	-	-	-
III. Balances at June 30, 2022 Reporting Date with Adjustment [I.+II.]	15,570,766	6,038,557	9,532,209
Changes for the year:			
IV. Service Cost	536,270	-	536,270
V. Interest on Total OPEB Liability and Service Cost, and Benefit Payments	837,393	-	837,393
VI. Changes in Benefit Terms*	-	-	-
VII. Changes in Assumptions**	299,737	-	299,737
VIII. Differences between Actual and Expected Experience**	-	-	0
IX. Net Investment Income	-	616,116	(616,116)
X. Employer Contributions to Trust	-	378,878	(378,878)
XI. Benefit Payments Withdrawn from Trust	-	(378,878)	378,878
XII. Benefit Payments Excluding Implicit Cost	(359,735)	-	(359,735)
XIII. Implicit Cost Amount	(19,143)	-	(19,143)
XIV. Total Benefit Payments Including Implicit Cost [XII.+XIII.]	(378,878)	-	(378,878)
XV. Administrative Expense	-	-	-
XVI. Other Charges	-	-	-
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	$ 1,294,522	$ 616,116	$ 678,406
XVIII. Balances at June 30, 2023 [III.+XV.]	$16,865,288	$ 6,654,673	$ 10,210,615

* Recognized immediately

** Amortized over 7.00 years

Deferred Inflows and Outflows of Resources

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of differences between expected & actual experience									
Fiscal	Differences between actual & expected experience	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2018	-	7.30	-	-	-	-	-	-	-
2019	-	7.30	-	-	-	-	-	-	-
2020	(4,467,564)	7.00	(1,914,672)	(638,223)	(638,223)	(638,223)	(638,226)	-	-
2021	-	7.00	-	-	-	-	-	-	-
2022	(204,514)	7.00	(146,082)	(29,216)	(29,216)	(29,216)	(29,216)	(29,216)	(29,218)
2023	-	7.00	-	-	-	-	-		-
Total Remaining Balance			(2,060,754)						
Net increase (decrease) in OPEB Expense				(667,439)	(667,439)	(667,439)	(667,442)	(29,216)	(29,218)

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of changes in assumptions									
Fiscal	Differences between actual & expected assumptions	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2018	-	7.30	-	-	-	-	-	-	-
2019	-	7.30	-	-	-	-	-	-	-
2020	(3,870,346)	7.00	(1,658,718)	(552,907)	(552,907)	(552,907)	(552,904)	-	-
2021	557,107	7.00	318,346	79,587	79,587	79,587	79,587	79,585	-
2022	837,497	7.00	598,213	119,642	119,642	119,642	119,642	119,642	119,645
2023	299,737	7.00	256,918	42,819	42,819	42,819	42,819	42,819	42,819
Total Remaining Balance			(485,241)						
Net increase (decrease) in OPEB Expense				(310,859)	(310,859)	(310,859)	(310,856)	242,046	162,464

NOTE F- RETIREMENT HEALTH BENEFITS (continued)

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between projected & actual earnings on OPEB plan investments

Fiscal	Differences between actual & expected earnings	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028
2018	-	5.00	-	-	-	-	-	-	-
2019	-	5.00	-	-	-	-	-	-	-
2020	57,893	5.00	11,577	11,579	11,577	-	-	-	-
2021	(1,124,628)	5.00	(449,850)	(224,926)	(224,926)	(224,924)	-	-	-
2022	1,308,300	5.00	784,980	261,660	261,660	261,660	261,660	-	-
2023	(287,588)	5.00	(230,071)	(57,517)	(57,517)	(57,517)	(57,517)	(57,520)	
Total Remaining Balance			116,636						
Net increase (decrease) in OPEB Expense				(9,204)	(9,206)	(20,781)	204,143	(57,520)	-

NOTE G - LEASED FACILITY

LABBB leases a facility under an operating lease that expires in fiscal year 2025. This lease qualifies as a long-term lease and is recorded in accordance with GASB Statement No. 87. Since this lease was newly entered into in fiscal year 2023, there was no cumulative effect from the change in the adoption of the accounting principle recorded in the June 30, 2023 financial statements.

The lease agreement is summarized as follows:

Description	Initial Date	Payment Terms	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 6/30/2023	Liability Balance 6/30/2023	Net Asset 6/30/2023
Office Space	8/1/2021	3 years	2.50%	$ 207,770	$ 132,742	$ 78,789	$ (3,761)

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

Year Ending June 30,	Principal	Interest	Total
2024	72,997	1,137	74,134
2025	5,792	17	5,809
Thereafter	-	-	-
	$ 78,789	$ 1,154	$ 79,943

NOTE H- COMPENSATED ABSENCES

LABBB allows eligible employees to carryover unused vacation time up to 10 days annually. Below is an analysis of fiscal 2023 use of compensated absences.

Balance 7/1/2022	Vacation Taken	Vacation Earned	Balance 6/30/2023
$48,955	($101,888)	$80,270	$27,337

NOTE I-CONCENTRATIONS OF CREDIT RISK
Approximately 45% of all program revenues are derived from the member school districts in 2023. Five member towns represented 49% of all revenue in 2023. At June 30, 2023, four member towns represented approximately 57% of total accounts receivable.

NOTE J - FISCAL 2024 BUDGET
LABBB has authorized a fiscal 2024 operating budget totaling approximately $30,306,000 which management expects to fully fund through tuitions, governmental grants, and other receipts.

NOTE M - RISK MANAGEMENT

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

NOTE L - DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW CHAPTER 40 § 4E

Names, duties and total compensation for the five most highly compensated employees

The Commonwealth of Massachusetts requires educational LABBBs to disclose the name, duties and total compensation of the *5* most highly compensated employees.
Health Insurance

Employee Name	Title	Salary	Health Insurance Employer Portion	Total
Pamela Girouard	Executive Director	$181,800	$ 8,120	$189,920
Donna Goodell	Program Director	$141,531	$18,730	$159,901
James Kelly	Program Director	$133,031	$21,038	$154,069
Michael Allen	Teacher	$124,439	$21,038	$145,477
Thomas Brincklow	Teacher	$121,989	$21,038	$143,027

Executive Director -The duties of the executive director include providing leadership in planning, development and operation of LABBB programs and services, insuring proper fiscal management of LABBB programs and services, developing and presenting a budget to the Board of Directors, implementing policies and procedures established by the Board of Directors, recommending changes as necessary, and representing LABBB on various local and state task forces, committees and advisory boards.

Program Director- The duties of the program director include advertising, interviewing and hiring all staff with final Executive Director approval, supervising and evaluating all professional staff, designing program handbooks, resources and training manuals and staff policy manuals, designing all professional development programs and conferences for all staff, conducting meetings on IEPs, transitions and parent's council, and attending meetings on case conferences, student progress and professional consults.

Special Education Teacher - The duties of the special education teacher include:

- Create and modify curriculum materials according to the student abilities and needs
- Ensure implementation of accommodations and curriculum modifications according the IEP
- Lead the delivery of the instruction and implementation of IEP goals and objectives
- Complete baseline and informal assessments as needed to track and monitor student progress
- Complete formal assessments as required
- Stay updated on current assessment tools, instructional strategies, and DESE curriculum standard requirements

NOTE L - DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW CHAPTER 40 § 4E (continued)

Amounts expended on services for individuals aged 22 years and older
LABBB commenced its Post-22 program during fiscal year 2020. Total direct expenditures under the program for fiscal year 2023 were $105,129.

Accounts held by the LABBB that may be spent at the discretion of another person or entity
LABBB does not hold any accounts on behalf of others.

Transactions between the LABBB and any related for-profit or non-profit organization
LABBB had no transactions between related for-profit or non-profit organizations.

Transactions or contracts related to purchase, sale, rental or lease of real property
Transactions or contracts related to the purchase, sale, rental, or lease of real property are described in Note C and G to the financial statements.

Amounts expended on administration and overhead
Total administrative costs incurred by LABBB totaled $1,428,954 (general fund) for the year ended June 30, 2023. Administrative expenses include all costs that cannot be directly or reasonably applied to a program of LABBB. Administrative expenses include salaries, related benefits and payroll taxes, associated with LABBB's administrative office (i.e., Executive Director, finance staff, human resources, etc.), as well as other costs associated with maintaining that office (i.e., occupancy, supplies, etc.). LABBB directly applies salaries, where appropriate, to its programs and allocates related employee benefits and taxes to those programs. Occupancy, supplies, maintenance and any other cost that can be directly applied, or reasonably allocated, are reported under program expense. See Note A for a description of the functional allocation of expenses.

NOTE L - DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW CHAPTER 40 § 4E (continued)

(A)	**Surplus as of June 30, 2022**		$ 6,542,876	(A)	**p. 12**
	(Breakdown of use of 2023 surplus)				
	B(1) used to support the FY24 budget	$ -			
	B(2) issued as credits to member districts	$ -			
	B(3) issued as a check(s) to member district(s)	$ -			
	B(4) deposited to a restricted account(s)	$ -			
(B)	**Board voted uses of surplus funds during FY23**	*(total from B1:B4)*	$ -	(B)	**p. 12**
(C)	**Unexpended FY23 General Funds**		$ 408,891	(C)	**p. 12**
(D)	Cumulative Surplus as of June 30, 2023	(A) - (B) + (C) = (D)	$ 6,951,767	(D)	**p. 12**
(E)	**FY23 Total General Fund Expenditures***		$27,679,358	(E)	**p. 12**
(F)	Cumulative Surplus Percentage	(D) ÷ (E)	**25.12%**	(F)	

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

(G)	Cumulative surplus as of June 30, 2023 before reductions			$ 6,951,767
			25% limit (allowed)	$ 6,919,840
(H)	Cumulative Surplus **REDUCTIONS****			
	(H)1 Credited to member districts for tuition, services, etc.	$ -		
	(H)2 Deposited to an established trust and/or reserve fund	$ 31,927		
	(H)3 Returned (check) to school districts/towns	$ -		
	(I) Cumulative surplus as of June 30, 2023 after reductions			$ 6,919,840
	FY23 Cumulative Surplus Percentage after Reductions			**25.00%**

*Reconciliation of Total General Fund Expenditures to the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds on page 12:

Total Expenditures:	$30,694,106
OPEB Obligation Funding:	-
Capital Reserve Transfer	-
Lease Right-of-use Asset:	-
Intergovernmental Expense:	(3,014,748)
	$27,679,358

** Subsequent to June 30, 2023, but prior to issuance of the financial statements, the Collaborative's board of directors voted to transfer $31,927 into its capital reserve fund. The $31,927 is the required excess to be credited or transferred to comply with the 25% cumulative surplus allowance.

LABBB Collaborative

Statement of Revenues, Expenditures and Changes in Fund Balance
of the General Fund - Budget to Actual - Budgetary Basis
For the Year Ended June 30, 2023

	Original/Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Tuition and services revenue	$ 19,556,655	$ 20,374,618	$ 817,963
Industry revenue	133,612	133,612	-
Recreation revenue	106,840	106,840	-
Transportation revenue	7,703,432	7,413,782	(289,650)
Home services revenue	45,168	45,168	-
Grants and contracts	-	-	-
Intergovernmental revenue*	-	3,014,748	3,014,748
Interest	73,897	13,655	(60,242)
Other	30,640	574	(30,066)
Total Revenues	27,650,244	31,102,997	3,452,753
Expenditures:			
Administration	1,033,308	1,500,925	(467,617)
Educational and instructional	18,691,221	18,540,291	150,930
Transportation expense	7,905,682	7,638,142	267,540
Intergovernmental expense*	-	3,014,748	(3,014,748)
Total Expenditures	$ 27,630,211	$ 30,694,106	$ (3,063,895)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 20,033	$ 408,891	$ 388,858
Other Items:			
OPEB obligation funding	-	-	-
Transfer to restricted funds	-	-	-
Credits to member districts	-	-	-
	$ -	$ -	$ -

*The Collaborative prepares its annual budget on a basis (budget basis), which differs from generally accepted principles (GAAP basis). The budget and all transactions are presented in accordance with the Collaborative's method (budget basis) in the above schedule to provide meaningful comparison of actual results with budget. There are no reconciling items between GAAP and budget basis in this statement. Intergovernmental revenue and expense is not budgeted by the Collaborative because it is actuarially determined annually and does not require actual expenditure by the Collaborative. Certain expenses may be grouped differently than the actual amounts presented. OPEB obligation funding and credits to member districts were approved by board vote after the budget was prepared but not reflected in the budget documentation due to their occurance near fiscal year end.

See independent auditor's report.

LABBB Collaborative

OPEB Plan - Required Supplementary Information
As of the June 30, 2023 Measurement Date

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

Actuarially Determined Contribution - Deficiency/(Excess)

	For the Fiscal Year Ending:					
	June 30, 2023	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
I. Service Cost	$ 536,270	$ 624,053	$ 539,188	$ 499,008	$ 1,062,020	$ 987,151
II. 30 year level dollar amortization of NOL	450,295	427,676	318,786	502,302	805,084	962,508
III. Actuarially Determined Contribution [I.+II.]	986,565	1,051,729	857,974	1,001,310	1,867,104	1,949,659
IV. Contributions in relation to the actuarially determined contribution	(378,878)	(898,947)	(879,042)	(835,953)	(967,616)	(3,352,674)
V. Contribution deficiency/(excess) [III.+IV.]	607,687	152,782	(21,068)	165,357	899,488	(1,403,015)
Covered employee payroll	14,953,117	14,517,589	14,328,343	13,911,013	14,375,457	13,956,754
Contributions as a % of covered employee payroll	2.53%	6.19%	6.13%	6.01%	6.73%	24.02%
Discount Rate	5.12%	5.26%	4.75%	5.00%	3.25%	3.25%
Money Weighted Rate of Return	10.20%	-14.20%	30.87%	4.53%	6.51%	3.37%

Schedule Presentation

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

See independent auditor's report.

LABBB Collaborative

OPEB Plan - Required Supplementary Information

As of the June 30, 2023 Measurement Date

Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios						
Valuation Date	**July 1, 2021**	**July 1, 2021**	**July 1, 2019**	**July 1, 2019**	**July 1, 2016**	**July 1, 2016**
Measurement Date	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
For the Reporting Period & Fiscal Year ending on:	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Total OPEB Liability	16,865,288	15,570,766	14,026,157	12,658,386	20,167,011	18,828,765
I. Service Cost	536,270	624,053	539,188	499,008	1,062,020	987,151
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	837,393	686,520	650,518	666,230	652,370	598,268
III. Changes in Benefit terms	-	-	-	-	-	-
IV. Difference between Expected & Actual Plan Experience	-	(204,514)	-	(4,467,564)	-	-
V. Changes of Assumption	299,737	837,497	557,107	(3,870,346)	-	-
VI. Benefit Payments Excluding Implicit Cost	(359,735)	(362,601)	(275,721)	(242,064)	(280,451)	(262,952)
VII. Implicit Cost Amount	(19,143)	(36,346)	(103,321)	(93,889)	(95,693)	(89,722)
VIII. Total Benefit payments including Implicit Cost [VI.+VII.]	(378,878)	(398,947)	(379,042)	(335,953)	(376,144)	(352,674)
X. Net Change in OPEB liability [I.+II.+III.+IV.+V.+VIII+IX.]	1,294,522	1,544,609	1,367,771	(7,508,625)	1,338,246	1,232,745
XI. Total OPEB liability - beginning of period with adjustment (XI+XII.)	15,570,766	14,026,157	12,658,386	20,167,011	18,828,765	17,596,020
XII. Prior Period Adjustment for Retirees not Previously Reflected	-	-	-	-	-	-
XIII. Total OPEB Liability - end of period [IX.+X.+XI.]	16,865,288	15,570,766	14,026,157	12,658,386	20,167,011	18,828,765
Plan Fiduciary Net Position	6,654,673	6,038,557	6,455,479	4,550,697	3,858,988	3,050,067
XV. Earning from Plan Investments	616,116	(916,922)	1,404,782	191,709	217,449	50,067
XVI. Employer Contribution to Trust	378,878	898,947	879,042	835,953	967,616	3,352,674
XVII. Benefit payments from trust, including refunds of member contributions	(378,878)	(398,947)	(379,042)	-	-	-
XVIII. Administrative expense	-	-	-	(335,953)	(376,144)	(352,674)
XIX. Other	-	-	-	-	-	-
XX. Net change in plan fiduciary net position [XV.+XVI.+XVII+XVIII+XIX.]	616,116	(416,922)	1,904,782	691,709	808,921	3,050,067
XXI. Plan fiduciary net position - beginning of period	6,038,557	6,455,479	4,550,697	3,858,988	3,050,067	-
XXIV. Plan fiduciary net position - end of period [XXII.+XXIII.]	6,654,673	6,038,557	6,455,479	4,550,697	3,858,988	3,050,067
XXV. Net OPEB Liability [XIV-XXIV.]	10,210,615	9,532,209	7,570,678	8,107,689	16,308,023	15,778,698
XXVI. Plan fiduciary net position as a % of total OPEB liability [XX./XII.]	39.46%	38.78%	46.02%	35.95%	19.14%	16.20%
XXVII. Covered employee payroll	14,953,117	14,517,589	14,328,343	13,911,013	14,375,457	13,956,754
XXVIII. Plan NOL as % of covered employee payroll [XXV./XXVII]	68.28%	65.66%	52.84%	58.28%	113.44%	113.05%
Single Discount Rate to calculate Plan Liabilities	5.12%	5.26%	4.75%	5.00%	3.25%	3.25%

Schedule Presentation:

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

See independent auditor's report.

LABBB Collaborative

OPEB Plan - Required Supplementary Information

As of Actuarial Measurement Date - June 30, 2023

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was valued as of July 1, 2021.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2023.

Actuarial Assumptions:

Investment Rate of Return:	5.30%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Single Equivalent Discount Rate:	5.12%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment:	Not Applicable
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 Table 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 Table 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 Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Plan Membership

Plan Membership: At July 1, 2021, the OPEB plan membership consisted for the following

Inactive employees or beneficiaries currently receiving benefits:	68
Active employees:	188
Total:	256

Notes to Required Supplementary Information (Continued):

Changes in Assumptions: From June 30, 2022 to June 30, 2023

* Discount rate is 5.12% previously 5.26%

Contributions:

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. The Collaborative contributed $0 for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date, total Collaborative premiums plus implicit costs for the retiree medical program were $378,878 of which $19,143 of the $378,878 represents implicit cost.

LABBB Collaborative

Schedule of the Collaborative's Proportionate Share of Net Pension Liability

For the Year Ended June 30, 2023

		MTRS	MSERS
Collaborative's proportion of net pension liability	FY2014	0.11531%	0.09117%
	FY2015	0.11190%	0.09117%
	FY2016	0.10806%	0.09557%
	FY2017	0.10760%	0.09243%
	FY2018	0.10644%	0.09746%
	FY2019	0.10729%	0.09893%
	FY2020	0.10489%	0.09364%
	FY2021	0.10356%	0.09093%
	FY2022	0.09622%	0.08832%
Collaborative's proportionate share of net pension liability	FY2014	$ 18,330,401	$ 6,965,184
	FY2015	$ 22,927,185	$ 10,377,586
	FY2016	$ 24,159,633	$ 13,177,680
	FY2017	$ 24,623,917	$ 11,853,589
	FY2018	$ 25,238,778	$ 12,893,915
	FY2019	$ 27,051,082	$ 13,511,662
	FY2020	$ 29,940,610	$ 16,067,240
	FY2021	$ 23,516,160	$ 9,489,476
	FY2022	$ 24,909,681	$ 12,285,629
Collaborative's covered-employee payroll	FY2014	$ 6,953,746	$ 4,970,167
	FY2015	$ 7,035,045	$ 4,989,671
	FY2016	$ 6,174,790	$ 5,340,375
	FY2017	$ 7,222,908	$ 5,543,671
	FY2018	$ 7,503,142	$ 6,143,732
	FY2019	$ 7,989,564	$ 5,891,528
	FY2020	$ 8,016,911	$ 6,237,334
	FY2021	$ 8,092,191	$ 5,617,875
	FY2022	$ 8,371,783	$ 5,552,643
Collaborative's proportionate share of net pension liability as a percentage of its covered-employee payroll	FY2014	263.60%	140.14%
	FY2015	325.90%	207.98%
	FY2016	391.26%	246.76%
	FY2017	340.91%	213.82%
	FY2018	336.38%	209.87%
	FY2019	338.58%	229.34%
	FY2020	373.47%	257.60%
	FY2021	290.60%	168.92%
	FY2022	297.54%	221.26%
Plan fiduciary net position as a percentage of total pension liability	FY2014	61.64%	76.32%
	FY2015	55.38%	67.87%
	FY2016	52.73%	63.48%
	FY2017	54.25%	67.21%
	FY2018	54.84%	67.91%
	FY2019	53.95%	66.28%
	FY2020	50.67%	62.48%
	FY2021	62.03%	77.54%
	FY2022	57.75%	71.05%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System

MSERS is the Massachusetts State Employees' Retirement System. Also, see Note F to financial statements.

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2022.

LABBB Collaborative
Schedule of Pension Contributions
For the Year Ended June 30, 2023

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY 2022
MTRS									
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collaborative's covered-employee payroll	$ 6,953,749	$ 7,034,045	$ 6,174,790	$ 7,222,908	$ 7,503,142	$ 7,989,564	$ 8,016,911	$ 8,092,191	$ 8,371,783
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MSERS									
Contractually required contribution	$ 278,330	$ 279,422	$ 298,090	$ 310,469	$ 339,486	$ 329,995	$ 380,477	$ 342,690	$ 338,711
Contributions in relation to the contractually required contribution	$ 278,330	$ 279,422	$ 298,090	$ 310,469	$ 339,486	$ 329,995	$ 380,477	$ 342,690	$ 338,711
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Collaborative's covered-employee payroll	$ 4,970,167	$ 4,989,671	$ 5,340,375	$ 5,543,671	$ 5,582,936	$ 5,401,165	$ 6,237,334	$ 5,617,875	$ 5,552,643
Contributions as a percentage of covered-employee payroll	5.60%	5.60%	5.58%	5.60%	6.08%	6.11%	6.10%	6.10%	6.10%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System

MSERS is the Massachusetts State Employees' Retirement System

#REF!

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2022.

Schedule Presentation

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

Contributions

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

See independent auditor's report.

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

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

To the Board of Directors of

LABBB Collaborative
Burlington, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of LABBB Collaborative (a collaborative organized under the Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise basic financial statements and have issued our report thereon dated December 14, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LABBB 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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LABBB Collaborative's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on LABBB Collaborative's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. LABBB Collaborative's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Fritz DeGuglielmo LLC

Fritz DeGuglielmo, LLC

Newburyport, Massachusetts
December 14, 2023

Item 2023 - 1 -Processes Over the Receipt of Payments and Disbursements

Condition - The AR/AP Manager has access over the receipt of payments and the disbursement of funds. After the mail is opened by the administrative assistant, it is given to the AR/AP Manager, who prepares the payment log, enters the checks into the QuickBooks software, scans the checks into the bank account and for checks requiring deposit prepares the deposit slip and brings the deposit to the bank. The AR/AP Manager's responsibilities also include billing for services. The AR/AP Manager also enters invoices for payment into QuickBooks and generates checks for payment to be signed by the treasurer.

Criteria - Segregation of duties over the receipt of payments should be separate from disbursement activities.

Cause - Limited staff and the departure of the accountant and business manager has contributed to the lack of segregation of duties. Prior to the departure of the former business manager, a deposit report would be generated and reviewed. Since the business manager's departure, this process appears not to have continued.

Potential effect - Lack of segregation of duties over the receipt and disbursement of payments could result in the misappropriation of funds.

Recommendation - To improve controls over the receipt of payments, it is recommended upon the administrative assistant opening the mail, a log should be created detailing all checks received. This log should be given to the accountant and matched to the deposit report generated in QuickBooks. Additionally, a staff person other than the AR/AP Manager should bring the checks for deposit to the bank.

Response - Collaborative management agrees with this finding and was unable to correct this internal control deficiency during fiscal 2023. The newly appointed Finance and Operations Director has instituted procedures requiring the newly hired administrative assistant to daily collect the mail, sort and distribute it with all checks being given to the Finance and Operations Director. After his opening of the mail and logging the checks received, the checks will then be given to the AR/AP Manager for processing and recording. After his review of the accountant's prepared bank reconciliation, the Finance and Operations Director will match the check log to the bank reconciliation and statement.

Pamela T. Girouard
Executive Director

Robert J. Alconada
Director of Finance & Operations

LABBB
Collaborative Programs
Since 1974

Donna Goodell, Program Director
Pre-school, Elementary & Middle School Programs

James Kelly, Program Director
High School Programs

ACCEPTANCE OF THE BOARD OF DIRECTORS

We, the Board of Directors of the LABBB Collaborative, have voted to accept the representations of management and the expression of the opinions made by Fritz DeGuglielmo LLC as embodied in the financial statements, supplemental schedules and independent auditor's reports for the year ended June 30, 2023.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and under Commonwealth of Massachusetts laws for the year ended June 30, 2023.

Board Chair

12/15/23

Date

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www.labbb.com

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

December 14, 2023

To the Board of Directors of
LABBB Collaborative

LABBB Collaborative
123 Cambridge Street
Burlington, Massachusetts 01803

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of LABBB Collaborative for the year ended June 30, 2023 . Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 7, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LABBB Collaborative are described in Note A to the financial statements. The Collaborative fully implemented the requirements of GASB 96 during fiscal year 2023, which impacts recording and reporting of Collaborative subscription-based information technology agreements ("SBITAs"). No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by LABBB Collaborative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciation expense is based on guidelines established by the Commonwealth of Massachusetts for contracting purposes. Management's estimate of the post-employment health benefit obligation is based on an actuarial valuation, which included actuarial assumptions of returns on investments, inflation, and annual compensation increase rates. Management's estimate of pension on-behalf payments is based on audited plan financial statements issued by the retirement systems. Management's calculation of lease assets, liabilities, amortization and interest based on actual lease payments and a discount rate of the LABBB's implicit borrowing rate. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 14, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LABBB Collaborative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LABBB Collaborative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We did report on one finding reported in the Schedule of Findings and Responses included in the audited financial statement report. We refer you to that report for more detail. Other findings noted in the prior year audit were not determined to be a finding during the current year audit.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, OPEB Plan-Required Supplementary Information and pension schedules,, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of LABBB Collaborative and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Fritz DeGuglielmo LLC

Fritz DeGuglielmo LLC