



**LOWER PIONEER VALLEY
EDUCATIONAL CORPORATION**

**(A COMPONENT UNIT OF LOWER PIONEER
VALLEY EDUCATIONAL COLLABORATIVE)**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

LOWER PIONEER VALLEY EDUCATIONAL CORPORATION
(A Component Unit of Lower Pioneer Valley Educational Collaborative)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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Independent Auditors' Report

To the Board of Directors
Lower Pioneer Valley Educational Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and the major fund of the Lower Pioneer Valley Educational Corporation (the "Corporation"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund as of June 30, 2025, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
December 30, 2025

Management Discussion and Analysis

Lower Pioneer Valley Educational Corporation

Management's Discussion and Analysis

Year Ended June 30, 2025

As management of the Lower Pioneer Valley Educational Corporation ("Corporation"), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2025. The Corporation complies with financial reporting requirements issued by the Governmental Accounting Standards Board ("GASB"). Management's discussion and analysis are part of these requirements. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net position* presents information on all assets and liabilities, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

The government-wide financial statements distinguish functions that are principally supported by rental income and grant reimbursements (*governmental activities*). The governmental activities include administrative expenses, depreciation, and interest.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements.

Lower Pioneer Valley Educational Corporation

Management's Discussion and Analysis

Year Ended June 30, 2025

By doing so, readers may better understand the long-term impact of the Corporation's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The Corporation's assets exceeded liabilities for governmental activities by \$15.2 million at the close of 2025.

	<u>2025</u>	<u>2024</u>
Assets:		
Current assets.....	\$ 2,949,015	\$ 2,840,219
Capital assets, non depreciable.....	3,032,923	3,032,923
Capital assets, net of accumulated depreciation.....	<u>16,222,532</u>	<u>15,840,185</u>
Total assets.....	<u>22,204,470</u>	<u>21,713,327</u>
Liabilities:		
Current liabilities (excluding debt).....	-	49,111
Current debt.....	7,038,000	632,000
Noncurrent debt.....	<u>-</u>	<u>7,038,000</u>
Total liabilities.....	<u>7,038,000</u>	<u>7,719,111</u>
Net position:		
Net investment in capital assets.....	12,217,455	11,203,108
Restricted.....	<u>2,949,015</u>	<u>2,791,108</u>
Total net position.....	<u>\$ 15,166,470</u>	<u>\$ 13,994,216</u>

Net position of \$12.2 million reflects its investment in capital assets; less any related debt used to acquire those assets that are still outstanding. The Corporation uses these capital assets to provide services to pupils; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Lower Pioneer Valley Educational Corporation

Management's Discussion and Analysis

Year Ended June 30, 2025

The remaining balance of restricted net position has a year-end balance of \$2.9 million.

The following table shows the key elements affecting the increase in net position.

	<u>2025</u>	<u>2024</u>
General Revenues:		
Rental income.....	\$ 1,027,000	\$ 1,027,000
Reimbursements.....	1,267,151	2,818,756
Unrestricted investment income.....	36,439	39,768
Total revenues.....	<u>2,330,590</u>	<u>3,885,524</u>
Expenses:		
Legal and accounting.....	14,923	15,240
Unallocated depreciation.....	884,804	793,548
Interest.....	258,609	303,880
Total expenses.....	<u>1,158,336</u>	<u>1,112,668</u>
Change in net position.....	1,172,254	2,772,856
Net position, beginning of year.....	<u>13,994,216</u>	<u>11,221,360</u>
Net position, end of year.....	\$ <u>15,166,470</u>	\$ <u>13,994,216</u>

Governmental activities net position increased by \$1.2 million. This increase was primarily related to reimbursements received from the Collaborative for costs that were capitalized by the Corporation.

Financial Analysis of the Governmental Fund

Governmental funds. The focus of the Corporation's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements.

At year-end, the Corporation governmental fund reported an ending fund balance of \$2.9 million.

Lower Pioneer Valley Educational Corporation

Management's Discussion and Analysis

Year Ended June 30, 2025

Capital Asset and Debt Administration

Outstanding debt totaled \$7.0 million as of June 30, 2025, which was all considered current due to the balloon payment due September 2025.

Capital asset additions totaled \$1.3 million and related to building improvement for the Agawam Garage, Wilbraham Garage and East Longmeadow Garage. As of June 30, 2025, the Corporation's capital assets, net of accumulated depreciation, totaled \$19.3 million.

Please refer to Notes 3, and 4 of the basic financial statements for further discussion of the capital asset and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Lower Pioneer Valley Educational Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance and Operations, Lower Pioneer Valley Educational Corporation, 174 Brush Hill Ave., West Springfield, Massachusetts 01089.

Basic Financial Statements

Lower Pioneer Valley Educational Corporation

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
CURRENT:	
Cash.....	\$ 24
Cash equivalents.....	2,837,871
Due from the Lower Pioneer Valley Educational Collaborative.....	<u>111,120</u>
Total current assets.....	<u>2,949,015</u>
NONCURRENT:	
Capital assets, nondepreciable.....	3,032,923
Capital assets, net of accumulated depreciation.....	<u>16,222,532</u>
Total noncurrent assets.....	<u>19,255,455</u>
TOTAL ASSETS.....	<u>22,204,470</u>
LIABILITIES	
CURRENT:	
Bonds payable.....	<u>7,038,000</u>
NET POSITION	
Net investment in capital assets.....	12,217,455
Restricted.....	<u>2,949,015</u>
TOTAL NET POSITION.....	<u><u>\$ 15,166,470</u></u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

Statement of Activities

Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Governmental Activities</u>
Primary Government:	<u>Expenses</u>
<i>Governmental Activities:</i>	
Administration.....	\$ 14,923
Interest.....	258,609
Unallocated depreciation.....	<u>884,804</u>
Total Governmental Activities.....	\$ <u><u>1,158,336</u></u>
Changes in net position:	
Net (expense) revenue from above.....	\$ <u><u>(1,158,336)</u></u>
<i>General revenues:</i>	
Rental income.....	1,027,000
Reimbursements.....	1,267,151
Unrestricted investment income.....	<u>36,439</u>
Total general revenues.....	<u>2,330,590</u>
Change in net position.....	1,172,254
<i>Net position:</i>	
Beginning of year.....	<u>13,994,216</u>
End of year.....	\$ <u><u>15,166,470</u></u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

Governmental Fund Balance Sheet

June 30, 2025

	Lower Pioneer Valley Educational Corporation
ASSETS	
Cash.....	\$ 24
Cash equivalents.....	2,837,871
Due from the Lower Pioneer Valley Educational Collaborative.....	<u>111,120</u>
TOTAL ASSETS.....	<u><u>\$ 2,949,015</u></u>
FUND BALANCE	
Restricted.....	<u><u>\$ 2,949,015</u></u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

**Reconciliation of the Governmental Fund Balance Sheet Total Fund Balance to the
Statement of Net Position**

June 30, 2025

Total governmental fund balance.....	\$	2,949,015
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		19,255,455
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long-term debt.....		<u>(7,038,000)</u>
Net position of governmental activities.....	\$	<u><u>15,166,470</u></u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

Governmental fund – Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2025

	Lower Pioneer Valley Educational Corporation
<u>REVENUES:</u>	
Rental income.....	\$ 1,027,000
Reimbursements.....	1,267,151
Investment income.....	<u>36,439</u>
 TOTAL REVENUES.....	 <u>2,330,590</u>
 <u>EXPENDITURES:</u>	
Current:	
Administration.....	14,923
Capital outlay.....	1,267,151
Debt service:	
Principal.....	632,000
Interest.....	<u>307,720</u>
 TOTAL EXPENDITURES.....	 <u>2,221,794</u>
 NET CHANGE IN FUND BALANCE.....	 108,796
 FUND BALANCE AT BEGINNING OF YEAR.....	 <u>2,840,219</u>
 FUND BALANCE AT END OF YEAR.....	 <u>\$ 2,949,015</u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

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

Year Ended June 30, 2025

Net change in fund balance - total governmental fund.....	\$	108,796
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		1,267,151
Depreciation expense.....		<u>(884,804)</u>
Net effect of reporting capital assets.....		382,347
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Debt service principal payments.....		632,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in accrued interest on long-term debt.....		<u>49,111</u>
Change in net position of governmental activities.....	\$	<u><u>1,172,254</u></u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lower Pioneer Valley Educational Corporation (the “Corporation”) was organized in 1981 and is composed of representatives from the seven member school systems of the Lower Pioneer Valley Educational Collaborative (the “Collaborative”). The current purpose of the Corporation is to hold title to real estate and other assets to be used for educational purposes by the Collaborative and the member school districts. The Corporation is governed by a seven person Board of Directors who are independent from the Collaborative. The Corporation is a component unit of the Lower Pioneer Valley Educational Collaborative.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Corporation accounting policies are described herein.

Reporting Entity

For financial reporting purposes, the Corporation has included all funds, organizations, agencies, boards, commissions, and institutions. The Corporation has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Corporation (the primary government) and its component units. The Corporation has no component units that require inclusion in these basic financial statements. The primary government consists solely of administrative, interest and unallocated depreciation. The Corporation Board of Directors and Executive Director are directly responsible for these activities.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are primarily supported by rental income and reimbursements from the Collaborative.

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements. The Corporation has only one governmental fund.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Year Ended June 30, 2025

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

Revenues

For the year ending June 30, 2025, with the exception of investment income, the Corporation received 100% of its revenues from the Lower Pioneer Valley Educational Collaborative.

Use of Estimates

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

Due From the Lower Pioneer Valley Educational Collaborative

At year end, the Corporation had an asset balance related to payments due from the Lower Pioneer Valley Educational Collaborative.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Year Ended June 30, 2025

Capital Assets

Property and equipment with a useful life greater than one year is stated at cost. The Corporation's policy is to capitalize property and equipment costing \$5,000 or more.

Depreciation is calculated on a straight-line basis based on the following estimated useful lives:

Building and Improvements	20 – 40 years
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The Corporation reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Should the expected cash flows be less than the carrying value, an impairment loss would be recognized to reduce the carrying value. There was no impairment loss recorded during 2025.

Tax Status

The Corporation is a tax-exempt organization under the Internal Revenue Code Section 501(c) (3) and, therefore, has no provision for federal or state income taxes.

Fair Value Measurements

The Corporation reports required types of financial instruments in accordance with the fair value standards.

These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the organization to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Year Ended June 30, 2025

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

At June 30, 2025, the Corporation had a Repurchase Agreement to fully collateralize the Corporation's assets above the Federal Depository Insurance limits. See Note 2 for more information.

Insurance

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Corporation carries commercial insurance.

NOTE 2 – CASH AND INVESTMENTS

The Corporation maintains its cash deposits in one checking account. At June 30, 2025, the Corporation's carrying balance for deposits totaled \$24 and the bank balance totaled \$24, all of which was covered under Federal Depository Insurance.

Cash Equivalents

As of June 30, 2025, the Corporation had a cash equivalent of \$3,148,408 in an overnight Repurchase Agreement (REPO). Under the terms of the REPO, the bank collects funds in excess of an agreed upon amount and invests the monies in a REPO. These are fully collateralized by U.S. Government securities. As of June 30, 2025, the carrying value of the REPO is \$2,837,871.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,032,923	\$ -	\$ -	\$ 3,032,923
 <u>Capital assets being depreciated:</u>				
Buildings.....	27,410,861	1,267,151	-	28,678,012
 <u>Less accumulated depreciation for:</u>				
Buildings.....	(11,570,676)	(884,804)	-	(12,455,480)
Total capital assets being depreciated, net.....	15,840,185	382,347	-	16,222,532
Total governmental activities capital assets, net.....	\$ 18,873,108	\$ 382,347	\$ -	\$ 19,255,455

NOTE 4 – LONG-TERM DEBT

During fiscal year 2016, the Corporation borrowed \$12,075,000 through Massachusetts Development Finance Agency Revenue bonds (the bond). The bond was used to finance \$1,087,267 toward the purchase of a new Wilbraham garage; to refund \$10,457,000 of an existing Massachusetts Development bond; to refund \$444,733 which was the outstanding balance of the Agawam Garage Note; and to fund \$86,000 in issuance costs on the new bond. The current refunding was executed to transition from a variable rate bond to a bond which carries a fixed interest rate and to remove the 2 garages that were sold and modular classrooms from the collateral asset listing on the loan. The modular classrooms in Agawam and East Longmeadow were previously used as collateral and are no longer in use and have been relinquished to the respective communities. The garages in Wilbraham and Ludlow that were previously on the collateral listing were sold as part of the transition to the new Wilbraham Garage. The bond had a fixed interest rate of 3.79%, with payments made monthly until September 2025, at which time there was a final balloon payment requirement of \$6,940,000. At June 30, 2025, the Corporation had an outstanding debt balance of \$7,038,000.

On September 23, 2025, the Corporation closed a refinancing agreement converting the remaining balance of the loan of \$6,940,000 into a long-term bond. See Note 9 for further information.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Year Ended June 30, 2025

The Corporation had the following long-term financing activity during 2025:

Project	Interest Rate (%)	Outstanding at June 30, 2024	Issued	Redeemed	Outstanding at June 30, 2025
Massachusetts Development Bond.....	3.79%	\$ 7,670,000	\$ -	\$ 632,000	\$ 7,038,000

Annual principal maturities are as follows for the years ending June 30:

Year	Principal	Interest	Total
2026.....	\$ 7,038,000	\$ 66,770	\$ 7,104,770

NOTE 5 – COMMITMENTS

The Collaborative’s board votes to approve the use of fund balance for various projects to be spent by the Corporation for capital improvements to the Corporation’s capital infrastructure.

NOTE 6 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Corporation has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Corporation’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints:

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Year Ended June 30, 2025

- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Corporation has classified its fund balance, totaling \$2,949,015, as restricted fund balance, as the current purpose of the Corporation is to hold title to real estate and other assets to be used for educational purposes by the Collaborative and the member school districts.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Collaborative rents space at various facilities from the Corporation for use in their programs. The Corporation recorded rental income and related interest totaling approximately \$1,027,000 for the year ended June 30, 2025. These agreements are for rental payments through June 30, 2026, and future rental payments to be received by the Corporation total \$1,027,000.

During 2025, the Collaborative also remitted reimbursements to the Corporation totaling \$1,267,152. Current year reimbursement payments received for capital improvements to the Corporations' infrastructure.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Corporation derives its revenue from the Lower Pioneer Valley Educational Collaborative through a series of leases in which the Corporation leases facilities to the Lower Pioneer Valley Educational Collaborative. The leases currently expired on June 30, 2025, and both the Corporation and Collaborative boards have voted to extend the lease agreements one year. No further lease payments or arrangements have been agreed upon. The Corporation believes that it has no significant concentration of credit risk beyond its basis of origin as Lessor to the Lower Pioneer Valley Educational Collaborative.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 30, 2025, which is the date the financial statements were available to be issued.

On September 23, 2025, the Corporation refinanced its balloon payment previously due in September 2025. Under the new agreement with TD Bank, N.A., the principal amount was set at \$6,940,000 with a maturity date extended to September 30, 2035. The interest rate was amended to 4.75% (tax-exempt) and 5.48% (taxable), with monthly principal payments of \$57,833 and a final payment due at maturity.

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

To the Board of Directors
Lower Pioneer Valley Education Corporation

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 and the major fund, of the Lower Pioneer Valley Education Corporation (the "Corporation"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated December 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CBIZ CPAs P.C.

Merrimack, NH
December 30, 2025