

## **CERTIFICATION OF BOARD CHAIR**

I, William Fonseca, Chairperson of the Lower Pioneer Valley Educational Collaborative, a Massachusetts educational collaborative, having its principal office in West Springfield, Hampden County, Massachusetts, do hereby certify at a meeting of the Board of Directors of said Collaborative duly called and held in West Springfield, Massachusetts, in accordance with the by-laws, on December 21, 2016 at which meeting a quorum of the Directors was at all times present and voting throughout, it was unanimously passed to accept and approve the LPVEC 2016 Annual Report as presented.

WITNESS my hand of said Collaborative on December 21, 2016.



William Fonseca, Chairperson

**LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE**

**174 BRUSH HILL AVENUE, WEST SPRINGFIELD, MA01089**

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**SERVING AGAWAM•EAST LONGMEADOW•HAMPDEN•WILBRAHAM•LONGMEADOW•LUDLOW•SOUTHWICK•TOLLAND•GRANVILLE•WEST SPRINGFIELD**



# FY 2016 ANNUAL REPORT

## **Lower Pioneer Valley Educational Collaborative**

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# LETTER FROM EXECUTIVE DIRECTOR

## LETTER FROM EXECUTIVE DIRECTOR

Dear LPVEC Communities:

For over 40 years, the Lower Pioneer Valley Educational Collaborative (LPVEC) has been working as an extension of our seven member districts: Agawam, East Longmeadow, Hampden-Wilbraham, Longmeadow, Ludlow, Southwick-Tolland-Granville, and West Springfield. Our mission is to increase the capacity of school districts and support the success of all students by providing high-quality shared programs and services in a cost-effective manner. Our primary purpose is to accomplish this mission in the member districts, although we provide a number of services to non-member districts as well.

This annual report is designed to provide a review of the programs and services provided by LPVEC in the 2015-2016 fiscal year. These programs and services included the following:

- **Education Programs:** Career/Technical Education and Special/Alternative Education;
- **Business Programs:** School Transportation, Municipal Medicaid Reimbursement, and Energy Management; and
- **Educator Support Services:** Job-Alike Groups, Curriculum/Instruction/Assessment Support, Grant Support, Program Evaluation, and Research & Development/New Ideas.

All of the achievements in this report are a credit to the knowledgeable, dedicated, and caring staff with whom I have the privilege to work.

We are grateful for the opportunity to work with students, educators, families, and member communities to improve educational outcomes. We look forward to continuing to work in partnership with our member districts to save money, expand capacity, and provide quality programs and services in the years ahead.

Sincerely,



Andrew M. Churchill  
Executive Director



# GENERAL INFORMATION

## GENERAL INFORMATION

### MISSION AND PURPOSE

The mission of LPVEC is to increase the capacity of school districts and support the success of all students by providing high-quality shared programs and services in a cost-effective manner. Our primary purpose is to accomplish this mission in the member districts (Agawam, East Longmeadow, Hampden-Wilbraham, Longmeadow, Ludlow, Southwick-Tolland-Granville, and West Springfield), although we provide a number of services to non-member districts as well.

### SERVICES

LPVEC provides the following programs and services and also, upon approval of the Board of Directors, any additional programs and services which merit attention:

- ***Career and Technical Education (CTEC)*** – A unique, half-day program which allows students to maintain membership in their home districts while gaining career/technical instruction in a state-of-the-art facility. 465 students in 12 shops in FY16.
- ***Special and Alternative Education (SPED)*** - Services to students aged 5 to 22 years who demonstrate a wide variety of exceptional learning needs, including adjustment and behavioral problems, learning disabilities, Autism, Pervasive Developmental Disabilities, Asperger's Syndrome, and developmental disabilities. 116 students in 13 programs in FY16.
- ***School Transportation Services*** – Regular education transportation (RNT) for five member districts; special education transportation (SNT) for six member districts.
- ***Municipal Medicaid Reimbursement*** – Proprietary software and knowledgeable support helps communities receive federal reimbursement for health services delivered to Medicaid-eligible children with disabilities. Served 50 districts/municipalities in FY16.
- ***Energy Management Program*** – Cooperative purchasing of a variety of energy-related utilities. In FY16, provided natural gas for 26 districts/municipalities, 20 for electricity, 49 for fuel oil, 21 for diesel, and 20 for unleaded gasoline.
- ***Job-Alike Groups*** – Regular meetings of superintendents, curriculum directors, special education directors, principals, and business managers.
- ***Curriculum/Instruction/Assessment and Other Educator Support Services*** – Professional development, data analysis, communication/technical assistance regarding educational improvement initiatives, grant support, host state District & School Assistance Center (DSAC).



# GENERAL INFORMATION

## GEOGRAPHIC AREA SERVED

The Lower Pioneer Valley Educational Collaborative is located in the greater Springfield area of Western Massachusetts, on the border of Connecticut. A legal partnership of seven member school districts (see below), the Collaborative also serves students in other public school districts in Hampden and Hampshire Counties. The Collaborative provides business and professional development services to local education agencies and municipalities throughout Massachusetts.

The map below delineates the geographic area of LPVEC member districts.



## MEMBERSHIP

In FY16, the Collaborative served a general population of 20,925 students in seven member school districts:

***Agawam:*** K-12 district serving 3,939 students

***East Longmeadow:*** PreK-12 district serving 2,650 students

***Hampden-Wilbraham:*** PreK-12 district serving 3,138 students

***Longmeadow:*** PreK-12 district serving 2,880 students

***Ludlow:*** PreK-12 district serving 2,699 students

***Southwick-Tolland-Granville:*** PreK-12 district serving 1,625 students

***West Springfield:*** PreK-12 district serving 3,994 students

# GENERAL INFORMATION

## BUDGET

The chart below summarizes revenues and expenditures for LPVEC in fiscal year 2016. As the figures indicate, about half of the budget supports transportation operations, with Career TEC and Special Education programs making up the majority of the remainder.

	Total All Funds	Governmental Fund General	Proprietary Funds Transportation
Revenues:			
Tuition Fees and Assessments:			
Special Education	3,948,248	3,948,248	
Occupational Education	5,009,539	5,009,539	
Supplemental/Contracted Services	1,926,661	1,926,661	
Transportation Revenues	11,875,233		11,875,233
<b>Total Revenues</b>	<b>22,759,681</b>	<b>10,884,448</b>	<b>11,875,233</b>
Expenditures:			
Instruction	7,947,527	7,947,527	
Counseling and Child Accounting	229,954	229,954	
General School Administration	82,899	82,899	
Business Services	1,039,349	755,649	283,700
Operation and Maintenance of School Buildings	1,753,449	1,352,953	400,496
Student Transportation	8,406,870	53,100	8,353,770
Operation and Maintenance of Vehicles	2,871,767	34,500	2,837,267
Personnel and Information Systems	344,416	344,416	
Debt Services	83,450	83,450	
<b>Total Expenditures</b>	<b>22,759,681</b>	<b>10,884,448</b>	<b>11,875,233</b>

Since FY2009, LPVEC has submitted its budget for peer review to the Association of School Business Officials (ASBO) and the Government Finance Officers Association (GFOA). Consequently, LPVEC has received the Meritorious Budget Award and the Distinguished Budget Presentation Award.

# GENERAL INFORMATION

## STAFFING

Ninety percent of all personnel are employed in direct services to students (e.g., instruction, nursing, therapists, and transportation personnel). The remaining 10 percent of personnel account for administration, clerical staff, maintenance, and information technology support.

### EMPLOYEE AND STAFFING LEVELS FOR FISCAL YEARS 2012-2016

POSITION	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Proposed
<b><u>Teachers &amp; Instructional Staff</u></b>						
Teachers	26	23	22	22	20	20
Instructors	24	25	24	24	25	25
Nurses	4	4	4	2	2	2
Guidance	3	3	3	3	3	3
Paraprofessionals	46	48	46	54	48	48
Itinerants	0	6	5	5	6	6
<b>Sub Total</b>	<b>103</b>	<b>109</b>	<b>104</b>	<b>110</b>	<b>104</b>	<b>104</b>
<b><u>Administration</u></b>						
Executive Director	1	1	1	1	1	1
Supervisors and Directors	9	11	10	10	11	12
Administrative Staff	6	8	12	14	14	13
Specialists	1	1	4	4	4	4
<b>Sub Total</b>	<b>17</b>	<b>21</b>	<b>27</b>	<b>29</b>	<b>30</b>	<b>30</b>
<b><u>Classified Employees</u></b>						
Clerical Staff	10	10	4	3	3	3
Maintenance	3	2	2	2	2	2
IT Staff	4	5	5	5	3	3
Transportation Services	239	237	246	238	243	243
<b>Sub Total</b>	<b>256</b>	<b>254</b>	<b>257</b>	<b>248</b>	<b>251</b>	<b>251</b>
<b>Total Regular Staff</b>	<b>376</b>	<b>384</b>	<b>388</b>	<b>387</b>	<b>385</b>	<b>385</b>

# GOVERNANCE AND LEADERSHIP

## GOVERNANCE AND LEADERSHIP

### **BOARD OF DIRECTORS (SCHOOL COMMITTEE REPRESENTATIVES)**

**Agawam:** Diane Juzba

**East Longmeadow:** William Fonseca

**Hampden-Wilbraham Regional:** Michelle Emirzian

**Longmeadow:** Elizabeth Bone

**Ludlow:** Jacob Oliveira

**Southwick-Tolland-Granville Regional:** George LeBlanc

**West Springfield:** Jose Irizarry

### **CHANGES IN GOVERNANCE AND LEADERSHIP**

During 2016, Southwick-Tolland-Granville Regional School District appointed George LeBlanc to replace James Vincent on LPVEC's Board of Directors.

### **SUPERINTENDENTS' ADVISORY COUNCIL**

The Lower Pioneer Valley Educational Collaborative is a member-driven organization. The Executive Director meets monthly with member superintendents to discuss the following:

- Needs of the membership in terms of programs and services
- Opportunities for inter-district collaboration and superintendent peer support
- Evaluation of programs, analysis of performance data, and review of budget
- Action items to be brought before the Board – the Executive Director elicits input from Superintendents on issues to be voted by the Board of Directors

The members of the Superintendents' Advisory Council include:

**Agawam:** William Sapelli

**East Longmeadow:** Gordon Smith

**Hampden-Wilbraham Regional:** Albert Ganem, Jr.

**Longmeadow:** Martin O'Shea

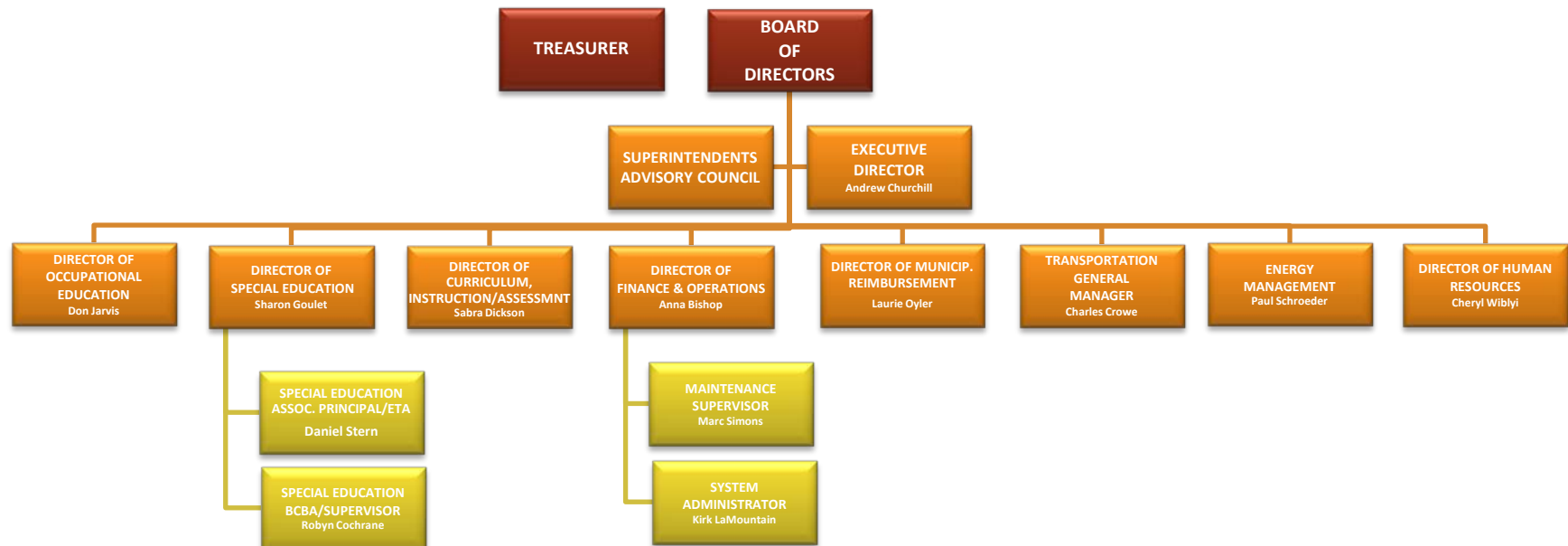
**Ludlow:** Todd Gazda

**Southwick-Tolland-Granville Regional:** Jennifer Willard

**West Springfield:** Michael Richard

# GOVERNANCE AND LEADERSHIP

## ORGANIZATIONAL CHART



# PROGRAMS AND SERVICES PROVIDED

## PROGRAMS AND SERVICES PROVIDED

### SPECIAL AND ALTERNATIVE EDUCATION

LPVEC provides services to students aged 5 to 22 years who demonstrate a wide-variety of exceptional learning needs including adjustment and behavioral problems, learning disabilities, Autism, pervasive developmental disabilities, Asperger's Syndrome, and developmental disabilities. Students are referred to LPVEC for services when they present needs for specially-designed instruction that cannot be delivered effectively within the traditional classroom. As of October 1, 2015, 116 special needs students were enrolled in 13 LPVEC special education programs. The LPVEC Academy programs are located at LPVEC's Brush Hill Avenue headquarters in West Springfield. All other LPVEC special education programs are located in classrooms within the public schools of the member school districts.

#### *SPED Enrollment by District October 1, 2015:*

DISTRICT	SY16 OCT/15
Agawam	27
East Longmeadow	10
Hampden/Wilbraham	32
Longmeadow	10
Ludlow	10
Southwick/Tolland/Granville	2
West Springfield	10
<b>Total</b>	<b>101</b>
<b>Out of District Placements</b>	
Easthampton	1
Belchertown	5
Monson	2
Granby	1
South Hadley	1
Springfield	4
Westfield	1
<b>Total OOD</b>	<b>15</b>
<b>Total Number of Students</b>	<b>116</b>

# PROGRAMS AND SERVICES PROVIDED

## SPECIAL EDUCATION PROGRAM DESCRIPTIONS

### **AUTISM ELEMENTARY**

**Level:** Elementary K-4

**Ludlow High School, 500 Chapin Street, Ludlow, MA 01056**

**Program Description:** The AEP Program is designed for students with moderate to severe autism and other related disabilities. The program follows the Massachusetts State Curriculum Frameworks. Instruction is presented at the student's level and according to the student's Individual Education Plan.

### **AUTISM MIDDLE SCHOOL**

**Level:** Secondary Grades 5-10

**Ludlow High School, 500 Chapin Street, Ludlow, MA 01056**

**Program Description:** The AMP Program is designed for students with moderate to severe autism and other related disabilities. The program follows the Massachusetts State Curriculum Frameworks. Specialized Instruction is presented at the student's level and according to the student's Individual Education Plan.

### **AUTISM HIGH COPA**

**Level:** High School to Age 22

**Ludlow High School, 500 Chapin Street, Ludlow, MA 01056**

**Program Description:** The COPA Program is designed for students with moderate to severe Autism and other related disabilities that may require physical assistance, personal care assistance and/or medical care.

### **COMPASS MIDDLE SCHOOL**

**Level:** Middle School

**Glenbrook Middle School, 110 Cambridge Circle, Longmeadow, MA 01106**

**Program Description:** The Compass Middle School program is designed for students with Autism Spectrum Disorders. Compass Middle offers group pragmatics and social skills instruction, support in improving executive functioning, and group counseling to support students in navigating their social environment effectively and successfully.

### **COMPASS HIGH SCHOOL**

**Level:** High School

**Ludlow High School, 500 Chapin Street, Ludlow, MA 01056**

**Program Description:** The Compass High School program is designed for students with Autism Spectrum Disorders. Compass High offers group pragmatics and social skills instruction, support in improving executive functioning, and group counseling to support students in navigating their social environment effectively and successfully.

### **CAREER PREPARATION PROGRAM**

**Level:** High School

**Minnechaug Regional High School, 621 Main Street, Wilbraham, MA 01095**

**Program Description:** The Career Preparation Program is designed for adolescents with moderate delays in academics, language, and social skills.

### **CAREER SKILLS**

**Level:** High School

**East Longmeadow High School, 180 Maple Street, East Longmeadow, MA 01028**

**Program Description:** The Career Skills Program is designed for adolescents with mild to moderate learning disabilities with high-functioning Autism. They may also access LPVEC Career TEC for vocational education if appropriate.

### **VOCATIONAL PREPARATION PROGRAM**

**Level:** High School/ High School Plus

**Minnechaug Regional High School, 621 Main Street, Wilbraham, MA 01095**

**Program Description:** This program is designed for students with moderate delays in cognitive ability. It provides a half day of functional academics and a half day of vocational skills training either in a vocational educational program or in a community job placement. The program follows the Common Core State Standards. Instruction is presented at the student's level and according to the student's Individual Education Plan.

# PROGRAMS AND SERVICES PROVIDED

## **LPV ACADEMY**

***The following programs fall under the auspices of the Lower Pioneer Valley Academy (LPV Academy) and are located at the Career and Technical Education Center, 174 Brush Hill Avenue in West Springfield.***

## **BRUSH HILL ACADEMY**

*Level: High School*

*Program Description: Brush Hill Academy (BHA) is a forward-thinking, alternative education program in which general education and special education teachers provide small group and individualized support, with a maximum of 12 students per class. A clinical consultant provides group counseling and consultation to staff to provide support in managing at-risk behavior.*

## **INTEGRATED OCCUPATIONAL PREPARATION**

*Level: High School*

*Program Description: The IOP Program is designed for students with mild cognitive delays and language learning disabilities who meet the criteria for Career and Technical Education as outlined in the CTEC application for admissions. The program combines academics, career and technical education, and employability skills. Students spend half of their school day in academics and the other half in career and technical education. The focus of IOP is to provide academic instruction to meet graduation requirements and prepare students for successful placement in a career/technical field.*

## **TRANSITIONAL ALTERNATIVE PROGRAM**

*Level: Middle School and High School*

*Program Description: The TAP program designed to provide temporary instructional and counseling support (as needed) for students who are suspended from their current school or transitioning between*

*educational placements. TAP is a well-supervised, highly structured program that provides clear and consistent behavioral and academic expectations. Students may attend this program from one to forty-five days. Academic work, textbooks, and other class-specific materials are provided by the student's home school district. Students in the TAP program may participate in physical education classes on-site.*

## **TWAIN**

*Level: High School*

*Program Description: The TWAIN Program is designed for students with social/emotional and behavior disorders. The program focuses on developing skills related to self-awareness, self-management, responsible decision making, social awareness, and relationship building.*





# PROGRAMS AND SERVICES PROVIDED

## CAREER AND TECHNICAL EDUCATION

The Lower Pioneer Valley Career and Technical Education Center (CTEC), located at 174 Brush Hill Avenue in West Springfield, MA, provides career/vocational technical education programs for high school students in our member districts and several others. CTEC programs are recognized career pathways as defined by the Carl D. Perkins Vocational and Applied Technology Act of 1990 and 1998 and reauthorized in 2006.

Founded in 1974, CTEC has a long tradition of partnering with local businesses and industry to ensure that students receive rigorous and relevant training aligned with the Massachusetts Department of Elementary and Secondary Education's Vocational Technical Education Frameworks, industry standards, and regional employment needs. In 2006, CTEC expanded to the new facility in West Springfield with state-of-the-art equipment and technology that meets or exceeds industry and OSHA standards.

Students completing a career/vocational technical program have the opportunity to continue formal studies at the post-secondary level, secure gainful employment, or pursue a combination of both.

### ***CTEC Enrollment by District October 1, 2015:***

DISTRICT	STUDENTS
Agawam	114
East Longmeadow	23
Hampden/Wilbraham	32
Longmeadow	15
Ludlow	52
Southwick/Tolland/Granville	63
West Springfield	74
<b><i>Member District Total</i></b>	<b>373</b>
South Hadley	31
Easthampton	54
Other	7
<b><i>Non Member Total</i></b>	<b>92</b>
<b><i>TOTAL ENROLLMENT</i></b>	<b>465</b>

# PROGRAMS AND SERVICES PROVIDED

## CAREER TEC PROGRAM DESCRIPTIONS

*All programs are located at the Career and Technical Education Center, 174 Brush Hill Avenue, West Springfield, MA 01089*

### **AUTOMOTIVE TECHNOLOGY**

Automotive Technology is a Chapter 74 approved program certified by the National Automotive Technicians Education Foundation (NATEF) in the following areas: Brakes, Electrical/Electronic Systems, Engine Performance, and Suspension and Steering. Students are prepared for "All Aspects of the Industry" through various experiences in class, shop, and the community. Students are assessed on competencies aligned with the Massachusetts Vocational Technical Education Frameworks and the National Institute for Automotive Service Excellence (ASE).

### **CARPENTRY**

The Carpentry Program is a Chapter 74 approved course of study offering a comprehensive, competency-based curriculum aligned with the Massachusetts Vocational Technical Education Frameworks (Construction Cluster/Carpentry).

### **COSMETOLOGY**

Cosmetology, a Chapter 74 approved program, is a comprehensive competency based three-year program, certified by the Commonwealth of Massachusetts Board of Registration of Cosmetologists. Upon successful completion of the course, which includes the requirement of 1000 instructional hours, students are prepared to take the Board of Registration of Cosmetologists license exam using the curriculum standards set by the Board. Students who have mastered skills in all phases of cosmetology will have the opportunity to extend their learning experience into the world of work in an area salon.

### **CULINARY ARTS**

Culinary Arts is a competency-based Chapter 74 approved program certified by the American Culinary Federation (ACF) and aligned with the Massachusetts Vocational Technical Education Frameworks (Hospitality and Tourism

Cluster/Culinary Arts). Students operate a fully equipped commercial kitchen and dining room encompassing restaurant, banquet, and buffet services through two student-run restaurants: the morning Java Café, serving breakfast, and the Brush Hill Bistro, serving lunch. Students are assessed on industry-standard competencies developed by the American Culinary Federation, the Federation of Dining Room Professionals, and the American Hotel and Lodging Association. Students are prepared for the ServSafe® Certification through the National Restaurant Association's Educational Foundation training program.

### **DESIGN AND VISUAL COMMUNICATIONS**

Design and Visual Communications is a Chapter 74 approved program that is competency based and prepares students for the visual design field. The curriculum is aligned with the Massachusetts Vocational Technical Education Frameworks (Arts and Communications Service Cluster/Design and Visual Communications).

### **EARLY EDUCATION AND CARE**

Early Education and Care is a growing and ever changing field which includes the care and teaching of children from birth through age 7. The Early Education and Care program at CTEC is a comprehensive 3 year program in which students will experience a combination of classroom instruction and hands on experience with children from ages 6 weeks through 6 years of age.

### **FACILITIES MANAGEMENT**

Facilities Management is a Chapter 74 approved, competency-based program designed to introduce students to the many facets of facilities maintenance: interior, exterior, and seasonal grounds and lawn care. The curriculum is aligned with the Massachusetts Vocational Technical Education Frameworks (Construction Cluster/Facilities Management).

# PROGRAMS AND SERVICES PROVIDED

## **FASHION TECHNOLOGY**

The Fashion Technology program is a competency-based, Chapter 74 approved program that enables students to develop knowledge and skills in all aspects of the Fashion Industry. The program is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks (Business and Consumer Services Cluster/Fashion Technology).

## **GRAPHIC COMMUNICATIONS**

The Graphic Communications program is a competency-based Chapter 74 approved program that prepares students for a wide range of career opportunities in the graphic arts and communications industry. The program is certified by PrintED®, a national accreditation program. Graphic Communications introduces students to theory and practical aspects of the commercial printing industry. The program is aligned with the Massachusetts Vocational Technical Education Frameworks (Arts and Communication Services Cluster/Graphic Communication).

## **HEALTH ASSISTING**

The Health Assisting program is a comprehensive, competency-based program aligned with the Massachusetts Vocational Technical Education Frameworks (Health Services Cluster/Health Assisting). In addition to holding Chapter 74 approval, the Health Assisting program is certified by the Commonwealth of Massachusetts as a Certified Nursing Assistant (CNA) and Sending Health Aide (HHA) testing site and by the Department of Public Health as a Feeding Assistant testing site.

## **INFORMATION SUPPORT SERVICES AND NETWORKING**

The Information Support Services and Networking program, a Chapter 74 approved program, is a competency-based program designed to provide students with entry-level skills in personal computer maintenance and repair, data communications, and networking. The curriculum is aligned with the Massachusetts Vocational Technical Education Frameworks (Information Technology Services Cluster/Information Support Services and Networking).

## **LANDSCAPING**

### **TECHNOLOGY/HORTICULTURE**

The Landscaping Technology/Horticulture program is a Chapter 74 approved program aligned with the Massachusetts Vocational Technical Education Frameworks (Agriculture and Natural Resources Cluster/Horticulture). Students in the program explore career areas in landscape maintenance, construction and design, greenhouse production, nursery production, floriculture, and retail garden center operation. Leadership and personal development skills are promoted through involvement in the Future Farmers of American (FFA) Student Organization.

## **MACHINE TECHNOLOGY**

The Machine Technology program features a state-of-the-art facility that includes the latest in technology including Computer Numeric Control (CNC) milling machines and lathes as well as a computer lab for CAD/CAM instruction. The Machine Technology program offers students the opportunity to experience the latest technology in the machine tool industry.

## **TECHNICAL CAREER EXPLORATORY**

The Technical Career Exploratory is an introductory program designed to introduce 9th grade students to the career/vocational technical educational options available at the Lower Pioneer Valley Career and Technical Education Center (Career TEC). The first three weeks of the course are an introduction to Career TEC.

## **COOPERATIVE EDUCATION PROGRAM**

The Cooperative Education (Co-op) Program at Career TEC is designed to give second-year students the opportunity to extend their learning experience into the world of work. Student achievement in Co-op is assessed using the Work-Based Learning Plan endorsed by the Massachusetts Department of Education in collaboration with the Massachusetts School to Career System.

# PROGRAMS AND SERVICES PROVIDED

## TRANSPORTATION

LPVEC provides school transportation services to six of its member districts. These services include both regular and special needs transportation. LPVEC currently employs and manages approximately 227 drivers and monitors and operates 204 school transportation vehicles.

In addition, because of the relationship of the LPVEC to its member school districts, LPVEC is highly responsive to the needs of its constituents. LPVEC membership owns three transportation facilities located in Agawam, East Longmeadow, and Wilbraham.

## MUNICIPAL MEDICAID REIMBURSEMENT

Under federal law, school districts are eligible to receive payment from Medicaid for health services delivered to Medicaid-eligible children with disabilities. In addition, school districts may be eligible to receive reimbursement for the transportation costs of such services and administrative costs including outreach for enrollment purposes and coordination as well as monitoring of medical care.

LPVEC's Municipal Medicaid Reimbursement Program assists districts in identifying children who may be eligible to receive Medicaid services and completing all reporting and billing requirements necessary to secure reimbursement for those services. LPVEC has been instrumental in maximizing the amount of federal dollars returned to participating communities.

### *Communities Served*

ACTON  
AMHERST (TOWN)  
CLARKSBURG  
EAST LONGMEADOW  
ERVING  
FRONTIER RSD  
GREENFIELD  
HOLYOKE  
LENOX  
LUDLOW  
MONSON  
NORTHAMPTON  
PIONEER VALLEY RSD  
QUABOAG RSD  
SAVOY  
SOUTHWICK-TOLLAND RSD  
WEST SPRINGFIELD

ACTON-BOXBOROUGH RSD  
AMHERST RSD  
CONWAY  
EAST WINDSOR  
FLORIDA  
GATEWAY RSD  
HAMPDEN/WILBRAHAM  
LANESBOROUGH  
LEVERETT  
MLK, JR. CHARTER SCHOOL  
MOUNT GREYLOCK RSD  
PALMER  
PITTSFIELD  
ROWE  
SHUTESBURY  
SUNDERLAND  
WHATELY

AGAWAM  
CHICOPEE  
DEERFIELD  
EASTHAMPTON  
FRANKLIN COUNTY TECH  
GRANBY  
HAWLEMONT RSD  
LEE  
LONGMEADOW  
MOHAWK TRAIL RSD  
NEW-SALEM WENDELL  
PELHAM  
PV CHINESE IMMERSION  
S. BERKSHIRE RSD  
SOUTH HADLEY  
TAUNTON  
WILLIAMSTOWN

# PROGRAMS AND SERVICES PROVIDED

## ENERGY MANAGEMENT

LPVEC Energy Management Program facilitates cooperative purchasing of a variety of energy-related utilities, including electricity, natural gas, fuel oil, diesel fuel, and gasoline. The table below indicates communities participating in LPVEC's cooperative purchasing program:

### *Communities Served*

TOWN OF AGAWAM	TOWN OF AMHERST	AMHERST-PELHAM REGIONAL
ATHOL ROYALSTON RSD	TOWN OF ATHOL	TOWN OF BELCHERTOWN
BELCHERTOWN PUBLIC SCHOOLS	TOWN OF BERNARDSTON	TOWN OF BUCKLAND
CENTRAL BERKSHIRE RSD	CHESTERFIELD GOSHEN REGIONAL	COLLABORATIVE FOR ED. SERVICES
CITY OF CHICOPEE	CHICOPEE SCHOOLS	TOWN OF CONWAY
CONWAY SCHOOL COMMITTEE	DEERFIELD SCHOOL COMMITTEE	TOWN OF EAST LONGMEADOW
CITY OF EASTHAMPTON	TOWN OF ERVING	FRANKLIN COUNTY SHERIFF'S DEPT
FRANKLIN COUNTY TECHNICAL	FRONTIER REGIONAL	GATEWAY REGIONAL
TOWN OF GILL	TOWN OF GRANBY	TOWN OF GRANVILLE
TOWN OF GREENFIELD	HADLEY PUBLIC SCHOOLS	HAMPDEN-WILBRAHAM RSD
TOWN OF HAMPDEN	HAMPSHIRE REGIONAL	CITY OF HOLYOKE
LEE-TYRINGHAM SCH UNION #29	TOWN OF LEVERETT	TOWN OF LONGMEADOW
LPVEC	TOWN OF LUDLOW	LUDLOW PUBLIC SCHOOLS
MOHAWK TRAIL REGIONAL	MONSON PUBLIC SCHOOLS	TOWN OF MONTGOMERY
NEW SALEM-WENDELL SCHOOL UNION	CITY OF NORTH ADAMS	CITY OF NORTHAMPTON
TOWN OF NORTHFIELD	TOWN OF PALMER	PALMER PUBLIC SCHOOLS
PELHAM SCHOOL	PIONEER VALLEY REGIONAL	TOWN OF SHELburne
SOUTHERN BERKSHIRE RSD	SOUTHWICK-TOLLAND-GRANVILLE RSD	TOWN OF SOUTHWICK
CITY OF SPRINGFIELD	TOWN OF SUNDERLAND	SUNDERLAND SCHOOL COMMITTEE
WARE PUBLIC SCHOOLS	TOWN OF WEST SPRINGFIELD	CITY OF WESTFIELD
WESTHAMPTON PUBLIC SCHOOLS	WHATELY ELEMENTARY SCHOOL	TOWN OF WILBRAHAM
TOWN OF WILLIAMSBURG	WILLIAMSBURG PUBLIC SCHOOLS	

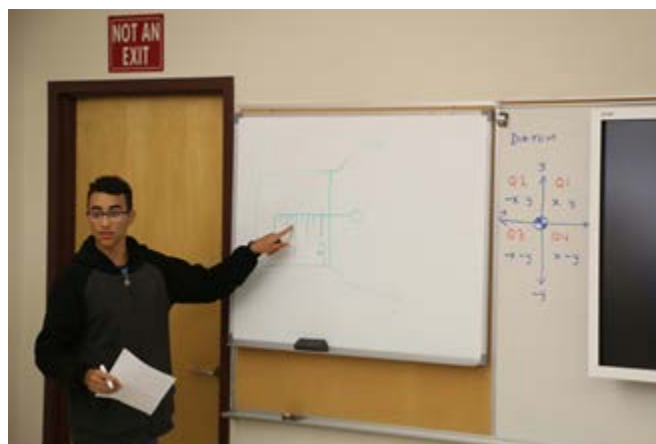


# PROGRAMS AND SERVICES PROVIDED

## CURRICULUM, INSTRUCTION, AND ASSESSMENT

LPVEC employs a director of curriculum, instruction, and assessment who works with district curriculum directors and LPVEC program staff to collaboratively improve teaching quality. LPVEC also shares several employees of the MA Department of Elementary and Secondary Education (DESE) District & School Assistance Center (DSAC), who work part-time to support the DSAC and part-time for the Collaborative on a grant and contract-funded basis. Together, our Curriculum, Instruction, and Assessment (CIA) staff provide the following services:

- Facilitating district curriculum directors job-alike group;
- Providing professional development and curriculum support for LPVEC's teachers, para-professionals, nurses, counselors, and related service providers;
- Managing shared professional development sessions for member districts;
- Providing MCAS administration support for LPVEC special education programs;
- Providing grant support for member districts, primarily for multi-district proposals; and
- Offering a variety of grant and contract supported services, including:
  - district and school improvement planning;
  - examining curriculum, instruction, and assessment practices;
  - strategic use of assessment and non-assessment data including DDMs;
  - development of formative, benchmark, and summative assessments;
  - program evaluation;
  - use of the Education Data Warehouse to access data and generate reports; and
  - developing institutes on curriculum mapping and other topics.





# COST-EFFECTIVENESS

## COST-EFFECTIVENESS

### **SPECIAL EDUCATION - AGGREGATE COST AVOIDANCE**

LPVEC calculates the cost savings of special education programs for its member districts by first subtracting the LPVEC FY16 tuition for each program from the lowest-cost comparable program's tuition, as set by the MA Operational Services Division (OSD). This difference is then multiplied by the student enrollment to yield the total member-district savings for each program. Program savings are then added together to yield the total cost savings for member districts. Using this method, we calculate that member districts saved a minimum of \$1,066,891 in FY16. Stated differently, had districts placed students in private programs rather than an LPVEC program, they would have spent at least \$1.07 million more in FY16.

An additional benefit for member districts is that a portion of the costs of running LPVEC's special education programs is paid by non-member districts, thus enabling member districts to receive higher capacity programs than they pay for. Since all costs of special education programs are paid through tuitions, we calculate the proportion of costs paid by non-member districts by calculating the percentage of tuition revenue paid by non-member districts. Using this method, we calculate that non-member districts defrayed 16% of total program costs in FY16.

### **CAREER AND TECHNICAL EDUCATION - AGGREGATE COST AVOIDANCE**

The method used to calculate cost-avoidance via LPVEC's Ch. 74-approved Career and Technical Education Center (CTEC) programs is similar to the method used in special education. LPVEC first calculates member-district costs of CTEC education by multiplying student enrollment by the FY16 member-district tuition net base rate (\$11,308 in FY16). LPVEC then compares this to the total cost if students attended CTEC attended other regional vocational schools in the area (\$17,556 in FY16). Regional vocational school tuitions originate from the MA Department of Elementary and Secondary Education (DESE) website. Using this method, we calculate member-district cost avoidance at \$2,330,504 in FY16. Put another way, if districts did not offer Ch. 74-approved programs through their collaborative, they would have spent \$2.3 million more in FY16 to send their students to other regional vocational schools.

### **TRANSPORTATION - AGGREGATE COST AVOIDANCE**

LPVEC compares the cost of its Regular Needs Transportation (RNT) and Special Needs Transportation (SNT) services to the cost of competitor contracts. LPVEC requests data on cost per bus per day from other contracts in Hampden County. For FY16, school districts in Hampden County reported paying between \$297.95 and \$444.14 per day per bus for regular needs transportation. Only two districts in Hampden County provided data on special needs transportation costs. These districts reported a cost per bus - per day for SNT between \$375.90 to 594.31. Based on these rates, districts using LPVEC for RNT would have paid between \$616,586 and \$3,616,405 more had they had used a private-sector provider. LPVEC districts

## COST-EFFECTIVENESS

would have paid \$1,717,765 up to 5,177,379 more for SNT if they had used a private contractor in FY16. Combined savings for RNT and SNT for all districts using LPVEC transportation services compared to using private contractors ranged from \$2,334,351 to \$8,793,784 in FY16.

### MUNICIPAL REIMBURSEMENT PROGRAM - FY16 RECEIPTS

The Municipal Reimbursement Program successfully secured \$1.82 million in reimbursements for member communities and \$9.07 million for all participants in FY16. The table below delineates receipts by participant:

TOWN	FY16
AGAWAM	513,220.96
EAST LONGMEADOW	147,238.21
HAMPDEN/WILBRAHAM	193,046.31
LONGMEADOW	143,390.14
LUDLOW	271,651.34
SOUTHWICK-TOLLAND RSD	121,498.31
WEST SPRINGFIELD	433,629.61
<b>SUB-TOTAL MEMBER</b>	<b>1,823,674.88</b>
ACTON	348.54
ACTON-BOXBOROUGH RSD	207,164.37
AMHERST (TOWN)	401,594.85
AMHERST RSD	134,033.60
CHICOPEE	1,059,971.65
CLARKSBURG	23,363.66
CONWAY	17,096.09
DEERFIELD	68,618.63
EAST WINDSOR	30,897.12
EASTHAMPTON	131,180.50
ERVING	43,840.93
FLORIDA	12,278.30
FRANKLIN COUNTY TECH	14,859.08
FRONTIER RSD	89,696.17
GATEWAY RSD	112,256.89
GRANBY	103,095.32
GREENFIELD	24,074.59
HAWLEMONT RSD	10,912.57
HOLYOKE	1,884,573.02



# COST-EFFECTIVENESS

LANESBOROUGH	40,952.34
LEE	57,955.59
LENOX	30,904.64
LEVERETT	28,720.36
MLK, JR. CHARTER SCHOOL	46,417.53
MOHAWK TRAIL RSD	117,305.71
MONSON	53,801.78
MOUNT GREYLOCK RSD	29,512.85
NEW-SALEM WENDELL	21,500.99
NORTHAMPTON	487,723.93
PALMER	98,919.95
PELHAM	13,258.28
PV CHINESE IMMERSION	16,381.17
PIONEER VALLEY RSD	48,910.71
PITTSFIELD	608,181.34
QUABOAG RSD	76,084.53
ROWE	9,434.52
SAVOY	4,607.36
S. BERKSHIRE RSD	201,782.76
SHUTESBURY	14,201.95
SOUTH HADLEY	162,353.68
SUNDERLAND	18,730.94
TAUNTON	616,224.47
WHATELY	15,093.14
WILLIAMSTOWN	64,645.34
<b>SUBTOTAL NON-MEMBER</b>	<b>7,253,461.74</b>
<b>TOTAL ANNUAL REVENUE FY16</b>	<b><u>\$9,077,136.62</u></b>

# COST-EFFECTIVENESS

## ENERGY MANAGEMENT - TOTAL FY16 ENERGY BIDS AND COLLECTIVE SAVINGS

In FY16, the LPVEC coordinated five cooperative bids for energy. Twenty-six districts and municipalities participated in cooperative purchases for natural gas, 20 districts and municipalities participated in cooperative purchases for electricity, 49 for fuel oil, 21 for diesel and 20 for unleaded. Energy bids in FY16 totaled approximately \$20.5 million, with collective savings of over \$3.6 million.

## PROFESSIONAL DEVELOPMENT - AGGREGATE COST AVOIDANCE

The LPVEC Office of Curriculum, Instruction, and Assessment (CIA) provides value to member districts in a variety of ways, as specified in the Programs and Services section of this report. Through professional development and MCAS support for LPVEC instructional staff, CIA staff improve the quality of our program offerings. By facilitating the district curriculum directors' job-alike group, the Director improves curriculum leadership and fosters grant collaborations in member districts. The CIA director also provides professional development for district staff on a contract basis, bringing in \$4,920 in revenues from non-member districts in FY16 to support LPVEC activities. Other grant and contract funded-staff in this department provide strategic planning, curriculum mapping, data use, and program evaluation capacity as part of grant proposals and contracted services, generating approximately \$96,415 in contract revenues in FY16 to support this capacity.



# PROGRESS TOWARD PURPOSES & OBJECTIVES

## PROGRESS TOWARD PURPOSES & OBJECTIVES

### PURPOSE AND OBJECTIVES OF LPVEC

The mission of LPVEC is to increase the capacity of school districts and support the success of all students by providing high-quality shared programs and services in a cost-effective manner. Our primary purpose is to accomplish this mission in the member districts (Agawam, East Longmeadow, Hampden-Wilbraham, Longmeadow, Ludlow, Southwick-Tolland-Granville, and West Springfield), although we provide a number of services to non-member districts as well.

The Collaborative addresses itself to education broadly, supporting those programs and services which, in the discretion of the Board of Directors, merit attention. The primary focus of the Collaborative will continue to be in the areas of career and technical education, special and alternative education, professional development and other educator support services, and business services that benefit the member districts and the region.

In carrying out this mission, purpose, and focus, the LPVEC embraces the following objectives:

- A. Examine, develop, and provide cost-effective, quality **educational programs** to ensure equitable opportunities for all students, including those most at risk of school failure, as permitted by applicable laws and regulations related to educational collaboratives;
- B. Examine, develop, and provide staff development and other **educator support** opportunities for teaching staff, administrators, support personnel, and other members of the community; and
- C. Explore, develop, and provide cost-saving **business services** to expand the capacity of school districts, member communities, state agencies, and others as permitted by applicable laws and regulations related to educational collaboratives.

### PROGRESS ON ACHIEVING PURPOSE

LPVEC continues to provide high-quality, shared programs and services in a cost-effective manner. Our Special/Alternative Education programs and our Career TEC programs help districts serve students who benefit from education that is different from the traditional academic classroom model, meeting both quality and equity goals while saving money in the process.

Our Transportation program serves equity goals of ensuring that all students can get to school while also meeting the efficiency goal of saving districts money.

## PROGRESS TOWARD PURPOSES & OBJECTIVES

Our Medicaid Reimbursement and Energy Management programs generated significant cost savings for communities both within and beyond our membership ranks.

And our Curriculum/Instruction/Assessment programs increased district capacity for effective work while defraying much of the cost through grant and contract resources.

LPVEC will continue to seek out concrete ways of helping the educators we work with serve their students more effectively, efficiently, and equitably.

### PROGRESS ON ACHIEVING OBJECTIVES

Objective A, cost-effective, quality educational programs to ensure equitable opportunities for all students, is met through both our Special Education and our Career TEC programs, which provide more personalized instruction, tailored to the needs and interests of students who would be less well served in typical academic classrooms.

Objective B, staff development and other educator support opportunities for educators, is met through our job-alike groups and our Curriculum/Instruction/Assessment department.

Objective C, cost-effective business services, is met through our ongoing Transportation, Medicaid Reimbursement, Energy Management, and Curriculum/Instruction/Assessment departments, and we continue to seek new opportunities to help school districts do better together than they could separately, particularly in the area of saving money.

### PROGRESS INDICATORS

The bottom line for LPVEC is that we work as an extension of our member districts, enabling them to *save money*, *expand capacity*, and *provide quality programs and services*. Our success in saving money is detailed above in the Cost-Effectiveness section. Our ability to expand district capacity is seen most clearly in our CTEC and Special Education programs and in the work of our Curriculum/Instruction/Assessment staff to facilitate our Job-Alike Groups and provide professional development services.

Of course, the financial savings that our collaborative programs generate enable scarce resources to be used for other things, further increasing district capacity in instructional areas.

# PROGRESS TOWARD PURPOSES & OBJECTIVES

The following presents indicators of program quality:

## ***Career TEC Perkins Indicators***

Similar to NCLB, the Perkins Act includes multiple indicators by which schools must assess the quality of their Career and Technical Education Programs. The following data is used to assess trends in quality of Career TEC programs.

### ***Percentage of Students Passing National Certification Tests***

PROGRAM	SY2012	SY2013	SY2014	SY2015	SY2016
Certified Nursing Assistant/CNA	94%	100%	100%	100%	100%
State Board Certification/Cosmetology	94%	100%	92%	100%	100%
CompTIA A+ Certification	85%	100%	100%	100%	100%

### ***Completion Rate***

COHORT	SEPT 2012	SEPT 2013	SEPT 2014	SEPT 2015	SEPT 2016
CTEC STUDENTS ENROLLED IN GR 11 AS OF SEPT. IN COHORT YEAR	158	132	154	126	128
# OF STUDENTS IN COHORT COMPLETING 2 YRS. OF CTEC	127	128	126	118	111
% OF COMPLETERS IN COHORT	80%	97%	82%	94%	87%

### ***Rate of Positive Placement***

*(post-secondary, apprenticeship, working in field, armed forces)*

	Year of Graduation				
	2011	2012	2013	2014	2015
<b>Category 1</b> <i>All Students in CTEC</i>	78	77	75	72	70
<b>Category 2</b> <i>Students with Disabilities</i>	73	70	71	70	73
<b>Category 3</b> <i>ELL Students</i>	75	75	80	75	74
<b>Category 4</b> <i>Economically Disadvantaged</i>	69	68	67	70	71

# PROGRESS TOWARD PURPOSES & OBJECTIVES

## *Participation – Non-Traditional by Gender*

Year	Non-Traditional Students	Total Students	Non-Traditional Participation
<b>SY2012</b>	48	446	10.76%
<b>SY2013</b>	44	461	9.54%
<b>SY2014</b>	48	472	10.17%
<b>SY2015</b>	29	473	6.13%
<b>SY2016</b>	49	465	11%

## *Special Education Exit Indicators*

The LPVEC provides services to students aged 5 to 22 years who demonstrate a wide variety of exceptional learning needs. Tracking the outcomes for students exiting our programs is one way of assessing quality.

OUTCOME	SY14	SY15	SY16
<b>Graduated</b>	16	13	31
<b>Turned 22/Transitioned Out</b>	7	7	8
<b>Returned to Home School</b>	7	9	7
<b>Moved to Another Program/School</b>	7	10	8
<b>Withdrew from Program</b>	5	11	8
<b>Moved Out of District</b>	4	3	5
<b>TOTAL</b>	<b>46</b>	<b>53</b>	<b>67</b>

## *Transportation, Municipal Reimbursement, and Energy Management Indicators*

The success of these programs is measured primarily by amount of money saved by participants. This is discussed for each area in the Cost Avoidance section. Continued participation is another measure. Transportation has maintained participation of five districts for regular needs transportation and six districts in special needs transportation. Municipal Reimbursement has increased the number of municipalities served from 38 in 2009 to 50 in FY16. Energy Management services have continued to be in demand, serving approximately 65 school districts and municipalities in FY16.

## *Curriculum, Instruction, and Assessment Indicators*

The success of these programs is measured primarily by continued participation. Our job-alike groups of superintendents and curriculum directors are active and meet monthly; those for special education directors and business managers meet bi-monthly.

# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

For over 27 years, the LPVEC has engaged an independent audit on an annual basis. In 2014, in addition to the standard financial statements, our auditor prepared a comprehensive annual financial report that was submitted to the Government Finance Officers Association for review and subsequent award of a Certificate of Excellence in Financial Reporting. The Collaborative will once again submit the independent auditors' report as part of its FY16 Comprehensive Annual Financial Report (CAFR) to the GFOA for peer review.

The Collaborative is mandated by law to submit its independent auditor financial statements to the State Auditor's Office annually; this document is also available on our website.

The independent auditors' comprehensive financial statements follow in their entirety.

# **LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE**

**WEST SPRINGFIELD, MASSACHUSETTS**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2016





# **Lower Pioneer Valley Educational Collaborative**

**West Springfield, Massachusetts**

## **Comprehensive Annual Financial Report**

For the Year  
July 1, 2015 through June 30, 2016



Prepared by the Finance Department

# LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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## ***Introductory Section***



The Lower Pioneer Valley Early Education and Care program.

# ***Introductory Section***

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## **Letter of Transmittal**

November 29, 2016

### **Letter of Transmittal**

State law requires the Lower Pioneer Valley Educational Collaborative to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Lower Pioneer Valley Educational Collaborative, for the year ending June 30, 2016 for your review.

The report is designed to be used by the Board of Directors of the Collaborative and others who are concerned with its management and progress such as bond analysts, banking institutions and credit assessors as well as the Collaborative's member school districts.

This report consists of management's representations concerning the finances of the Lower Pioneer Valley Educational Collaborative. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management of the Collaborative is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Collaborative are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Executive Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the Lower Pioneer Valley Educational Collaborative's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Lower Pioneer Valley Educational Collaborative's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Lower Pioneer Valley Educational Collaborative for the year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Lower Pioneer Valley Educational Collaborative's financial statements for the year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles (GAAP) require that management's discussion and analysis (MD&A) provide a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A where the financial analysis is presented. The Collaborative's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC.

### **PROFILE OF THE COLLABORATIVE**

The Collaborative is an educational service agency in Western Massachusetts. Educational service agencies are organizations created by special state legislation or administrative rule to provide programs and services to local school districts, or to serve state interests in other ways. The Collaborative meets the descriptive criteria set forth in the Association of School Business Officials International's publication *Standards of Excellence in Budget Presentation* for a primary governmental entity. These criteria include:

- Members of the governing board are selected from school committee members chosen in a general election;
- The organization functions as a separate legal entity; and
- The entity is fiscally independent.

The Lower Pioneer Valley Educational Corporation is a tax-exempt 501C (3) nonprofit corporation and a component unit of the Collaborative. In order to distinguish the two entities, the term Collaborative is used to describe the educational entity.

Seven school districts hold membership in the Collaborative: Agawam, East Longmeadow, Hampden-Wilbraham Regional School District, Longmeadow, Ludlow, Southwick-Tolland-Granville Regional School District, and West Springfield. In addition to serving its member districts, the Collaborative also provides services to school districts and municipalities throughout Western Massachusetts.

The Massachusetts legislature passed, and the governor signed into law Chapter 49, Section 4e in 1974. This act encouraged local school committees to conduct, in concert, educational programs and services to supplement or strengthen existing school programs and services. On March 2, 2012 Governor Patrick signed into law Chapter 43 of the Acts of 2012, *An Act Relative to Improving Accountability and Oversight of Education Collaboratives*. Subsequently, the Massachusetts Board of Education adopted a policy on Educational Collaboratives. In the most recent policy statement, the Board of Education reiterated its belief "that educational collaboratives have a potential beyond special education to increase and expand the level of service in regular education, occupational education, staff development, research and innovative programs."

Every fall, program administrators and department heads of the Collaborative develop a general fund budget for the coming school year which is voted on annually by the Board. Throughout the winter months, the executive director and director of finance meet regularly with the Board to review the annually proposed budget, elicit feedback, and make revisions based on new information. Legally, budgetary control is provided by the Board, and the Board's approval defines the organizational level at which expenditures and appropriations are budgeted. This level is at the department level, i.e.; administration, special education, occupational education, supplemental services, and professional development. Transfers between departments must be voted by the Board.

### **LEVEL OF EDUCATION PROVIDED**

The Collaborative serves a general population of 20,925 students in seven member communities. Enrollment in Career and Technical Education (CTEC) programs at the secondary level has remained relatively constant at approximately 473 students from 2012 to 2016. Enrollment in special education programs for students in elementary, secondary, and transition programs varies; it was 135 in FY16. The Collaborative offers educational programs for a wide range of learners at the elementary and secondary levels. Educational programs at the Collaborative focus on Career and Technical Education and Special/Alternative Education.

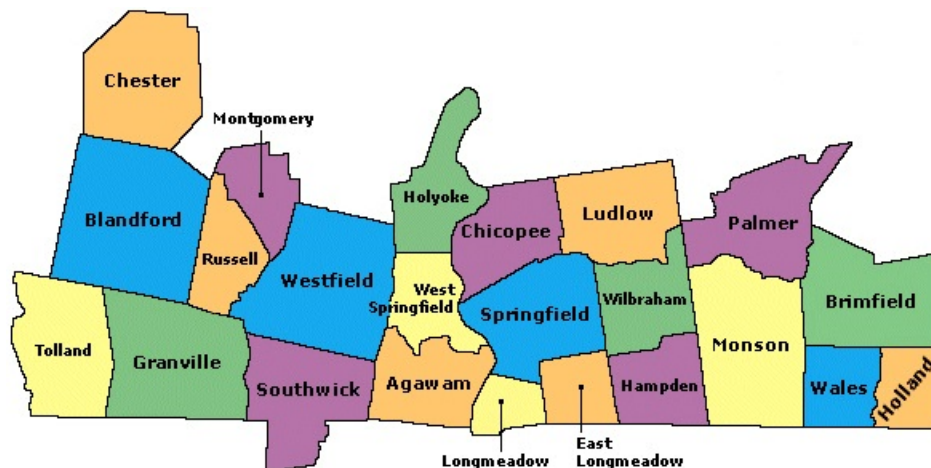


The Career and Technical Education Center (CTEC) offers Chapter 74-approved career and technical education programs including a cooperative education program. The Special/Alternative Education department provides services to students aged 5 to 22 years who demonstrate a wide variety of exceptional learning needs, including students on the Autism spectrum, students with multiple and significant disabilities, student with specific learning disabilities, Autism, Pervasive Developmental Disabilities, Asperger's Syndrome, and students with emotional and behavior disorders. The special education department also provides nursing services and adaptive physical education services. Within its special education department, the Collaborative administers an Innovation School – the 21<sup>st</sup> Century Skills Academy – on behalf of West Springfield. Career and technical programs and the 21<sup>st</sup> Century Skills Academy are located at the Career and Technical Education Center in West Springfield. The special education programs reside in various schools and buildings throughout its member communities.

### **GEOGRAPHIC AREA SERVED**

The Collaborative is located in Western Massachusetts. Although the Collaborative is comprised of seven member districts, the Collaborative also serves students in other public school districts in Hampden and Hampshire Counties. The Collaborative provides business and professional development services to municipalities and local education agencies in Franklin, Berkshire, Hampshire, and Hampden Counties.

The map below delineates the geographic area of the Collaborative member districts:



### **MEMBER COMMUNITIES**

*Agawam:* K-12 district serving 3,939 students

*East Longmeadow:* PreK-12 district serving 2,650 students

*Hampden-Wilbraham Regional School District:* PreK-12 district serving 3,138 students

*Longmeadow:* PreK-12 district serving 2,880 students

*Ludlow:* PreK-12 district serving 2,699 students

*Southwick-Tolland-Granville Regional School District:* PreK-12 district serving 1,625 students

*West Springfield:* PreK-12 district serving 3,994 students

### **COLLABORATIVE PROGRAMS**

**Career and Technical Education Program** – The Lower Pioneer Valley Career and Technical Education Center (CTEC), located in West Springfield, MA, is an extension of the seven member high schools served by the Collaborative providing career/vocational technical education programs for students. CTEC programs are recognized career pathways as defined by the Carl D. Perkins Vocational and Applied Technology Act.

Founded in 1974, CTEC has a long tradition of partnering with local businesses and industry to ensure that students receive rigorous and relevant training aligned with the Massachusetts Department of Elementary & Secondary Education's (DESE) Vocational Technical Education Frameworks, industry standards, and regional employment needs. Since 2006, CTEC has operated out of its new facility in West Springfield, with state-of-the-art equipment and technology that meets or exceeds industry and OSHA standards.

Students completing a career/vocational technical program have the opportunity to continue formal studies at the post-secondary level, secure gainful employment, or pursue a combination of both. Programs at the Career and Technical Education Center include:

- **Automotive Technology:** Automotive Technology is a Chapter 74-approved program certified by the National Automotive Technicians Education Foundation (NATEF) in the following areas: brakes, electrical/electronic systems, engine performance and suspension and steering. Students are assessed on competencies aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks (Transportation Cluster/Automotive Technology) and the National Institute for Automotive Service Excellence (ASE). The curriculum prepares students to meet national automotive industry standards and requires students to become proficient in a multitude of automotive procedures and diagnostic techniques.
- **Carpentry:** The Carpentry program is a Chapter 74-approved course of study offering a comprehensive competency based on curriculum aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks (Construction Cluster/Carpentry). Students begin by mastering basic carpentry competencies, advance through modular layout techniques for residential concrete installation and wood framing, and gain written and computational skills such as cost estimating, blueprint reading and materials take-off calculation. Upon successful completion of the first year curriculum, students have the opportunity to focus on off-campus building projects or architectural woodworking,
- **Cosmetology:** Cosmetology, a Chapter 74-approved program, is a comprehensive, competency-based three-year program designed to develop skills used by cosmetologists. The Cosmetology program is certified by the Commonwealth of Massachusetts Board of Registration of Cosmetologists. Under the supervision of licensed instructors in a state of the art equipped classroom/shop, students learn techniques and skills necessary for success along with the sciences of the profession including anatomy, physiology, and chemistry. Upon successful completion of the course, which includes the requirement of 1000 instructional hours, students are prepared to take the Board of Registration of Cosmetologists license exam
- **Culinary Arts:** The Culinary Arts program is a competency-based, Chapter 74-approved program certified by the American Culinary Federation (ACF) and aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks (Hospitality and Tourism Cluster/Culinary Arts), which prepares students for careers in hotels, restaurants, resorts, institutions, and corporations. Students operate a fully equipped commercial kitchen and dining room encompassing restaurant, banquet, and buffet services through two student-run restaurants. Students are prepared for the ServSafe® Certification through the National Restaurant Association's Educational Foundation training program.
- **Design and Visual Communications:** Design and Visual Communications is a Chapter 74-approved program that is competency-based and prepares students for the visual design field. Using state-of-the-art digital imaging, illustration, and page layout software and equipment, this computer-based program allows students to explore and develop their artistic and technical skills through the creation and presentation of graphic and multi-media projects. Students enhance their skills using software programs such as Adobe InDesign, Photoshop, and Illustrator. Students maintain an electronic portfolio and work on projects such as ads, logos, multi-page four color publications and posters, and products to market. Students strengthen their skills in visual design through concept development, creating corporate identities, branding and packaging, and creating original games and commercials.

- **Early Education and Care Program** Students in this Chapter 74-approved program experience a combination of classroom instruction and hands-on experience with infants, toddlers, and preschool-aged children. Students also become familiar with many aspects of child development from infancy through elementary school years. The students who are in the EEC program use our on-site Early Learning Center as their work-related experience to receive licensure as Early Education and Care providers. The Early Learning Center is a part of the Collaborative, and is licensed by the Massachusetts Department of Early Education and Care.
- **Facilities Management:** Facilities Management is a Chapter 74-approved, competency-based program designed to introduce students to the many facets of facilities maintenance: interior, exterior, and seasonal grounds and lawn care. Students receive hands-on training in a cross-section of the basic skills related to building/facilities maintenance, including: carpentry, electrical, floor care, landscaping, painting, and plumbing, with an emphasis on safe work practices and employability skills. Students also learn preventative maintenance and repair techniques of small engines and power tools.
- **Fashion Technology:** The Fashion Technology program is a competency-based, Chapter 74 approved program that enables students to develop knowledge and skills in all aspects of the fashion industry. Students develop their own portfolio of fashion designs and learn the skills of garment construction and pattern development. Design ability is enhanced by the study of color theory, design principles, and textile science. Project-based learning includes creating a variety of garments, costumes for local theatrical productions, and custom embroidery. Students also learn business practices, from customer service and store management to buying and visual merchandising.
- **Graphic Communication:** The Graphic Communications program is a competency based Chapter 74 approved program aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks (Arts and Communication Services Cluster/Graphic Communication) that introduces students to theory and practical aspects of the commercial printing industry, including traditional and computer-based layout, design, and typesetting; copy preparation and composition; electronic plate making; printing press operations; collating; paper cutting; finishing and binding. The program is certified by PrintED®, a national accreditation program.
- **Health Assisting:** In addition to holding Chapter 74 approval, the Health Assisting program is certified by the Commonwealth of Massachusetts as a Certified Nursing Assistant (CNA) and Sending Health Aide (HHA) testing site, and by the Department of Public Health as a Feeding Assistant testing site. Students are exposed to a vast array of careers in health care through clinical rotations in a variety of health care departments as well as numerous field trips to various health care facilities and settings. Students become First Aid, CPR, and AED certified prior to clinical rotations through nursing and rehabilitative centers and a local hospital, and most leave the program with CNA certification.
- **Information Support Services and Networking:** The Information Support Services and Networking program, a Chapter 74-approved program, is a competency-based program designed to provide students with entry level skills in personal computer maintenance and repair, data communications, and networking. The curriculum is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks (Information Technology Services Cluster/Information Support Services and Networking). Students gain a practical knowledge of analog and digital electronics, as well as competencies with tools and test equipment. The Cisco Networking Academy component of the program gives students in-demand Internet technology skills for designing, building, and maintaining networks, including network design, routing and switching, and network maintenance and operation.
- **Landscaping Technology Horticulture:** The Landscaping Technology/Horticulture program is a Chapter 74-approved program aligned with the Massachusetts Vocational Technical Education Frameworks (Agriculture and Natural Resources Cluster/Horticulture). Students in the program explore career areas in landscape maintenance, construction and design, greenhouse production, nursery production, floriculture, and retail garden center operation. The program emphasizes knowledge of plant science as a foundation to all career areas. Project-based learning activities, residential landscaping projects, greenhouse sales,

and floral projects provide experiences for students to reinforce, and practice skills and knowledge learned in the classroom setting.

- **Machine Technology:** CTEC has opened a new Machine Technology program, including Computer Numeric Control (CNC) milling machines and lathes as well as a computer/simulator lab for CAD/CAM instruction. The program was opened to exploratory students this past year and will add successive classes of 15-18 students each year. Students will follow a course sequence that starts with the basics of manual machining and progresses to advanced multi-axis CNC programming, setup, and operation. LPVEC is also planning to open the facility after school hours to train adult workers.
- **Technical Career Exploratory:** The Technical Career Exploratory is an introductory program designed to introduce first-year students to the career/vocational technical educational options available at CTEC. Students receive an orientation to all the offerings at CTEC and then rotate through multiple shops prior to selecting their preferred program.
- **Cooperative Education Program:** The Cooperation Education ("Co-Op") Program at CTEC is designed to give second-year students the opportunity to extend their learning experiences into the world of work, whereby students are placed into paid positions with local employers in their field during shop hours.

**Special Education Programs** - The LPVEC provides services to students aged 5 to 22 years who demonstrate a wide variety of exceptional learning needs including adjustment and behavioral problems, learning disabilities, Autism, Pervasive Developmental Disabilities, Asperger's Syndrome, and developmental disabilities. Students are referred to the LPVEC for services when they present needs for specially designed instruction that cannot be delivered effectively within the traditional classroom. On October 1, 2015, there were 135 special needs students in LPVEC Special Education programs. The Twain Alternative High School is located in its own, separate building. All other LPVEC special education programs are appropriately located within the public schools of the member school districts. LPVEC Special and Alternative Education Programs include:

- **Autism Elementary Program.** This program is designed for students with moderate to severe autism and other related disabilities. The program focuses on teaching students the skills to achieve as much independence as possible in the school and community. It is a small, structured program with a classroom teacher and paraprofessionals. Inclusion in non-academic and academic areas, when applicable, is an important component. The program is designed to develop self-confidence, self-esteem, daily living skills, social skills, cooperative play, reduction in inappropriate or aggressive behaviors, and successful relationships with peers and adults.
- **Autism Middle School Program.** This program is designed for students with moderate to severe autism and other related disabilities. The program focuses on teaching students the skills to achieve as much independence as possible in the school and community. It is a small, structured program with a classroom teacher and paraprofessionals. Inclusion in non-academic and academic areas, when applicable, is an important component. The program is designed to develop self-confidence, self-esteem, daily living skills, social skills, cooperative play, reduction in inappropriate or aggressive behaviors, and successful relationships with peers and adults.
- **COPA.** This program is designed for students high school aged through 22 years old, with moderate to severe autism spectrum disorders and other related disabilities. The program focuses on teaching students the skills to achieve maximum independence skills in the school and community. The program is located at Minnechaug High School and has easy access to opportunities within the community. The classroom is equipped with touch screen computers, a quiet area for students to utilize, and our own restroom for students to practice individual skills of daily living.
- **Compass Middle School.** This program is designed for students with high functioning autism spectrum disorders, social/emotional disorders, and other related disabilities. This program focuses on developing communication skills, self-regulation, academic skills, daily living skills, and independence. Students can access the general curriculum through inclusion classes and are also integrated into the school

community by attending field trips, school assemblies, after-school clubs and other school-related activities.

- **Compass High School.** This program is designed for students with high functioning autism spectrum disorders. Students develop skills for self-advocacy, social skills, interpersonal communication and self-monitoring capabilities. Students can access the general curriculum through inclusion classes within the school building. Students have access to taking courses online, face to face or in a hybrid format and can utilize the computer lab as needed. Students are also integrated into the school community by attending field trips, school assemblies, after-school clubs and other school-related activities.
- **Career Preparation Program.** This program is designed for high school aged students with moderate delays in academics, language, and social skills. This program focuses on developing pragmatic skills, life skills, and introduces career education. The Career Prep Program provides a small structured setting that allows for individualized and small group instruction. The program is located at Minnechaug High School, providing students with the opportunity to participate in mainstream classes.
- **Career Skills Program.** This program is designed for adolescents with mild to moderate learning disabilities with high-functioning autism spectrum disorders. There is a strong emphasis on academics, technology and social skills as students prepare to be college and career ready when they complete high school. Career Skills offers group pragmatics and social skills instruction, support in improving executive functioning, and group counseling to support students in navigating their social environment effectively and successfully. Students have access to inclusive academic classes within the building and may access LPVEC's Career and Technical Education Center for vocational education if appropriate.
- **Vocational Preparation.** This program is designed for students high school aged through 22 years old, with moderate delays in cognitive ability. It provides a half day of functional academics and a half day of vocational skills training either in a vocational educational program or in a community job placement. The program prepares students to make the transition from school to the world of work and adult life. The program is located at Minnechaug High School, providing our students with the opportunity to participate in extra-curricular activities, mainstream classes and school assemblies.
- **TWAIN Program.** This program is designed for students with moderate social/emotional and behavior disorders. The program focuses on developing skills related to self-awareness, self-management, responsible decision making, social awareness, and relationship building. The program is located in one of our member district towns and has access to LPVEC Career TEC for vocational education if appropriate.
- **Brush Hill Academy.** BHA is a forward thinking alternative education program that empowers young men and women to make meaningful decisions that positively impact their future success in college or in a career. BHA offers a learning environment in which general education and special education teachers provide a student with small group and individualized support. The program serves general education and special education students who are considered at risk and may have mild social/emotional needs. The program is located in LPVEC's Career and Technical Educational Center, giving students access to a state of the art vocational program.

## **BUSINESS SERVICES**

In addition to education programs, the Collaborative offers and coordinates a variety of money-saving services for school districts and municipalities, including:

- **School Transportation Services.** The LPVEC provides regular education transportation to five of its member school districts and special education transportation to six member districts. The LPVEC employs and manages approximately 235 drivers and monitors and operates over 200 school transportation vehicles. The cost of providing these transportation services through the LPVEC has resulted in cost savings for member districts. In addition, because of the relationship of the LPVEC to its member school districts, the LPVEC is highly responsive to the needs of its members.

- **Municipal Medicaid Reimbursement.** The LPVEC Medicaid Reimbursement Program currently provides electronic billing services to 50 school districts and municipalities. This project typically generated over \$9 million in federal reimbursement funds to the participating districts in FY16. Due to the level of non-member participation, the cost of these services is significantly less to the LPVEC member districts.
- **Energy Management Services.** Developed in 1998, this program facilitates cooperative purchasing of a variety of energy-related utilities, including electricity, natural gas, fuel oil, diesel fuel, and gasoline. In recent years, the LPVEC has coordinated five annual cooperative bids for energy. Twenty-six districts and municipalities participated in cooperative purchases for natural gas, 20 districts and municipalities participated in cooperative purchases for electricity, 49 for fuel oil, 21 for diesel and 20 for unleaded. Total energy bids in FY16 totaled approximately \$20.5 million, with collective savings of over \$3.6 million.

### **EDUCATOR SUPPORT SERVICES**

LPVEC employs a director of curriculum, instruction, and assessment who works with district curriculum directors and LPVEC program staff to collaboratively improve teaching quality. LPVEC also shares several employees of the DESE District & School Assistance Center (DSAC), who work part-time to support the DSAC and part-time for the Collaborative's Innovative Research in Education (IRIE) center on a grant and contract-funded basis. Together, "CIA" staff provide the following services: facilitating district curriculum directors job-alike group; providing professional development and curriculum support for LPVEC's educators; managing shared professional development sessions for member districts; providing MCAS administration support for LPVEC

special education programs; and providing grant support for member districts, primarily for multi-district proposals. IRIE offers a variety of grant and contract supported services, including: district and school improvement planning; examining curriculum, instruction, and assessment practices; strategic use of assessment and non-assessment data including DDMs; development of formative, benchmark, and summative assessments; program evaluation; use of the Education Data Warehouse to access data and generate reports; and developing institutes on curriculum mapping and other topics.

### **INFORMATION USEFUL IN ASSESSING THE COLLABORATIVE'S ECONOMIC CONDITION**

The mission of the Lower Pioneer Valley Educational Collaborative is to increase the capacity of school districts and support the success of all students by providing high-quality shared programs and services in a cost-effective manner. The Collaborative is an independent entity, governed by its members. While its primary responsibility is to its member districts, many of its offerings are also open to other districts and municipalities to help them save money and expand capacity.

Each year the Collaborative adopts goals in order to guide decision-making and evaluate expenditures. The LPVEC allocates resources in alignment with its stated goals. The budget reflects the allocation of revenue and expenditures to support educational programs and services defined by the Collaborative's mission and goals. The budget also represents a careful analysis of the needs of LPVEC communities and available financial support.

In FY16, through the Transportation Enterprise Fund, the Collaborative purchased approximately \$1.1 million in vehicles for transportation of students in participating member districts. Useful life of the assets is approximately 10 years.

The year 2016 budget adopted by the Board of Directors is \$22,759,681. This amount represents a \$596,135 or 2.69 percent increase from the FY15 amended budget. The FY16 budget includes the addition of one new CTEC program, Machine Technology. In addition, the budget reflects the closing of one special education program, the Transitions Program.

*Regular and Special Needs Transportation* – The 3.46 percent increase in transportation is primarily due to a projected increase in driver wages and benefits based on actual FY15 expenses. An additional factor is the

increase in cost of vehicle maintenance and repair due to an aging fleet.

*Contracted Services Individual Aides* – The 21.68 percent increase in individual aide expenses is based on actual utilization of individual aides in FY15 at the time the FY16 budget is built. Districts will only incur these expenses if they utilize the service. Contracted service budgets are provided as an estimate to assist member districts in building their own budgets.

*Contracted Services - IRIE* – We have included the total amount of the IRIE budget under contracted services and excluded any grant funding. Although we anticipate receiving grant funding to support the program, the exact amount of grant funds has not been confirmed. Districts do not pay for IRIE unless they utilize the services.

A significant decrease in the FY16 budget of \$215,965 is due to a decline in the utilization of services in the following areas: Innovation Research In Education, Summer Transportation Services, and Athletic and Field Trips.

Providing high quality educational programs and services, as well as technical support and assistance to our member districts, requires a highly skilled labor force. The costs associated with recruiting and retaining qualified personnel are reflected in the budget. Personnel decisions reflect staffing policies and guidelines set forth by the Board of Directors on the basis of state requirements, program reviews, student enrollment, and curriculum requirements. Salary costs and increases are based on the average salaries and increases in LPVEC member districts. The Executive Director collects information on projected increases throughout the year. Once member districts finalize salaries and increases, the LPVEC adjusts staff salaries as necessary, issues retroactive pay, and amends the budget. For the 2015-2016 fiscal years, salaries and fringe benefits are expected to account for 72.66 percent of expenditures in the overall budget. The decrease in personnel costs from FY2015 to FY2016 is \$8,468 or -0.07 percent. Salaries for FY16 have been budgeted assuming a 3 percent increase. Costs associated with providing employee healthcare are expected to decrease as FY2016 healthcare was budgeted at the average inflation rate of 13 percent. The healthcare for FY2015 was budgeted at the average inflation rate of 11 percent. As a result, there is an increase in healthcare of \$212,710 or 6.80 percent.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the Lower Pioneer Valley Educational Collaborative for its comprehensive annual financial report for the fiscal year ended June 30, 2013, 2014, and 2015. In order to be awarded this Certificate of Achievement, an entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the Collaborative for its budget document for the year beginning July 1, 2008. In order to receive this award, a government unit must publish a budget document of the very highest quality that reflects both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting. The Collaborative will also submit its budget document for the year beginning July 1, 2016 for consideration of this award. This will be the seventh year that the Collaborative has received this award.

The Association of School Business Officials International awarded a Meritorious Budget Award to the Collaborative for its Annual Budget beginning July 1, 2008. The Meritorious Budget Awards Program encourages and recognizes excellence in school system budgeting. The Collaborative will also submit its budget document for the year beginning July 1, 2016 for consideration of this award.

The preparation of this CAFR and the Annual Budget report would not have been possible without the efficient and dedicated services of the entire financial team of the Collaborative. We would like to express our appreciation to all who assisted and contributed to the preparation of this report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Andrew M. Churchill".

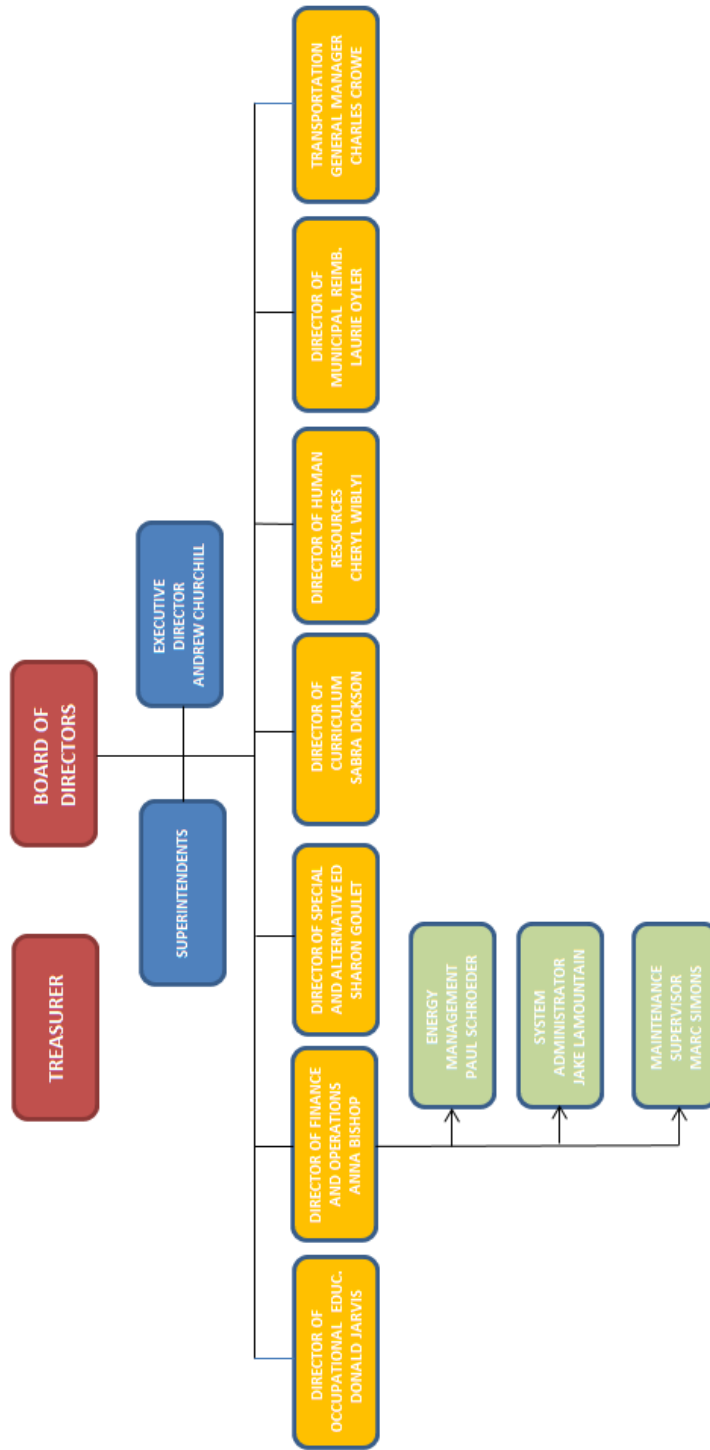
Andrew M. Churchill  
Executive Director

A handwritten signature in dark ink, appearing to read "Anna M. Bishop".

Anna M. Bishop  
Director of Finance and Operation



# ORGANIZATIONAL CHART 2016





### **Principal Executive Officers**

Andrew M. Churchill, Executive Director

Anna M. Bishop, Director of Finance and Operation

Donald Jarvis, Director of Occupational Education

Dr. Sharon Goulet, Director of Special Education and Alternative Education

### **Board of Directors**

Agawam: Diane Juzba

East Longmeadow: William Fonseca

Hampden-Wilbraham Regional: Michelle Emirzian

Longmeadow: Elizabeth Bone

Ludlow: Jacob Oliveira

Southwick-Tolland-Granville Regional: George LeBlanc

West Springfield: Dr. Jose Irizarry



## Mission, Vision, and Values of the Lower Pioneer Valley Educational Collaborative

### ***Mission***

The mission of the Lower Pioneer Valley Educational Collaborative is to improve effectiveness, efficiency, and equity in public education.

### ***Vision***

Guided by an innovative, creative, and entrepreneurial spirit, the Lower Pioneer Valley Educational Collaborative helps school districts meet the needs of every student while maximizing resource allocation. We are committed to responding to the changing needs of school districts by providing the highest quality programs and services at an affordable cost.

### ***Values***

The Collaborative values:

- A safe environment for all students, parents, and staff
- Educational excellence and program accountability
- Collaborative partnerships with schools, parents, and the community
- Relevant, rigorous, and continuous professional development
- Entrepreneurship
- Responsibility, shared knowledge, and shared decision making
- Recognizing the talents, achievements, and contributions of students and staff



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Lower Pioneer Valley  
Educational Collaborative  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Lower Pioneer Valley Educational Collaborative  
Massachusetts**

For the Fiscal Year Beginning

**July 1, 2016**

Executive Director



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

This Meritorious Budget Award is presented to

**LOWER PIONEER VALLEY  
EDUCATIONAL COLLABORATIVE**

for excellence in the preparation and issuance of its budget  
for the Fiscal Year 2015-2016.

The budget adheres to the principles and standards  
of ASBO International's Meritorious Budget Award criteria.



Brenda R. Burkett, CPA, CSBA, SFO  
President

John D. Musso, CAE, RSBA  
Executive Director

## ***Financial Section***



The Lower Pioneer Valley Cosmetology program.

## ***Financial Section***



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## Independent Auditor's Report

To the Honorable Board of Directors  
Lower Pioneer Valley Educational Collaborative  
West Springfield, Massachusetts

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Suite 101  
Wakefield, MA 01880  
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## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Pioneer Valley Educational Collaborative (Collaborative), as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Collaborative, as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Collaborative's basic financial statements. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections, the schedule of cumulative surplus, and the required disclosures for Massachusetts Educational Collaboratives have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016 on our consideration of the Collaborative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



November 29, 2016

## ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Lower Pioneer Valley Educational Collaborative (Collaborative), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2016. The Collaborative 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 Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Lower Pioneer Valley Educational Collaborative's basic financial statements. These basic financial statements are comprised of 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 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 deferred outflows and liabilities and deferred inflows, 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 government'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 and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions that are principally supported by assessments to member and non-member districts and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include administration, special education, occupational education, supplemental services, professional development, unallocated depreciation, and interest expense. These services are funded primarily by assessments and intergovernmental revenues including federal and state grants and other shared revenues. Also, blended within the governmental activities in the government-wide financial statements is the Lower Pioneer Valley Educational Corporation, a legally separate component unit. The component unit is blended with the primary government because it provides services almost entirely to the Collaborative and because almost all of the Corporation's debt is expected to be repaid with assets derived from the Collaborative. The business-type activities include services provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods and services provided. Business-type activities include the Collaborative's transportation program.

**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. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Collaborative's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

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

The Collaborative adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund as required supplementary information after the notes to the financial statements to demonstrate compliance with this budget.

**Proprietary funds.** The Collaborative maintains one type of proprietary fund.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Collaborative uses enterprise funds to account for its Transportation activities.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Collaborative's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Collaborative's budgetary basis of accounting as well as pension and other postemployment benefit obligations; *other supplementary information*; statistical tables; and additional state required disclosures.

## **Government-wide Financial Analysis**

### **Governmental Activities**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Collaborative's governmental assets exceeded liabilities by \$6.3 million at the close of year 2016. This represents an overall increase in net position of \$430,000. This includes the activity of the Corporation, which is blended with the Collaborative in the Statements of Net Position and Activities.

Net position of approximately \$6.9 million reflects the Collaborative's investment in capital assets (e.g., machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Collaborative uses these capital assets to provide services; 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. The remaining balance represents the unrestricted net position, which reports a year-end deficit balance of approximately \$602,000. The decrease in unrestricted net position is the result of an increase in the accrual of other postemployment benefit obligations (OPEB) by \$856,000. Included within the governmental activities is the blended Lower Pioneer Valley Educational Corporation component unit which reported an increase in net assets of approximately \$2 million. The majority of this

increase was reimbursements for the machine tech and garage projects which were reimbursed from the Collaborative to the Corporation and which have been backed out when combining the two entities. Key components of the Collaborative's governmental financial position are listed as follows:

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Current assets.....	\$ 8,305,927	\$ 9,749,715
Capital assets.....	18,601,923	15,917,844
<b>Total assets.....</b>	<b>26,907,850</b>	<b>25,667,559</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	1,138,532	1,777,327
Noncurrent liabilities (excluding debt).....	7,769,725	6,911,880
Current debt.....	465,000	708,201
Noncurrent debt.....	11,268,000	10,433,270
<b>Total liabilities.....</b>	<b>20,641,257</b>	<b>19,830,678</b>
<b>Net Position:</b>		
Net investment in capital assets.....	6,868,923	4,776,373
Unrestricted.....	(602,330)	1,060,508
<b>Total net position.....</b>	<b>\$ 6,266,593</b>	<b>\$ 5,836,881</b>
<b>Program revenues:</b>		
Charges for services.....	\$ 2,664,381	\$ 2,413,990
Operating grants and contributions.....	4,196,149	1,974,005
<b>General revenues:</b>		
Member district assessments.....	8,739,328	8,186,225
Unrestricted investment income.....	1,759	2,307
Gain (loss) on sale of capital assets.....	393,761	-
Miscellaneous.....	171,245	450,598
<b>Total revenues.....</b>	<b>16,166,623</b>	<b>13,027,125</b>
<b>Expenses:</b>		
Administration.....	2,032,196	1,824,395
Special Education.....	3,958,311	3,754,926
Occupational Education.....	5,414,634	4,488,967
Supplemental Services.....	2,935,937	2,279,491
Professional Development.....	18,312	44,043
Unallocated Depreciation.....	924,437	655,988
Interest.....	453,084	290,465
<b>Total expenses.....</b>	<b>15,736,911</b>	<b>13,338,275</b>
<b>Change in net position.....</b>	<b>429,712</b>	<b>(311,150)</b>
<b>Beginning net position.....</b>	<b>5,836,881</b>	<b>6,148,031</b>
<b>Ending net position.....</b>	<b>\$ 6,266,593</b>	<b>\$ 5,836,881</b>

Total revenues increased by approximately \$3.1 million from the prior year. The increase in operating grants and contributions of \$2.2 million consists of an increase in the State of Massachusetts Teacher's Retirement Systems' on-behalf pension payments reported by LPVEC as well as increases in grants related to the District and School

Assistance Centers (DSAC) program, the Career Technology program, a state skills grant, and a regional employment grant. The gain on sale of capital assets relates to the sale of the 2 garages, net of the carrying value. Total Collaborative expenses increased from the prior year by approximately \$2.4 million. The increase in expenditures was primarily the net effect of an increase in the Collaborative's accrued OPEB liability and recognized state pension expenditures. Accounting standards related to pensions required the Collaborative to recognize an additional revenue and expenditure for payments made by the state retirement system on behalf of the Collaborative. This resulted in a \$1.7 million increase in administrative expenditures and intergovernmental revenue in the fund based financial statements. The administrative expenditures were then decreased in the full accrual financial statements by \$1.8 million by the blending of the Corporation, which removed payments between the two entities.

### ***Business-type Activities***

For the Collaborative's business-type activities, which consist solely of the Transportation Enterprise Fund, liabilities exceeded assets by \$6.8 million at the close of year 2016. Key components of the Collaborative's business-type financial position are listed as follows:

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Current assets.....	\$ 207,200	\$ 350,465
Capital assets.....	<u>3,749,547</u>	<u>3,676,587</u>
<b>Total assets.....</b>	<b><u>3,956,747</u></b>	<b><u>4,027,052</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	817,779	1,836,532
Noncurrent liabilities (excluding debt).....	9,203,191	8,581,314
Current debt.....	228,377	417,345
Noncurrent debt.....	<u>467,355</u>	<u>-</u>
<b>Total liabilities.....</b>	<b><u>10,716,702</u></b>	<b><u>10,835,191</u></b>
<b>Net Position:</b>		
Net investment in capital assets.....	3,053,815	3,259,242
Unrestricted.....	<u>(9,813,770)</u>	<u>(10,067,381)</u>
<b>Total net position.....</b>	<b><u>\$ (6,759,955)</u></b>	<b><u>\$ (6,808,139)</u></b>
	<u>2016</u>	<u>2015</u>
<b>Program revenues:</b>		
Charges for services.....	\$ 11,987,052	\$ 11,823,271
<b>Expenses:</b>		
Transportation.....	<u>11,938,868</u>	<u>12,282,493</u>
<b>Change in net position.....</b>	<b>48,184</b>	<b>(459,222)</b>
<b>Beginning net position.....</b>	<b><u>(6,808,139)</u></b>	<b><u>(6,348,917)</u></b>
<b>Ending net position.....</b>	<b><u>\$ (6,759,955)</u></b>	<b><u>\$ (6,808,139)</u></b>



Business type net position of \$3.1 million represents net investment in capital assets. The remaining \$9.8 million deficit balance of unrestricted net position is largely due to the recognition of the \$9.2 million liability associated with GASB Statement #45 (OPEB).

The Transportation enterprise fund reported a \$48,000 increase in net position. While the transportation fund saw an increase of approximately \$620,000 in OPEB related expenses, it also experienced a decrease in total expenditures of approximately \$344,000 and an increase of transportation revenue of \$164,000. The Transportation enterprise fund retired debt related to a \$2 million purchase of school buses over a five year period and initially increased its fees to recover the related costs over a 10 year period to reduce the impact on the users. This policy had the effect of reducing the net position over the short term while the debt was repaid at a higher rate than the reimbursements were collected. The Collaborative anticipates that the opposite will begin to occur in the later years when the debt is paid-off and the fees are still being assessed and collected. The final lease payments on the \$2 million purchase were made in fiscal year 2016, and the Collaborative has expedited the reimbursement process. This has had the effect of creating a slight surplus for the year, where losses have been reported for the past few years.

### ***Financial Analysis of the Governmental Funds***

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

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

At the end of the current year, governmental funds reported combined ending fund balances of \$5.3 million, a net decrease of \$873,000 from the prior year. The general fund decreased by \$944,000, while the nonmajor governmental fund increased by \$71,000.

The *General Fund* is the Collaborative's chief operating fund. At year end, unassigned fund balance of the general fund totaled \$3.6 million while total fund balance equaled \$4.9 million. Assigned fund balance consists of amounts the Collaborative has assigned for capital projects. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24% of total general fund expenditures, while total fund balance represents 33% of that same amount. The general fund decreased by approximately \$944,000 in 2016. This was largely due to increased pension costs as well as costs for upgrades to the Brush Hill Bistro.

The *Grants Fund* at year end had an ending fund balance of zero. This fund is used primarily for all federal, state, and local grant programs. The Collaborative received approximately \$1.6 million in intergovernmental revenue, which was offset by approximately \$1.6 million of expenditures.

### ***General Fund Budgetary Highlights***

The Collaborative's 2016 original operating budget consisted of approximately \$10,884,000 in current appropriations and anticipated assessments. During the year appropriations were increased by approximately \$2,183,000 through the use of prior year fund balance. The majority of this was for a \$1,275,000 transfer to fund a Machine Technology Program. There is no difference between the fund based and budgetary based change in fund balance for the year. Actual revenues came in less than budgeted by \$1,904,000 and expenditures were under budget by a total of \$879,000. All levels of expenditures came in under budget with the exception of

supplemental services. These services are billed back to the users as the services are provided. Expenditures in this category may exceed the budget as long as they are covered by the actual revenues.

### ***Capital Asset and Debt Administration***

The Collaborative's capital assets totaled \$22.4 million as of June 30, 2016 which includes over \$18 million in assets of the Lower Pioneer Valley Educational Corporation blended component unit. The Collaborative acquired approximately \$377,000 in capital assets in year 2016. This consisted primarily of machinery and equipment acquired in the general fund.

The Collaborative reported \$11.7 million in long-term bonds payable which all related to debt held by the blended Corporation component unit. The Corporation refinanced its previous balance of \$11.1 million, and issued new debt of \$12,075,000.

The Collaborative has purchased machinery and equipment and vehicles through capital leases. In 2016, the Collaborative made its final payment of \$417,000.

Please refer to Note 4, 6, 7 and 8 in 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 Collaborative's finances for all those with an interest in the Collaborative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Lower Pioneer Valley Educational Collaborative, 174 Brush Hill Ave., West Springfield, Massachusetts 01089.

## ***Basic Financial Statements***

# STATEMENT OF NET POSITION

JUNE 30, 2016

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and cash equivalents.....	\$ 386,867	\$ -	\$ 386,867
Investments.....	5,544,303	-	5,544,303
Receivables, net of allowance for uncollectibles:			
Other departmental receivables.....	-	13,436	13,436
Grants receivable.....	526,591	-	526,591
Departmental and other.....	13,350	-	13,350
Intergovernmental.....	984,846	153,626	1,138,472
Internal balances.....	741,892	(741,892)	-
Inventory.....	-	40,138	40,138
Other assets.....	108,078	-	108,078
NONCURRENT:			
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	2,744,788	-	2,744,788
Depreciable.....	15,857,135	3,749,547	19,606,682
<b>TOTAL ASSETS.....</b>	<b>26,907,850</b>	<b>3,214,855</b>	<b>30,122,705</b>
<b>LIABILITIES</b>			
CURRENT:			
Warrants payable.....	68,253	42,825	111,078
Accrued interest.....	37,057	-	37,057
Accrued payroll.....	571,087	-	571,087
Payroll withholdings.....	91,084	-	91,084
Other liabilities.....	296,941	808	297,749
Capital lease obligations.....	-	228,377	228,377
Compensated absences.....	74,110	32,254	106,364
Bonds payable.....	465,000	-	465,000
NONCURRENT:			
Capital lease obligations.....	-	467,355	467,355
Compensated absences.....	135,379	15,319	150,698
Other postemployment benefits.....	7,634,346	9,187,872	16,822,218
Bonds payable.....	11,268,000	-	11,268,000
<b>TOTAL LIABILITIES.....</b>	<b>20,641,257</b>	<b>9,974,810</b>	<b>30,616,067</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	6,868,923	3,053,815	9,922,738
Unrestricted.....	(602,330)	(9,813,770)	(10,416,100)
<b>TOTAL NET POSITION.....</b>	<b>\$ 6,266,593</b>	<b>\$ (6,759,955)</b>	<b>\$ (493,362)</b>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
Primary Government:				
Governmental Activities:				
Administration.....	\$ 2,032,196	\$ 23,250	\$ 2,502,773	\$ 493,827
Special education.....	3,958,311	960,953	363,741	(2,633,617)
Occupational education.....	5,414,634	824,084	500,483	(4,090,067)
Supplemental services.....	2,935,937	856,094	809,152	(1,270,691)
Professional development.....	18,312	-	20,000	1,688
Unallocated depreciation.....	924,437	-	-	(924,437)
Interest expense.....	453,084	-	-	(453,084)
Total Governmental Activities.....	15,736,911	2,664,381	4,196,149	(8,876,381)
Business-Type Activities:				
Transportation.....	11,938,868	11,987,052	-	48,184
Total Primary Government.....	\$ 27,675,779	\$ 14,651,433	\$ 4,196,149	\$ (8,828,197)

(Continued)

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(8,876,381)</b>	\$ <b>48,184</b>	\$ <b>(8,828,197)</b>
<i>General revenues:</i>			
Member district assessments.....	8,739,328	-	8,739,328
Unrestricted investment income.....	1,759	-	1,759
Gain on sale of capital assets.....	393,761	-	393,761
Miscellaneous.....	171,245	-	171,245
Total general revenues.....	9,306,093	-	9,306,093
Change in net position.....	429,712	48,184	477,896
<i>Net Position:</i>			
Beginning of year.....	5,836,881	(6,808,139)	(971,258)
End of year.....	\$ <u>6,266,593</u>	\$ <u>(6,759,955)</u>	\$ <u>(493,362)</u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2016

	General	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 450,044	\$ -	\$ 337,758	\$ 787,802
Investments.....	3,995,684	-	-	3,995,684
Receivables, net of allowance for uncollectibles:				
Grants receivable.....	-	526,591	-	526,591
Departmental and other.....	-	-	13,350	13,350
Intergovernmental.....	984,846	-	-	984,846
Due from other funds.....	1,191,401	-	7,453	1,198,854
Other assets.....	101,480	-	2,598	104,078
<b>TOTAL ASSETS.....</b>	<b>\$ 6,723,455</b>	<b>\$ 526,591</b>	<b>\$ 361,159</b>	<b>\$ 7,611,205</b>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 452,655	\$ 16,397	\$ 4,600	\$ 473,652
Due to Lower Pioneer Valley Educational Corporation.....	401,315	-	-	401,315
Other accrued expenses.....	571,087	-	-	571,087
Payroll withholdings.....	91,084	-	-	91,084
Other liabilities.....	296,927	-	14	296,941
Due to other funds.....	-	449,509	7,453	456,962
<b>TOTAL LIABILITIES.....</b>	<b>1,813,068</b>	<b>465,906</b>	<b>12,067</b>	<b>2,291,041</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues.....	-	60,685	-	60,685
<b>FUND BALANCES</b>				
Restricted.....	-	-	350,992	350,992
Assigned.....	1,309,020	-	-	1,309,020
Unassigned.....	3,601,367	-	(1,900)	3,599,467
<b>TOTAL FUND BALANCES.....</b>	<b>4,910,387</b>	<b>-</b>	<b>349,092</b>	<b>5,259,479</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 6,723,455</b>	<b>\$ 526,591</b>	<b>\$ 361,159</b>	<b>\$ 7,611,205</b>

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2016

Total governmental fund balances.....	\$ 5,259,479
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	18,601,923
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	60,685
Net effect of blending the component unit.....	1,921,341
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable.....	(11,733,000)
Other postemployment benefits.....	(7,634,346)
Compensated absences.....	<u>(209,489)</u>
Net effect of reporting long-term liabilities.....	<u>(19,576,835)</u>
Net position of governmental activities.....	<u>\$ 6,266,593</u>

See notes to basic financial statements.



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

YEAR ENDED JUNE 30, 2016

	General	Grants Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Member district assessments.....	\$ 9,633,137	\$ -	\$ 23,250	\$ 9,656,387
Nonmember assessments.....	1,524,261	-	-	1,524,261
Intergovernmental.....	2,759,261	1,592,006	-	4,351,267
Investment income.....	1,088	-	-	1,088
Departmental and other.....	5,401	-	223,061	228,462
<b>TOTAL REVENUES.....</b>	<b>13,923,148</b>	<b>1,592,006</b>	<b>246,311</b>	<b>15,761,465</b>
<b>EXPENDITURES:</b>				
Current:				
Administration.....	4,051,103	-	-	4,051,103
Special education.....	3,686,681	10,000	8,557	3,705,238
Occupational education.....	5,193,792	711,987	-	5,905,779
Supplemental services.....	1,935,513	850,019	167,031	2,952,563
Professional development.....	-	20,000	-	20,000
<b>TOTAL EXPENDITURES.....</b>	<b>14,867,089</b>	<b>1,592,006</b>	<b>175,588</b>	<b>16,634,683</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(943,941)</b>	<b>-</b>	<b>70,723</b>	<b>(873,218)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>5,854,328</b>	<b>-</b>	<b>278,369</b>	<b>6,132,697</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 4,910,387</b>	<b>\$ -</b>	<b>\$ 349,092</b>	<b>\$ 5,259,479</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....	\$	(873,218)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	4,359,524	
Depreciation expense.....	<u>(915,363)</u>	
Net effect of reporting capital assets.....		3,444,161

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue..... (155,118)

The issuance of long-term debt (e.g., bonds and leases) 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, however, 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 deferred and amortized in the Statement of Activities.

Debt principal payments.....	581,738	
Proceeds from bonds and notes.....	(1,173,267)	
Net effect of reporting long-term debt.....		(591,529)

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.

Net change in compensated absences and other accrued liabilities.....	(4,608)	
Net change in accrued interest on long-term debt.....	(28,540)	
Net change in other postemployment benefits accrual.....	<u>(855,603)</u>	
Net effect of recording long-term liabilities.....		(888,751)

Net effect of blending component unit.....		<u>(505,833)</u>
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Change in net position of governmental activities.....	\$	<u><u>429,712</u></u>
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See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2016

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Transportation</u>
<b>ASSETS</b>	
CURRENT:	
Receivables, net of allowance for uncollectibles:	
Departmental and other.....	\$ 13,436
Intergovernmental.....	153,626
Inventory.....	<u>40,138</u>
Total current assets.....	<u>207,200</u>
NONCURRENT:	
Capital assets:	
Depreciable.....	<u>3,749,547</u>
TOTAL ASSETS.....	<u>3,956,747</u>
<b>LIABILITIES</b>	
CURRENT:	
Warrants payable.....	42,825
Other liabilities.....	808
Due to other funds.....	741,892
Capital lease obligations.....	228,377
Compensated absences.....	<u>32,254</u>
Total current liabilities.....	<u>1,046,156</u>
NONCURRENT:	
Capital lease obligations.....	467,355
Compensated absences.....	15,319
Other postemployment benefits.....	<u>9,187,872</u>
Total noncurrent liabilities.....	<u>9,670,546</u>
TOTAL LIABILITIES.....	<u>10,716,702</u>
<b>NET POSITION</b>	
Net investment in capital assets.....	3,053,815
Unrestricted.....	<u>(9,813,770)</u>
TOTAL NET POSITION.....	<u>\$ (6,759,955)</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Fund
	<u>Transportation</u>
<b><u>OPERATING REVENUES:</u></b>	
School year transportation .....	\$ 10,381,964
Vocational transportation .....	212,996
Bus monitors .....	841,795
Field trip transportation.....	169,017
Summer school transportation.....	<u>381,280</u>
TOTAL OPERATING REVENUES .....	<u>11,987,052</u>
<b><u>OPERATING EXPENSES:</u></b>	
Wages and fringe benefits .....	8,531,811
Fuel.....	711,783
Repairs and maintenance.....	473,663
Overhead and operating expenses.....	861,288
Insurance.....	339,451
Depreciation.....	<u>1,015,674</u>
TOTAL OPERATING EXPENSES .....	<u>11,933,670</u>
OPERATING INCOME (LOSS).....	<u>53,382</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>	
Interest expense.....	<u>(5,198)</u>
CHANGE IN NET POSITION.....	48,184
NET POSITION AT BEGINNING OF YEAR.....	<u>(6,808,139)</u>
NET POSITION AT END OF YEAR.....	<u>\$ (6,759,955)</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Fund
	<u>Transportation</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Receipts from customers and users.....	\$ 12,130,317
Payments to vendors.....	(2,399,234)
Payments to employees.....	<u>(7,907,891)</u>
NET CASH FROM (USED FOR) OPERATING ACTIVITIES.....	<u>1,823,192</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>	
Advances from other funds.....	<u>(1,007,747)</u>
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>(1,007,747)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>	
Acquisition and construction of capital assets.....	(155,497)
Principal payments on capital lease obligations.....	(654,750)
Interest expense.....	<u>(5,198)</u>
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(815,445)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ -</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>	
Operating income (loss).....	\$ 53,382
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	1,015,674
Changes in assets and liabilities:	
Departmental and other.....	(13,436)
Intergovernmental.....	155,375
Inventory.....	1,326
Warrants payable.....	(8,302)
Accrued liabilities.....	(4,747)
Accrued compensated absences.....	3,027
Other postemployment benefits obligation.....	<u>620,893</u>
Total adjustments.....	<u>1,769,810</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 1,823,192</u>
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>	
Capital lease financing.....	\$ 933,137

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Other Postemployment Benefits Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ -	\$ 40,306
Investments:		
PRIT.....	259,024	-
Receivables, net of allowance for uncollectibles:		
Other.....	-	499
<b>TOTAL ASSETS</b> .....	<u>259,024</u>	<u>40,805</u>
<b>LIABILITIES</b>		
Liabilities due depositors.....	<u>-</u>	<u>40,805</u>
<b>NET POSITION</b>		
Held in trust for OPEB.....	<u>\$ 259,024</u>	<u>\$ -</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	Other Postemployment Benefits Trust Fund
<u>ADDITIONS:</u>	
Net investment income:	
Net change in fair value of investments.....	\$ 9,024
NET POSITION AT BEGINNING OF YEAR.....	250,000
NET POSITION AT END OF YEAR.....	\$ 259,024

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lower Pioneer Valley Educational Collaborative (Collaborative) was formed in 1974 as authorized by Chapter 40 Section 4E and Chapter 797 of the Acts of 1979 of the Commonwealth of Massachusetts, by member school districts from the Towns of Agawam, East Longmeadow, Longmeadow, Ludlow, and West Springfield, and the Hampden-Wilbraham and Southwick-Tolland-Granville Regional School Districts. The primary purpose of the Collaborative is to expand the quality of educational services that can be provided more effectively and efficiently by pooling the resource and students of several school districts. Since inception, the Collaborative has been able to substantially broaden the quantity and quality of programs and services available to students in surrounding school districts. The Collaborative offers programs in occupational and special education areas, and in year 1992 began to provide transportation services to member school districts.

The Collaborative's programs and services are primarily intended for its members; however, nonmembers may also participate on a space-available basis. Nonmembers pay a 16% charge to provide for administration costs incurred by the Collaborative.

The Collaborative operates under an "Agreement of Association" (Agreement). Governance of the Collaborative is vested in a seven member board of Directors (Board) composed of one representative from each member school committee. The Board appoints an Executive Director who is the chief operating official for the Collaborative and who reports directly to the Board. The superintendents from each of the member school districts compose an advisory board to the Executive Director and the Board of Directors.

The accompanying basic financial statements of the Lower Pioneer Valley Educational Collaborative 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 Collaborative accounting policies are described herein.

**A. Reporting Entity**

For financial reporting purposes, the Collaborative has included all funds, agencies, boards, commissions, and departments. The Collaborative has also considered all potential component units for which it is financially accountable as well as organizations for which the nature and significance of their relationship with the Collaborative are such that exclusion would cause the Collaborative's basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Collaborative (primary government) and its component unit. The Lower Pioneer Valley Education Corporation (Corporation) meets the required criteria to be reported as a blended component unit.

The Corporation was organized in 1981 and is comprised of the same seven member school districts as the Collaborative. The Corporation's primary activity is to act as the Collaborative's financing entity that issues debt to acquire real property and other educational related resources used by the Collaborative. The Corporation and Collaborative have entered into several long-term leases that provides for substantially all Corporation revenues which are then used to pay off all of the Corporation's debt. The Corporation issues separate audited financial statements. A copy of the complete financial statements can be obtained by contacting the Corporation at 174 Brush Hill Avenue, West Springfield, MA 01089.

The primary government consists of all funds and departments which provide various services including special education, occupational education, supplemental services, professional development, administrative, transportation services, and the activities of the blended component unit. The Collaborative Board of Directors and Executive Director are directly responsible for the activities of the governmental and business-type activities with the exception of the Lower Pioneer Valley Educational Corporation blended component unit.



## B. 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 changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities* are primarily supported by member assessments.

### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

## C. 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. Assessments are recognized as revenues in the year for which they are assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Assessments and other items not identifiable as program revenues are reported as general revenues.

The effect of certain interfund activity has been removed from the government-wide financial statements so that activity is recorded only once in the consolidated statements. Interfund services provided and used are not eliminated in the process of consolidation.

#### *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, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Member district assessments and non-member assessments are considered available if they are collected within 60 days after year end. Investment income is susceptible to accrual. Other receipts and revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental fund is reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *grants fund* is used to account for and report the activity of state and federal grants throughout the year.

The *nonmajor governmental funds* consist of other special revenue funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

**Proprietary** fund financial statements are reported using the flow of 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major proprietary fund is reported:

The *transportation enterprise fund* is used to account for transportation services which are provided to member districts.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting except for the Agency Fund, which has no measurement focus. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The other postemployment benefit trust fund is used to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

The agency fund is used to account for assets held in a purely custodial capacity. The Collaborative's agency fund is used to account for student activities.

#### D. 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.

#### E. Fair Value Measurements

The Collaborative 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 government 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 actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

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. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

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 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. For more information on the fair value of the Collaborative's financial instruments, see Note 2 – Cash and Investments.

#### E. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

##### ***Departmental and Other***

Departmental and other receivables consist of various benefit payments which are under agreement with current and former employees to reimburse the Collaborative and tuition payments receivable from other Collaboratives for special education services provided.

##### ***Grants***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

##### ***Intergovernmental***

Amounts due from member and non-member school districts for services provided.

#### F. Inventories

##### *Government-Wide and Fund Financial Statements*

Inventories for governmental activities are recorded as expenditures at the time of purchase and are not material. Inventories in the business-type activities are valued at cost determined on a first-in, first-out basis.

#### G. Capital Assets

##### *Government-Wide Financial Statements*

Capital assets, which include land, buildings and improvements, and machinery and equipment are reported in the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical

cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Buildings and improvements.....	20-40
Machinery and equipment.....	5-20
Vehicles.....	5-10

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

#### H. Deferred Outflows/Inflows of Resources

##### *Government-Wide and Fund Financial Statements*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Collaborative did not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Collaborative currently does not have elements that qualify for reporting in this category.

##### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it be available. The Collaborative has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

#### I. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the availability criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the entity-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

*Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

*Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as “internal balances”.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

*Government-Wide Financial Statements*

Transfers within governmental funds are eliminated from the governmental activities in the statement of net activities.

*Fund Financial Statements*

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Sometimes the Collaborative will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Collaborative’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

*Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (vote) of the Board of Directors who are the government’s highest level of decision-making authority. Once adopted, the limitation imposed by the vote remains in place until all the funds are spent or until a similar action is taken to revise or rescind the limitation.

“Assigned” fund balance includes amounts that are constrained by the Collaborative’s intent to be used for specific purposes, but are neither restricted nor committed. Fund balance can be assigned by a vote of the Board of Directors. Unlike commitments, assignments are carried over into the next year but any unspent amounts lapse at the end of the next year without any further action required.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Collaborative’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Pensions

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

N. Long-term Debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

*Governmental Fund Financial Statements*

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

O. Investment Income

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

*Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

*Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

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

R. Total Column*Government-Wide Financial Statements*

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



*Fund Financial Statements*

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

S. Individual Fund Deficits

Several individual fund deficits exist within the special revenue funds. These deficits are anticipated to be funded through available fund balance and program revenues during year 2016.

**NOTE 2 – CASH AND INVESTMENTS**

The Collaborative maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents".

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Collaborative's deposits may not be returned to it. The Collaborative's investment policy requires all deposits to be insured or collateralized. At year-end, the carrying amount of deposits totaled \$426,793 and the bank balance totaled \$510,351. Of the bank balance, \$250,000 was covered by Federal Depository Insurance, and \$260,351 was fully collateralized.

The Corporation maintains its cash deposits in one checking account. At June 30, 2016, the Corporation's carrying balance for deposits and bank balance both totaled \$380, all of which was covered by Federal Depositors Insurance.

Investments

As of June 30, 2016, the Collaborative had an investment of with a fair market value of \$4,683,182 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. Investments are fully collateralized by U.S. Government securities. As of June 30, 2016, the carrying value of the REPO is \$3,995,684. The difference between the carrying value and the fair value of the investment is outstanding transfers between cash and investment accounts at year end. The REPO is classified as an interest earning investment which is not subject to the fair value level disclosures.

As of June 30, 2016, the Collaborative had a balance of \$259,024 in an Other Postemployment Benefits Trust Fund, which was fully invested in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an internal investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in PRIT is the same as the value of PRIT shares. The net asset value of the Collaborative's investment in PRIT is \$259,024. The Collaborative does not have the ability to control any of the investment decisions relative to its funds in PRIT. The effective weighted duration rate for PRIT investments ranged from 0.14 to 24.23 years.

As of June 30, 2016, the Corporation had an investment of with a fair market value of \$1,837,083 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. Investments are fully collateralized by U.S. Government securities. As of June 30, 2016, the carrying value of the REPO is \$1,548,619. The difference between the

carrying value and the fair value of the investment is outstanding checks. The REPO is classified as an interest earning investment which is not subject to the fair value level disclosures.

#### Fair Market Value of Investments

The Collaborative and Corporation hold investments in REPOs that are measured at fair value on a recurring basis and the Collaborative's investment in PRIT is measured using net asset value. Because investing is not a core part of the Collaborative or the Corporation's mission, the Collaborative and the Corporation determine that the disclosures related to these investments only need to be disaggregated by major type. The Collaborative and the Corporation choose a narrative format for the fair value disclosures.

### **NOTE 3 – RECEIVABLES**

At June 30, 2016, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Grants.....	\$ 526,591	\$ -	\$ 526,591
Departmental and other.....	13,350	-	13,350
Intergovernmental.....	984,846	-	984,846
Total.....	<u>\$ 1,524,787</u>	<u>\$ -</u>	<u>\$ 1,524,787</u>

At June 30, 2016, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Intergovernmental.....	\$ 153,626	\$ -	\$ 153,626

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General Fund	Grants Fund	Non-Major Governmental Funds
<u>Receivable type:</u>			
Intergovernmental.....	\$ -	\$ -	\$ 60,685

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the Collaborative for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities:</b>				
<u>Collaborative:</u>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 2,106,469	\$ 376,556	\$ -	\$ 2,483,025
Vehicles.....	132,193	-	-	132,193
Total capital assets being depreciated.....	2,238,662	376,556	-	2,615,218
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,922,573)	(81,686)	-	(2,004,259)
Vehicles.....	(24,676)	(17,950)	-	(42,626)
Total accumulated depreciation.....	(1,947,249)	(99,636)	-	(2,046,885)
Total Collaborative governmental activities capital assets, net.....	291,413	276,920	-	568,333
<u>Corporation blended component unit:</u>				
<u>Capital assets not being depreciated:</u>				
Land.....	2,100,088	644,700	-	2,744,788
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	19,417,854	3,338,268	(1,945,711)	20,810,411
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(5,891,511)	(815,727)	1,185,629	(5,521,609)
Total Corporation capital assets being depreciated, net.....	13,526,343	2,522,541	(760,082)	15,288,802
Total Corporation capital assets, net.....	15,626,431	3,167,241	(760,082)	18,033,590
Total Governmental Activities capital assets, net.....	\$ 15,917,844	\$ 3,444,161	\$ (760,082)	\$ 18,601,923
<b>Business-Type Activities:</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 165,358	\$ -	\$ -	\$ 165,358
Vehicles.....	10,817,143	1,088,634	(672,861)	11,232,916
Total capital assets being depreciated.....	10,982,501	1,088,634	(672,861)	11,398,274
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(165,074)	(284)	-	(165,358)
Vehicles.....	(7,140,840)	(1,015,390)	672,861	(7,483,369)
Total accumulated depreciation.....	(7,305,914)	(1,015,674)	672,861	(7,648,727)
Total capital assets being depreciated, net.....	3,676,587	72,960	-	3,749,547
Total Business-Type Activities capital assets, net.....	\$ 3,676,587	\$ 72,960	\$ -	\$ 3,749,547

Depreciation expense for governmental activities totaled \$915,363 and was unallocated.

**NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES**Due to/from other funds

Interfund receivables and payables between funds at June 30, 2016, are summarized as follows:

Receivable:	Payable:			Total	
	Grants Funds	Nonmajor Governmental Funds	Transportation Enterprise Fund		
General Fund.....	\$ 449,509	\$ -	\$ 741,892	\$ 1,191,401	(1)
Nonmajor Governmental Funds.....	-	7,453	-	7,453	(1)
Total.....	\$ 449,509	\$ 7,453	\$ 741,892	\$ 1,198,854	

(1) This is a temporary advance between funds for cash flow.

**NOTE 6 – CAPITAL LEASES**

The Collaborative has entered into several lease agreements to finance the acquisition of equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The Governmental leases relate to equipment and technology leased from the Corporation. The Corporation purchased the equipment and technology through long-term notes and is leasing the assets back to the Collaborative through a capital lease. In 2016 the Corporation made its final lease payment of \$64,819.

The Business-type capital leases represent capital leases for vehicles and buses purchased through capital leases for the operation of the transportation enterprise fund.

The remaining net value of assets acquired through capital leases totaled \$3,679,374.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2016 are listed below:

Years Ending June 30	Business-Type Activities
2017.....	\$ 239,087
2018.....	239,087
2019.....	239,087
Total minimum lease payments.....	717,261
Less: amounts representing interest.....	(21,529)
Present value of minimum lease payments.....	\$ 695,732

**NOTE 7 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest on short-term borrowings are accounted for in the general fund.

The Collaborative had no short-term financing for year 2016.

**NOTE 8 – LONG-TERM DEBT**

State law permits the Collaborative, under the provisions of Chapter 71, Section 16, to authorize indebtedness not to exceed an amount approved by the Board of Directors. Additionally, written notice of the amount of debt authorized and the general purpose of the debt must be given to the School Committees in each of the Town's comprising the Collaborative.

The Collaborative had no long-term financing for year 2016.

The Corporation had the following long-term financing activity during year 2016:

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 turned over 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 new bond has a fixed interest rate of 3.79% until 2026 at which time there is a final balloon payment of \$6,940,000.

Project	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Massachusetts Development Bond.....	variable	\$ 10,608,172	\$ -	\$ 10,608,172	\$ -
Amendment to Massachusetts Development Bond.....	variable	34,894	-	34,894	-
Equipment Note.....	6.30%	50,000	-	50,000	-
Agawam Garage Note.....	4.09%	448,405	-	448,405	-
Massachusetts Development Bond.....	3.79%	-	12,075,000	342,000	11,733,000
Total bonds payable.....		\$ 11,141,471	\$ 12,075,000	\$ 11,483,471	\$ 11,733,000

Year	Principal	Interest	Total
2017.....	\$ 465,000	\$ 436,680	\$ 901,680
2018.....	477,000	418,849	895,849
2019.....	491,250	400,535	891,785
2020.....	506,250	382,696	888,946
2021.....	519,000	362,239	881,239
2022.....	533,250	342,333	875,583
2023.....	550,500	321,835	872,335
2024.....	568,500	301,476	869,976
2025.....	584,250	278,831	863,081
2026.....	7,038,000	66,770	7,104,770
Total.....	\$ <u>11,733,000</u>	\$ <u>3,312,244</u>	\$ <u>15,045,244</u>

### Changes in Long-term Liabilities

Long-term liabilities of the Corporation blended component unit are paid from the Corporation using the assessments paid from the Collaborative. Other long-term liabilities related to both governmental and business-type activities are normally paid from the General Fund and the Enterprise Funds, respectively.

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Balance June 30, 2015	Additions	Retirements and Other	Balance June 30, 2016	Current Portion
<u>Governmental Activities</u>					
Bonds Payable.....	\$ 11,141,471	\$ 12,075,000	\$ (11,483,471)	\$ 11,733,000	\$ 465,000
Compensated Absences.....	204,881	76,352	(71,744)	209,489	74,110
Other Postemployment Benefits.....	6,778,743	939,668	(84,065)	7,634,346	-
Total.....	\$ <u>18,125,095</u>	\$ <u>13,091,020</u>	\$ <u>(11,639,280)</u>	\$ <u>19,576,835</u>	\$ <u>539,110</u>
<u>Business-Type Activities</u>					
Compensated Absences.....	\$ 44,546	\$ 33,238	\$ (30,211)	\$ 47,573	\$ 32,254
Capital Lease Obligations.....	417,345	933,137	(654,750)	695,732	228,377
Other Postemployment Benefits.....	8,566,979	674,668	(53,775)	9,187,872	-
Total.....	\$ <u>9,028,870</u>	\$ <u>1,641,043</u>	\$ <u>(738,736)</u>	\$ <u>9,931,177</u>	\$ <u>260,631</u>

### **NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Collaborative 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 Collaborative'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.
- 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 Collaborative's spending policy is to spend restricted fund balance first, followed by committed, assigned, and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, it may be necessary to report a negative unassigned fund balance in that fund.

As of June 30, 2016, the governmental fund balances consisted of the following:

GOVERNMENTAL FUNDS			
	General	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Restricted for:			
Brush Hill Bistro.....	\$ -	\$ 23,852	\$ 23,852
Landscaping.....	-	32,580	32,580
School Lunch.....	-	12,258	12,258
School Store.....	-	249	249
Building Rental.....	-	179,564	179,564
Graphic Communications.....	-	3,788	3,788
Professional Development.....	-	48,534	48,534
Machine Technology Program.....	-	3,718	3,718
Curriculum Instruction and Assessment.....	-	6,729	6,729
Other Revolving.....	-	39,720	39,720
Assigned to:			
Capital projects.....	1,309,020	-	1,309,020
Unassigned.....	3,601,367	(1,900)	3,599,467
TOTAL FUND BALANCES.....	\$ 4,910,387	\$ 349,092	\$ 5,259,479

**NOTE 10 – ADVANCES AND CREDITS**

To provide cash flow in lieu of borrowing, the Collaborative historically billed and accepted payments in advance of services from its member Districts. Periodically, the Collaborative would return a portion of fund balance to a member school district which was then credited to the advances and credits account. The account was reduced as amounts are applied to actual billings for services. During fiscal year 2016, the Collaborative discontinued the advance billing and collection process and the balances have been eliminated.

The composition of advances and credits of governmental activities as of June 30, 2016 are shown below:

Member Districts	Beginning Balance	Increase	Decrease	Ending Balance
Town of East Longmeadow.....	\$ 122,314	\$ -	\$ (122,314)	\$ -
Hampden-Wilbraham Regional School District.....	396	100	(496)	-
Town of Ludlow.....	39,545	-	(39,545)	-
Town of Agawam.....	136,220	669	(136,889)	-
Town of Longmeadow.....	56,650	-	(56,650)	-
Town of West Springfield.....	134,241	-	(134,241)	-
Southwick-Tolland-Granville Regional School District.....	136,246	-	(136,246)	-
Total.....	\$ 625,612	\$ 769	\$ (626,381)	\$ -



**NOTE 11 – RISK FINANCING**Scantic Valley Regional Health Trust

The Collaborative is a member of the Scantic Valley Regional Health Trust (Trust), a public entity risk pool, consisting of four other towns from neighboring geographic area, with whom the Collaborative shares the risk of providing health care to eligible active and former employees.

The Collaborative pays monthly premiums to the Trust. These payments are funded in part from the Collaborative, and payroll withholdings from active employees, or direct payments from retired employees. In general, the Collaborative pays 70% of the cost of insurance for active employees and 50% of the cost of insurance for retired and other past employees who may be eligible to participate in the plan.

In accordance with the agreement between the Collaborative and the Trust, the Collaborative makes payments to the Trust in the form of monthly premiums based upon actual employee enrollment. The Trust makes payment, through a third-party administrator for actual health claims incurred for the entire Trust. At the end of the Trust's year, the Trust's insurance consultant will determine if assets are sufficient to meet the liabilities of the Trust on an accrual and premium rates adjusted to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims. Assets of the Trust, which are in excess of claims computed on an actuarial basis, can be used to reduce prospective premium rates assessed to members.

The Trust reported an accumulated surplus of \$7,258,740 as of June 30, 2015, (its most recently issued report).

Commercial Liability Insurance

The Collaborative is exposed to various risks of loss relating to torts; theft or damage of, and destruction of assets, errors or omissions; injuries to employees; and natural disasters. The Collaborative has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 12 – PENSION PLAN***Plan Descriptions*

The Collaborative is a member of the Massachusetts State Employees' Retirement System (MSERS), a public employee retirement system that administers a cost-sharing multi-employer defined benefit plan covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The MSERS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

The Collaborative is also a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

*Special Funding Situations*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Collaborative's teachers and retired teachers to the MTRS. Therefore, the Collaborative is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Collaborative does not contribute directly to MTRS, the Collaborative does not have a net pension liability. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$1,048,885 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is \$12,931,812 as of the measurement date.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 5.6% of covered payroll. Legally, the Collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives. Therefore, the Collaborative does not have a net pension liability. The Collaborative's required contribution to MSERS equaled its actual contribution for the year ended December 31, 2015 was \$412,554 and 5.6% of covered payroll.

The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the non-teaching employees' of the Collaboratives and therefore has a 100% special funding situation. The total of the Commonwealth provided contributions are allocated based on each employer's covered payroll to the total covered payroll of employers in MSERS as of the measurement date of June 30, 2015. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$1,710,376 is reported as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is \$15,322,045 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the

pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

### NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Collaborative implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45) in year 2009. As allowed by GASB 45, the Collaborative established the net Other Postemployment Benefits (OPEB) obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy* – The required contribution is based on a pay-as-you-go financing requirement. The Collaborative contributes 70 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 30 percent of their premium costs. For 2016, the Collaborative contributed \$138,000 to the plan which included the pay-as-you-go financing requirement.

*Annual OPEB Cost and Net OPEB Obligation* – The Collaborative's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Collaborative's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Collaborative's net OPEB obligations are summarized in the following table:

Annual Required Contribution (ARC).....	\$ 1,779,190
Interest on net OPEB obligation.....	613,829
Adjustment to ARC.....	<u>(778,683)</u>
Annual OPEB cost (expense).....	1,614,336
Contributions made.....	<u>(137,840)</u>
Increase in net OPEB obligation.....	1,476,496
Net OPEB obligation - beginning of year.....	<u>15,345,722</u>
Net OPEB obligation - end of year.....	<u>\$ 16,822,218</u>

The Collaborative's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year 2016 was as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 1,614,336	8.5%	\$ 16,822,218
6/30/2015	2,244,381	21.0%	15,345,722
6/30/2014	2,127,408	6.5%	13,573,536

*Funded Status and Funding Progress* – As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits totaled \$12,704,609, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) totaled \$10,479,682 and the ratio of the UAAL to the covered payroll was 118.8%. Plan membership includes 59 retirees and 226 active employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*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 the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation, actuarial liabilities were determined using the entry age normal method. The actuarial assumptions included a 4% investment return/inflation rate assumption; an annual medical/drug cost trend rate of 9% initially, graded to 5% in 2019; and projected salary increases of 2.5% annually. The UAAL is being amortized over a 30 year closed period, as a level percentage of payroll. The remaining amortization period at June 30, 2016 is 23 years.

#### NOTE 14 – CONTINGENCIES

The Collaborative participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2016, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

#### NOTE 15 – BLENDED COMPONENT UNIT TRANSACTIONS

The Collaborative leases various facilities from the Corporation under operating lease agreements for use in their programs. Rental payments made to the Corporation during 2016 totaled approximately \$1,135,000.

During 2016, Collaborative contributed for expenditures related to the building repairs project, machine technology construction project, Wilbraham garage expenditures, and other expenditures for \$1,201,227, \$24,010, \$1,154,496, and \$321, respectively.

The Collaborative has restructured the current operating leases with the Corporation, effective July 1, 2015. Under the new terms, all of the operating leases will expire on June 30, 2017, with various options for extensions.

Based on the renegotiated operating lease agreements, future operating lease payments to the Corporation will be as follows:

Years Ending June 30	Governmental Activities	Business-Type Activities	Total
2017.....	\$ 915,000	\$ 215,000	\$ 1,130,000

The effects of all transactions between the governmental activities of the Collaborative and the Corporation have been eliminated through the blending of the component unit with the governmental activities in the government-wide financial statements.

#### NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 29, 2016, which is the date the financial statements were available to be issued.

#### NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.

- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.

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

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## ***Required Supplementary Information***



**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2016

	Revenues and Other Financing Sources				
	Budgeted Amounts			Actual	Variance to
	Original Budget	Budget Adjustments	Final Budget	Budgetary Amounts	Final Budget
Administration:					
General Administration:					
Use of Unreserved Fund Balance..... \$	-	\$ 2,183,012	\$ 2,183,012	\$ 2,183,012	\$ -
Interest and other miscellaneous.....	-	-	-	6,489	6,489
Administration Coordination.....	-	-	-	460	460
Fringe Benefits.....	-	-	-	-	-
Administration Costs Applied to Other Programs.....	-	-	-	-	-
Total Administration, Net.....	-	2,183,012	2,183,012	2,189,961	6,949
Special Education:					
Grouped Programs:					
Elementary Secondary.....	172,164	-	172,164	242,074	69,910
Career Skills.....	266,812	-	266,812	275,399	8,587
Secondary Development.....	218,410	-	218,410	110,912	(107,498)
Secondary Skills Program.....	-	-	-	-	-
Summer School - Career Preparation.....	276,949	-	276,949	377,136	100,187
Twain Alternative High School.....	573,985	-	573,985	521,237	(52,748)
Vocational Preparation.....	319,461	-	319,461	262,271	(57,190)
Total Grouped Programs.....	1,827,781	-	1,827,781	1,789,029	(38,752)
Individual Programs:					
Asperger.....	470,436	-	470,436	555,083	84,647
Autism.....	456,658	-	456,658	411,653	(45,005)
Integrated Occupational Preparation.....	630,551	-	630,551	722,538	91,987
Transitional Alternative.....	146,063	-	146,063	103,450	(42,613)
Brush Hill Academy.....	416,759	-	416,759	433,892	17,133
Total Individual Programs.....	2,120,467	-	2,120,467	2,226,616	106,149
Shared Services:					
Coordination.....	-	-	-	105	105
Costs Applied to Other Programs.....	-	-	-	-	-
Coordination, Net.....	-	-	-	105	105
Nurses.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Nurses, Net.....	-	-	-	-	-
Adaptive Physical Education.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Adaptive Physical Education, Net.....	-	-	-	-	-
Total Shared Services.....	-	-	-	105	105
Total Special Education.....	3,948,248	-	3,948,248	4,015,750	67,502

Expenditures and Other Financing Uses					
Budgeted Amounts					
Original Budget	Budget Adjustments	Final Budget	Actual Budgetary Amounts	Variance to Final Budget	Actual Net Changes in Fund Balance
\$ -	\$ 2,183,012	\$ 2,183,012	\$ 2,209,922	\$ (26,910)	\$ (26,910)
-	-	-	-	-	6,489
1,284,321	(1,284,321)	-	1,206,547	(1,206,547)	(1,206,087)
3,443,896	(3,443,896)	-	3,012,377	(3,012,377)	(3,012,377)
(4,728,217)	4,728,217	-	(4,628,164)	4,628,164	4,628,164
-	2,183,012	2,183,012	1,800,682	382,330	389,279
172,164	-	172,164	157,171	14,993	84,903
266,812	-	266,812	255,371	11,441	20,028
218,410	-	218,410	189,298	29,112	(78,386)
-	-	-	-	-	-
276,949	-	276,949	269,443	7,506	107,693
573,985	-	573,985	551,900	22,085	(30,663)
319,461	-	319,461	295,366	24,095	(33,095)
1,827,781	-	1,827,781	1,718,549	109,232	70,480
470,436	-	470,436	460,061	10,375	95,022
456,658	-	456,658	430,964	25,694	(19,311)
630,551	-	630,551	642,596	(12,045)	79,942
146,063	-	146,063	120,578	25,485	(17,128)
416,759	-	416,759	396,951	19,808	36,941
2,120,467	-	2,120,467	2,051,150	69,317	175,466
-	-	-	1,408,762	(1,408,762)	(1,408,657)
-	-	-	(1,407,317)	1,407,317	1,407,317
-	-	-	1,445	(1,445)	(1,340)
-	-	-	87,120	(87,120)	(87,120)
-	-	-	(87,121)	87,121	87,121
-	-	-	(1)	1	1
-	-	-	201,764	(201,764)	(201,764)
-	-	-	(201,765)	201,765	201,765
-	-	-	(1)	1	1
-	-	-	1,443	(1,443)	(1,338)
3,948,248	-	3,948,248	3,771,142	177,106	244,608

(continued)

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2016

	Revenues and Other Financing Sources				
	Budgeted Amounts			Actual	Variance to
	Original Budget	Budget Adjustments	Final Budget	Budgetary Amounts	Final Budget
Occupational Education:					
Tuition Allocated to Occupational Education Programs.....	5,009,539	-	5,009,539	5,093,720	84,181
Coordination.....	-	-	-	-	-
Nursing.....	-	-	-	-	-
Allied Health.....	-	-	-	-	-
Automotive.....	-	-	-	-	-
Building Trades.....	-	-	-	-	-
Information Services Systems.....	-	-	-	-	-
Design and Visual Communications.....	-	-	-	-	-
Early Education.....	-	-	-	-	-
Fashion Design.....	-	-	-	-	-
Food Services.....	-	-	-	-	-
Graphic Arts.....	-	-	-	-	-
Landscaping and Horticultural.....	-	-	-	-	-
Building and Grounds Maintenance.....	-	-	-	-	-
Technical Exploratory.....	-	-	-	-	-
Vocational Guidance.....	-	-	-	-	-
Cosmetology.....	-	-	-	-	-
Cooperative Education.....	-	-	-	-	-
Machine Technology Program Certified Personnel.....	-	-	-	-	-
Total Occupational Education.....	5,009,539	-	5,009,539	5,093,720	84,181
Supplemental Services:					
Individual Aides.....	459,526	-	459,526	474,488	14,962
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	5,250	(750)
Medicaid.....	443,785	-	443,785	602,377	158,592
Summer Developmental.....	91,721	-	91,721	96,330	4,609
Maintenance.....	-	-	-	-	-
Maintenance Applied to Other Programs.....	-	-	-	-	-
Technical Support.....	-	-	-	-	-
Technical Support Applied to Other Programs.....	-	-	-	-	-
Contracted Therapy Services.....	352,800	-	352,800	279,635	(73,165)
Supplemental Services.....	40,000	-	40,000	156,048	116,048
SBC.....	251,851	-	251,851	266,996	15,145
Energy Management.....	95,849	-	95,849	105,444	9,595
Innovative Research in Education.....	185,129	-	185,129	60,900	(124,229)
Total Supplemental Services.....	1,926,661	-	1,926,661	2,047,468	120,807
Professional Development:					
General Operations.....	-	-	-	-	-
Professional Development Applied to Other Programs...	-	-	-	-	-
Total Professional Development, Net.....	-	-	-	-	-
Other Financing Sources and Uses:					
Use of available fund balance as a revenue source.....	-	-	-	(2,183,012)	(2,183,012)
NET CHANGE IN FUND BALANCE.....	\$ 10,884,448	\$ 2,183,012	\$ 13,067,460	\$ 11,163,887	\$ (1,903,573)

BUDGETARY FUND BALANCE, Beginning of year.....

BUDGETARY FUND BALANCE, End of year.....

See notes to required supplementary information.

Expenditures and Other Financing Uses					
Budgeted Amounts					
Original Budget	Budget Adjustments	Final Budget	Actual Budgetary Amounts	Variance to Final Budget	Actual Net Changes in Fund Balance
-	-	-	-	-	5,093,720
2,515,855	-	2,515,855	2,375,903	139,952	(2,375,903)
54,666	-	54,666	49,179	5,487	(49,179)
242,205	-	242,205	238,235	3,970	(238,235)
206,393	-	206,393	199,002	7,391	(199,002)
203,059	-	203,059	197,810	5,249	(197,810)
170,187	-	170,187	165,207	4,980	(165,207)
84,419	-	84,419	81,646	2,773	(81,646)
100,613	-	100,613	101,843	(1,230)	(101,843)
107,169	-	107,169	94,899	12,270	(94,899)
252,933	-	252,933	243,755	9,178	(243,755)
174,118	-	174,118	167,822	6,296	(167,822)
164,586	-	164,586	160,188	4,398	(160,188)
125,091	-	125,091	121,747	3,344	(121,747)
30,847	-	30,847	28,737	2,110	(28,737)
175,932	-	175,932	175,948	(16)	(175,948)
229,801	-	229,801	225,865	3,936	(225,865)
81,574	-	81,574	79,802	1,772	(79,802)
90,091	-	90,091	87,564	2,527	(87,564)
5,009,539	-	5,009,539	4,795,152	214,387	298,568
459,526	-	459,526	490,952	(31,426)	(16,464)
6,000	-	6,000	4,334	1,666	916
443,785	-	443,785	429,632	14,153	172,745
91,721	-	91,721	63,572	28,149	32,758
-	-	-	147,172	(147,172)	(147,172)
-	-	-	(151,204)	151,204	151,204
-	-	-	121,037	(121,037)	(121,037)
-	-	-	(124,591)	124,591	124,591
352,800	-	352,800	276,759	76,041	2,876
40,000	-	40,000	156,048	(116,048)	-
251,851	-	251,851	249,904	1,947	17,092
95,849	-	95,849	91,844	4,005	13,600
185,129	-	185,129	66,113	119,016	(5,213)
1,926,661	-	1,926,661	1,821,572	105,089	225,896
-	-	-	129,581	(129,581)	(129,581)
-	-	-	(129,581)	129,581	129,581
-	-	-	-	-	-
-	-	-	-	-	(2,183,012)
\$ 10,884,448	\$ 2,183,012	\$ 13,067,460	\$ 12,188,548	\$ 878,912	(1,024,661)
					5,854,328
					\$ 4,829,667
					(concluded)

# ***Collaborative Pension Plan Schedules***

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts State Employees Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Collaborative along with related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Collaborative along with related ratios.

The Schedule of Collaborative's Contributions presents multi-year trend information on the Collaborative's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CONTRIBUTIONS**  
**MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM**

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A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by PERAC, currently 5.6% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Since the collaborative does not contribute directly to MSERS for the past service cost, there is no net pension liability to recognize. This schedule discloses the collaborative's required and actual contribution for the normal cost; covered payroll; and contributions recognized by the pension plan in relation to the covered payroll.

<u>Fiscal Year</u>	<u>LPVEC's Statutory Required and Actual Contribution for Normal Cost</u>	<u>LPVEC's Covered Payroll</u>	<u>The Amount of Contributions Recognized by the Pension Plan in Relation to the Covered Payroll</u>
2016..... \$	412,554	\$ 7,367,036	5.60%
2015.....	426,191	7,610,554	5.60%

Note: 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 notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM**

The Collaborative's teachers and retired teachers pensions are covered under the Massachusetts Teachers Retirement System while all other employees and retirees are covered under the Massachusetts State Employees Retirement System. This schedule only reports on the non teacher employees and retirees covered under the Massachusetts State Employees Retirement System.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by PERAC, currently 5.6% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Since the collaborative does not contribute directly to MSERS for the past service cost, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the collaborative; the portion of the collective pension expense as both a revenue and pension expense recognized by the collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with LPVEC</u>	<u>LPVEC's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2016..... \$	15,322,045	\$ 1,710,376	67.87%
2015.....	10,665,423	758,423	76.32%

Note: 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 notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

---

The Collaborative's teachers and retired teachers pensions are covered under the Massachusetts Teachers Retirement System while all other employees and retirees are covered under the Massachusetts State Employees Retirement System. This schedule only reports on the teacher and retired teachers covered under the Massachusetts Teachers' Retirement System.

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the collaborative does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the collaborative; the portion of the collective pension expense as both a revenue and pension expense recognized by the collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Fiscal Year</u>		<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the LPVEC</u>	<u>LPVEC's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2016.....	\$	12,931,812	\$ 1,048,885	55.38%
2015.....		10,417,880	723,780	61.64%

Note: 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 notes to required supplementary information.



# ***Other Postemployment Benefits Plan Schedules***

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multiyear trend information for required and actual contributions related to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2015	\$ 250,000	\$ 12,704,609	\$ 12,454,609	2%	\$ 10,479,682	118.8%
7/1/2013	-	16,224,660	16,224,660	0%	9,699,867	167.3%
7/1/2011	-	23,376,661	23,376,661	0%	8,995,595	259.9%
12/31/2009	-	21,395,988	21,395,988	0%	11,620,462	184.1%
12/31/2007	-	17,871,412	17,871,412	0%	10,720,941	166.7%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2016	\$ 1,779,190	\$ 137,840	7.7%
6/30/2015	2,337,145	472,195	20.2%
6/30/2014	2,196,466	138,926	6.3%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

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Actuarial Methods:

Valuation date.....	July 1, 2015
Actuarial cost method.....	Costs are based on the entry age normal method.
Amortization method.....	Amortization is based on payments increasing at 4%
Remaining amortization period.....	23.12 years, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	4.00%
Medical/drug cost trend rate.....	9.0% decreasing to an ultimate level of 5% in 2019.
Annual payroll increase.....	2.50%

Plan Membership:

Current retirees, beneficiaries, and dependents....	59
Current active members.....	<u>226</u>
Total.....	<u><u>285</u></u>

See notes to required supplementary information.

**NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****A. Budgetary Information**

The Collaborative adopts a balanced budget that is approved by the District Board. The Director of Finance presents an annual budget to the Board, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Board, which has the full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases to the budget subsequent to the approval of the annual budget require majority Board approval.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

The Collaborative adopts an annual budget for the General Fund in conformity with the guidelines described above. The original year 2016 approved budget for the General Fund authorized approximately \$10,884,000 in appropriations. Additions to the budget of \$2,183,000 made by the Board were funded by the use of prior year fund balance.

The Collaborative's accounting office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Collaborative's accounting system.

**B. Budgetary - GAAP Reconciliation**

For budgetary financial reporting purposes, a budgetary basis of accounting is followed, which differs from the GAAP basis of accounting. For the year ended June 30, 2016, there were no net differences between the budgetary and GAAP basis of accounting for the Collaborative.

**NOTE B – PENSION PLAN*****Pension Plan Schedules*****A. Schedule of Collaborative's Contributions**

A special funding situation was created by Massachusetts General Laws for all Educational Collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 5.6% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the Collaboratives.

**B. Schedules of the Special Funding Amounts of the Net Pension Liabilities**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the Collaborative which create two special funding situations.

- The MSERS schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Collaborative; the portion of the collective pension expense as both revenue and pension expense recognized by the Collaborative; and the Plan's fiduciary net position as a percentage of the total liability.
- The MTRS schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Collaborative; the portion of the collective pension expense as both revenue and pension expense recognized by the Collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

**NOTE C – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The Collaborative administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Collaborative’s health insurance plan, which covers both active and retired members, including teachers.

The Collaborative currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actual value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Collaborative has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

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

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

## ***Other Supplementary Information***

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## ***Combining and Individual Fund Statements***



# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Brush Hill Bistro* – This culinary arts program prepares students for careers in hotels, restaurants, resorts, institutions and corporations. Students operate a fully equipped commercial kitchen and dining room encompassing restaurant, banquet, and buffet services through the two student run restaurants: the morning Java Café, serving breakfast, and the Brush Hill Bistro, serving lunch, which are open to the general public two days a week. This fund is used to account for sales generated through these restaurants.

*Early Education and Care Program* – Students in this program will experience a combination of classroom instruction and hands on experience with children from ages 6 weeks through 6 years of age. Students will also understand and be familiar with many aspects of child development from infancy through elementary school years. The students who are in the EEC program use the Early Learning Center as their work-related experience to receive licensure as an Early Education and Care provider. The Early Learning Center is a part of the Collaborative, and is licensed by the Massachusetts Department of Early Education and Care.

*Landscaping* – This program offers a comprehensive competency based course that explores career areas in landscape maintenance, construction and design, greenhouse production, nursery production, floriculture, and retail garden center operation. This fund is used to account for sales generated through residential landscaping projects, greenhouse sales, and floral projects.

*School Lunch* – This fund is used to account for all cafeteria activities and is funded by user charges.

*School Store* – This fund is used to account for all school store activities and is funded by sales from the school store.

*Building Rental* – This fund is used to account for school space leased to the Preschool Enrichment Team. Rental income is used to offset rental fees paid to the Corporation and associated utility costs.

*Graphic Communication* – This program prepares students for a wide range of career opportunities in the graphic arts and communications industry. This fund is used to account for shop sales generated from this program.

*Professional Development* – This fund is used to account for professional development programs offered through the Collaborative.

*Machine Technology Program* - The Machine Technology program features a state-of-the-art facility that includes the latest in technology including Computer Numeric Control (CNC) milling machines and lathes as well as a computer lab for CAD/CAM instruction. The Machine Technology program offers students the opportunity to experience the latest technology in the machine tool industry. Machine tool technology students receive training through hands-on experience that replicates operations used in industry. Metal parts are produced through the use of lathes, millers, surface grinders, and Computerized Numerical Control (C.N.C.) machines. The program provides students the opportunity to learn all the skills demanded of the 21st Century machinist. Students follow a course sequence that starts with the basics of manual machining and progresses to advanced multi-axis CNC programming, setup, and operation. Qualified and skilled machinists are presently in high demand and students completing our program are ready to immediately enter the workforce or continue their education in college.

*Curriculum Instruction and Assessment Program* - The Curriculum Instruction and Assessment program is established to finance professional development and its delivery within the Lower Pioneer Valley Educational Collaborative. This is funded through out-of-district professional development offerings, and member district-tailored specific professional development offerings.

*Other Revolving* - This fund is used to account for other nonmajor revolving funds.

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2016

<b>Special Revenue Funds</b>					
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 23,852	\$ -	\$ 32,580	\$ 9,660	\$ 249
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
Other Assets.....	-	-	-	2,598	-
<b>TOTAL ASSETS.....</b>	<b>\$ 23,852</b>	<b>\$ -</b>	<b>\$ 32,580</b>	<b>\$ 12,258</b>	<b>\$ 249</b>
<b>LIABILITIES</b>					
Accounts payable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	1,900	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>1,900</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted.....	23,852	-	32,580	12,258	249
Unassigned.....	-	(1,900)	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>23,852</b>	<b>(1,900)</b>	<b>32,580</b>	<b>12,258</b>	<b>249</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 23,852</b>	<b>\$ -</b>	<b>\$ 32,580</b>	<b>\$ 12,258</b>	<b>\$ 249</b>

(continued)

<b>Special Revenue Funds</b>						
Building Rental	Graphic Communication	Professional Development	Machine Technology Program	Curriculum Instruction and Assessment	Other Revolving	Total Nonmajor Governmental Funds
\$ 179,564	\$ 5,205	\$ 48,534	\$ 3,718	-	34,396	\$ 337,758
-	-	-	-	12,282	1,068	13,350
-	-	-	-	-	7,453	7,453
-	-	-	-	-	-	2,598
<u>\$ 179,564</u>	<u>\$ 5,205</u>	<u>\$ 48,534</u>	<u>\$ 3,718</u>	<u>12,282</u>	<u>42,917</u>	<u>\$ 361,159</u>
\$ -	\$ 1,417	\$ -	\$ -	-	3,183	\$ 4,600
-	-	-	-	-	14	14
-	-	-	-	5,553	-	7,453
-	1,417	-	-	5,553	3,197	12,067
179,564	3,788	48,534	3,718	6,729	39,720	350,992
-	-	-	-	-	-	(1,900)
<u>179,564</u>	<u>3,788</u>	<u>48,534</u>	<u>3,718</u>	<u>6,729</u>	<u>39,720</u>	<u>349,092</u>
<u>\$ 179,564</u>	<u>\$ 5,205</u>	<u>\$ 48,534</u>	<u>\$ 3,718</u>	<u>12,282</u>	<u>42,917</u>	<u>\$ 361,159</u>

(concluded)

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

YEAR ENDED JUNE 30, 2016

	<i>Special Revenue Funds</i>				
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store
<b>REVENUES:</b>					
Member district assessments.....	\$ -	\$ -	\$ -	\$ -	\$ -
Departmental and other.....	11,291	86,603	15,560	34,764	-
TOTAL REVENUES.....	11,291	86,603	15,560	34,764	-
<b>EXPENDITURES:</b>					
Current:					
Special education.....	-	-	-	-	-
Supplemental services.....	6,391	69,819	12,441	34,966	1,880
TOTAL EXPENDITURES.....	6,391	69,819	12,441	34,966	1,880
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	4,900	16,784	3,119	(202)	(1,880)
FUND BALANCES AT BEGINNING OF YEAR.....	18,952	(18,684)	29,461	12,460	2,129
FUND BALANCES AT END OF YEAR.....	\$ 23,852	\$ (1,900)	\$ 32,580	\$ 12,258	\$ 249

(continued)

<b>Special Revenue Funds</b>						
Building Rental	Graphic Communication	Professional Development	Machine Technology Program	Curriculum Instruction and Assessment	Other Revolving	Total Nonmajor Governmental Funds
\$ 23,250	\$ -	\$ -	-	-	-	\$ 23,250
-	4,271	-	5,156	24,041	41,375	223,061
23,250	4,271	-	5,156	24,041	41,375	246,311
-	-	-	-	-	8,557	8,557
6,134	6,590	-	1,438	17,312	10,060	167,031
6,134	6,590	-	1,438	17,312	18,617	175,588
17,116	(2,319)	-	3,718	6,729	22,758	70,723
162,448	6,107	48,534	-	-	16,962	278,369
\$ 179,564	\$ 3,788	\$ 48,534	3,718	6,729	39,720	\$ 349,092
(concluded)						

# ***Agency Fund***

This fund is used primarily to account for student activity transactions.

**FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

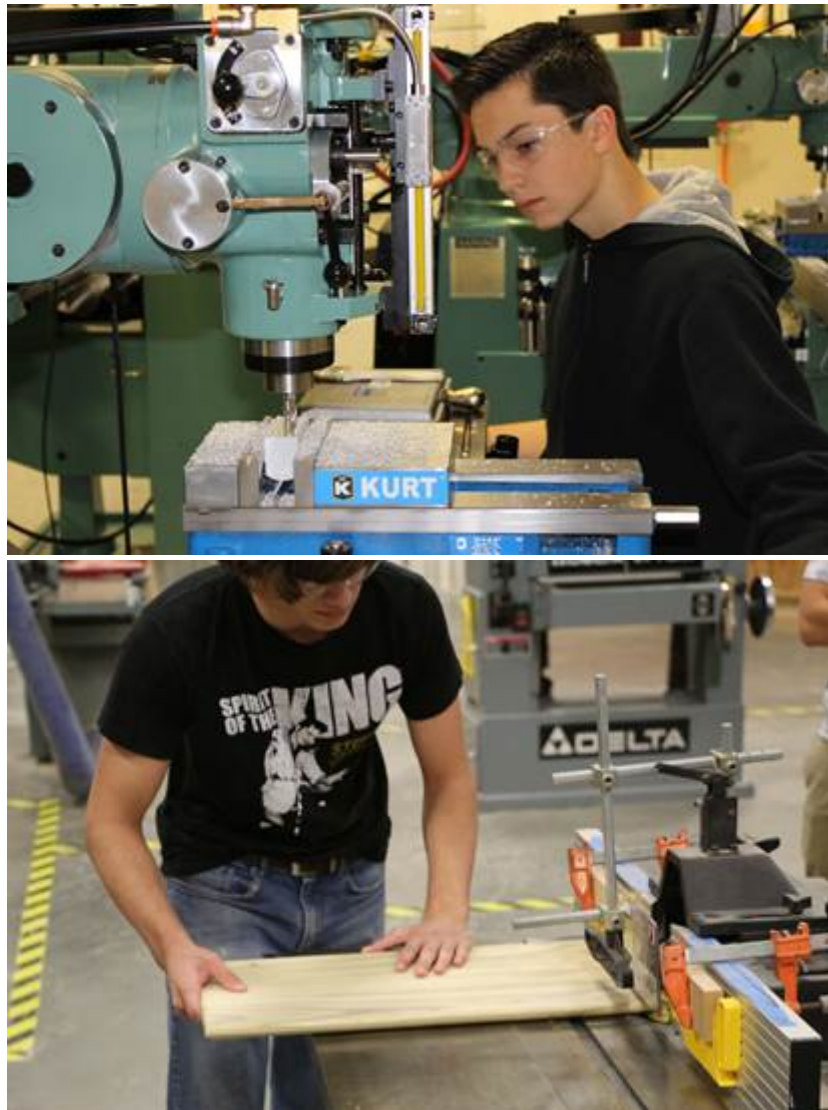
YEAR ENDED JUNE 30, 2016

	Beginning of Year	Additions	Deletions	End of Year
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 43,880	\$ 29,014	\$ (32,588)	\$ 40,306
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	390	3,294	(3,185)	499
<b>TOTAL ASSETS.....</b>	<b>\$ 44,270</b>	<b>\$ 32,308</b>	<b>\$ (35,773)</b>	<b>\$ 40,805</b>
<b>LIABILITIES</b>				
Liabilities due depositors.....	\$ 44,270	\$ 32,308	\$ (35,773)	\$ 40,805



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# ***Statistical Section***



The Lower Pioneer Valley Machine Technology & Carpentry programs.

# ***Statistical Section***

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Collaborative's overall financial health.

## ***Financial Trends***

- These schedules contain trend information to help the reader understand how the Collaborative's financial performance and well-being have changed over time.

## ***Revenue Capacity***

- These schedules contain information to help the reader assess the Collaborative's most significant local revenue source.

## ***Debt Capacity***

- These schedules present information to help the reader assess the affordability of the Collaborative's current levels of outstanding debt and the Collaborative's ability to issue additional debt in the future.

## ***Demographic and Economic Information***

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Collaborative's financial activities take place.

## ***Operating Information***

- These schedules contain service and infrastructure data to help the reader understand how the information in the Collaborative's financial report relates to the services the Collaborative provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Collaborative's annual financial statements and budget reports for the relevant year.

**Net Position By Component**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 256,065	\$ 75,752	\$ 9,859	\$ 73,187	\$ 192,518	\$ 3,963,084	\$ 4,165,536	\$ 4,402,478	\$ 4,776,373	\$ 6,868,923
Restricted.....	13,376	13,376	11,116	-	316,105	-	-	-	-	-
Unrestricted.....	<u>1,704,038</u>	<u>2,136,364</u>	<u>1,943,710</u>	<u>2,808,404</u>	<u>1,306,625</u>	<u>1,812,428</u>	<u>2,198,999</u>	<u>1,745,553</u>	<u>1,060,508</u>	<u>(602,330)</u>
Total governmental activities net position.....	<u>\$ 1,973,479</u>	<u>\$ 2,225,492</u>	<u>\$ 1,964,685</u>	<u>\$ 2,881,591</u>	<u>\$ 1,815,248</u>	<u>\$ 5,775,512</u>	<u>\$ 6,364,535</u>	<u>\$ 6,148,031</u>	<u>\$ 5,836,881</u>	<u>\$ 6,266,593</u>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 2,010,778	\$ 1,233,771	\$ 1,085,902	\$ 1,219,653	\$ 1,554,475	\$ 2,206,350	\$ 2,908,479	\$ 3,263,981	\$ 3,259,242	\$ 3,053,815
Restricted.....	-	300,000	300,000	300,000	-	-	-	-	-	-
Unrestricted.....	<u>(132,653)</u>	<u>558,267</u>	<u>(250,907)</u>	<u>(273,692)</u>	<u>(3,395,446)</u>	<u>(6,217,414)</u>	<u>(8,350,548)</u>	<u>(9,612,898)</u>	<u>(10,067,381)</u>	<u>(9,813,770)</u>
Total business-type activities net position.....	<u>\$ 1,878,125</u>	<u>\$ 2,092,038</u>	<u>\$ 1,134,995</u>	<u>\$ 1,245,961</u>	<u>\$ (1,840,971)</u>	<u>\$ (4,011,064)</u>	<u>\$ (5,442,069)</u>	<u>\$ (6,348,917)</u>	<u>\$ (6,808,139)</u>	<u>\$ (6,759,955)</u>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 2,266,843	\$ 1,309,523	\$ 1,095,761	\$ 1,292,840	\$ 1,746,993	\$ 6,169,434	\$ 7,074,015	\$ 7,666,459	\$ 8,035,615	\$ 9,922,738
Restricted.....	13,376	313,376	311,116	300,000	316,105	-	-	-	-	-
Unrestricted.....	<u>1,571,385</u>	<u>2,694,631</u>	<u>1,692,803</u>	<u>2,534,712</u>	<u>(2,088,821)</u>	<u>(4,404,986)</u>	<u>(6,151,549)</u>	<u>(7,867,345)</u>	<u>(9,006,873)</u>	<u>(10,416,100)</u>
Total primary government net position.....	<u>\$ 3,851,604</u>	<u>\$ 4,317,530</u>	<u>\$ 3,099,680</u>	<u>\$ 4,127,552</u>	<u>\$ (25,723)</u>	<u>\$ 1,764,448</u>	<u>\$ 922,466</u>	<u>\$ (200,886)</u>	<u>\$ (971,258)</u>	<u>\$ (493,362)</u>

Note: Prior to year 2012, the Corporation was not reported as a blended component unit.

# Changes in Net Position

## Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
Administration.....	\$ 1,092,270	\$ 1,288,749	\$ 1,563,743	\$ 1,103,423	\$ 1,979,641	\$ 994,074	\$ 408,610	\$ 960,520	\$ 1,824,395	\$ 2,032,196
Special education.....	4,011,308	4,173,854	4,312,604	4,024,707	4,326,385	4,166,537	4,438,334	4,495,610	3,754,926	3,958,311
Occupational education.....	3,817,717	3,822,074	4,005,363	3,924,582	4,341,067	4,058,627	4,139,596	4,839,278	4,488,967	5,414,634
Supplemental services.....	882,052	762,542	1,241,868	1,227,919	1,607,836	1,946,926	2,091,291	2,201,398	2,279,491	2,935,937
Professional development.....	136,510	131,747	100,407	153,443	189,064	73,580	5,380	3,596	44,043	18,312
Unallocated depreciation.....	296,361	287,675	250,276	191,240	136,263	645,345	706,876	652,293	655,988	924,437
Interest expense.....	-	-	-	-	-	337,620	339,449	320,095	290,465	453,084
Total government activities expenses.....	10,236,218	10,466,641	11,474,261	10,625,314	12,580,256	12,222,709	12,129,536	13,472,790	13,338,275	15,736,911
Business-type activities:										
Transportation.....	9,832,486	9,822,661	11,210,104	10,386,757	11,942,954	12,816,989	12,571,053	12,433,554	12,282,493	11,938,868
Cooperative purchasing.....	21,513	15,801	10,439	5,178	-	-	-	-	-	-
Other enterprise funds.....	-	4,724	19,577	243,444	-	-	-	-	-	-
Total business-type activities expenses.....	9,853,999	9,843,186	11,240,120	10,635,379	11,942,954	12,816,989	12,571,053	12,433,554	12,282,493	11,938,868
Total primary government expenses.....	\$ 20,090,217	\$ 20,309,827	\$ 22,714,381	\$ 21,260,693	\$ 24,523,210	\$ 25,039,698	\$ 24,700,589	\$ 25,906,344	\$ 25,620,768	\$ 27,675,779
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Occupational education.....	\$ -	\$ -	\$ -	\$ -	\$ 546,494	\$ 601,278	\$ 640,123	\$ 786,080	\$ 910,397	\$ 824,084
Supplemental services.....	-	-	-	-	545,893	597,858	660,312	644,772	664,116	856,094
Other charges for services.....	-	-	-	-	358,305	258,948	169,201	231,942	839,477	984,203
Operating grants and contributions.....	853,583	965,597	891,731	813,602	1,439,189	939,901	1,067,811	1,651,515	1,974,005	4,196,149
Total government activities program revenues.....	853,583	965,597	891,731	813,602	2,889,881	2,397,985	2,537,447	3,314,309	4,387,995	6,860,530
Business-type activities:										
Charges for services.....	10,130,474	10,057,099	10,283,077	10,746,344	10,128,575	10,646,896	11,140,048	11,515,465	11,823,271	11,987,052
Total primary government program revenues.....	\$ 10,984,057	\$ 11,022,696	\$ 11,174,808	\$ 11,559,946	\$ 13,018,456	\$ 13,044,881	\$ 13,677,495	\$ 14,829,774	\$ 16,211,266	\$ 18,847,582
<b>Net (Expense)/Program Revenue</b>										
Governmental activities.....	\$ (9,382,635)	\$ (9,501,044)	\$ (10,582,530)	\$ (9,811,712)	\$ (9,690,375)	\$ (9,824,724)	\$ (9,592,089)	\$ (10,158,481)	\$ (8,950,280)	\$ (8,876,381)
Business-type activities.....	276,475	213,913	(957,043)	110,965	(1,814,379)	(2,170,093)	(1,431,005)	(918,089)	(459,222)	48,184
Total primary government net (expense)/program revenue.....	\$ (9,106,160)	\$ (9,287,131)	\$ (11,539,573)	\$ (9,700,747)	\$ (11,504,754)	\$ (11,994,817)	\$ (11,023,094)	\$ (11,076,570)	\$ (9,409,502)	\$ (8,828,197)
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Member district assessments.....	\$ 9,558,156	\$ 9,714,860	\$ 10,291,165	\$ 10,705,106	\$ 9,418,562	\$ 9,367,822	\$ 9,968,721	\$ 9,509,825	\$ 8,186,225	\$ 8,739,328
Unrestricted investment income.....	21,730	38,196	30,558	23,512	15,363	10,587	6,164	2,542	2,307	1,759
Gain on sale of capital asset.....	-	-	-	-	-	-	-	-	-	393,761
Miscellaneous.....	-	-	-	-	-	287,355	206,227	440,851	450,598	171,245
Transfers, net.....	-	-	-	-	-	-	-	(11,241)	-	-
Total governmental activities.....	9,579,886	9,753,056	10,321,723	10,728,618	9,433,925	9,665,764	10,181,112	9,941,977	8,639,130	9,306,093
Business-type activities:										
Transfers.....	-	-	-	-	-	-	-	11,241	-	-
Total primary government general revenues and other changes in net position.....	\$ 9,579,886	\$ 9,753,056	\$ 10,321,723	\$ 10,728,618	\$ 9,433,925	\$ 9,665,764	\$ 10,181,112	\$ 9,953,218	\$ 8,639,130	\$ 9,306,093
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 197,251	\$ 252,012	\$ (260,807)	\$ 916,906	\$ (256,450)	\$ (158,960)	\$ 589,023	\$ (216,504)	\$ (311,150)	\$ 429,712
Business-type activities.....	276,475	213,913	(957,043)	110,965	(1,814,379)	(2,170,093)	(1,431,005)	(906,848)	(459,222)	48,184
Total primary government changes in net position.....	\$ 473,726	\$ 465,925	\$ (1,217,850)	\$ 1,027,871	\$ (2,070,829)	\$ (2,329,053)	\$ (841,982)	\$ (1,123,352)	\$ (770,372)	\$ 477,896

Prior to year 2012, the Corporation was not reported as a blended component unit.

Prior to year 2011, the Collaborative included nonmember program charges in member district assessments.

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved.....	\$ 640,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	1,107,052	2,189,383	2,965,972	3,844,257	-	-	-	-	-	-
Assigned.....	-	-	-	-	3,722,455	2,988,011	4,008,699	2,209,417	1,275,000	1,309,020
Unassigned.....	-	-	-	-	462,253	1,568,178	2,027,519	3,839,077	4,579,328	3,601,367
Total general fund.....	<u>\$ 1,747,519</u>	<u>\$ 2,189,383</u>	<u>\$ 2,965,972</u>	<u>\$ 3,844,257</u>	<u>\$ 4,184,708</u>	<u>\$ 4,556,189</u>	<u>\$ 6,036,218</u>	<u>\$ 6,048,494</u>	<u>\$ 5,854,328</u>	<u>\$ 4,910,387</u>
All Other Governmental Funds										
Reserved.....	\$ 13,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	-	12,115	4,857	(1,480)	-	-	-	-	-	-
Restricted.....	-	-	-	-	178,106	178,926	213,414	265,562	297,053	350,992
Unassigned.....	-	-	-	-	-	(55,447)	(2,142)	(21,567)	(18,684)	(1,900)
Total all other governmental funds.....	<u>\$ 13,376</u>	<u>\$ 12,115</u>	<u>\$ 4,857</u>	<u>\$ (1,480)</u>	<u>\$ 178,106</u>	<u>\$ 123,479</u>	<u>\$ 211,272</u>	<u>\$ 243,995</u>	<u>\$ 278,369</u>	<u>\$ 349,092</u>

Note: The Collaborative implemented GASB 54 in year 2011, fund balances prior to year 2011 have been reported in the pre-GASB 54 format.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Member district assessments.....	\$ -	\$ -	\$ -	\$ -	\$ 9,418,562	\$ 9,448,683	\$ 9,985,785	\$ 9,512,718	\$ 8,992,559	\$ 9,656,387
Nonmember assessments.....	-	-	-	-	1,377,014	1,241,503	1,336,709	1,543,713	1,444,340	1,524,261
Intergovernmental.....	853,583	965,597	891,731	1,049,061	1,151,087	1,175,245	1,075,622	1,489,553	1,967,036	4,351,267
Investment income.....	21,730	38,196	30,558	23,512	15,363	9,941	5,200	2,034	1,650	1,088
Departmental and other.....	-	-	-	-	73,678	87,262	117,885	145,692	164,518	228,462
Administration.....	1,050,983	996,068	1,062,436	1,016,949	-	-	-	-	-	-
Special education.....	4,145,599	4,316,183	3,898,856	3,997,756	-	-	-	-	-	-
Occupational education.....	3,355,283	3,497,142	3,737,802	3,946,830	-	-	-	-	-	-
Supplemental services.....	876,351	790,789	1,495,509	1,432,580	-	-	-	-	-	-
Professional development.....	129,940	114,678	96,563	71,907	-	-	-	-	-	-
<b>Total Revenue.....</b>	<b>10,433,469</b>	<b>10,718,653</b>	<b>11,213,455</b>	<b>11,538,595</b>	<b>12,035,704</b>	<b>11,962,634</b>	<b>\$ 12,521,201</b>	<b>\$ 12,693,710</b>	<b>\$ 12,570,103</b>	<b>\$ 15,761,465</b>
<b>Expenditures:</b>										
Administration.....	1,314,423	1,280,471	1,400,480	1,014,248	1,550,540	2,457,132	222,069	891,418	1,683,991	4,051,103
Special education.....	4,011,308	4,173,854	3,744,499	3,903,183	3,836,614	3,476,969	4,054,059	4,202,158	3,572,338	3,705,238
Occupational education.....	3,932,979	3,938,236	3,873,352	4,130,792	4,084,085	4,193,891	4,544,799	5,299,337	5,111,502	5,905,779
Supplemental services.....	889,302	761,842	1,335,422	1,349,737	1,605,547	1,443,365	2,125,352	2,239,304	2,316,301	2,952,563
Professional development.....	136,510	123,647	90,371	68,688	186,229	74,423	7,100	5,253	45,763	20,000
<b>Total Expenditures.....</b>	<b>10,284,522</b>	<b>10,278,050</b>	<b>10,444,124</b>	<b>10,466,648</b>	<b>11,263,015</b>	<b>11,645,780</b>	<b>10,953,379</b>	<b>12,637,470</b>	<b>12,729,895</b>	<b>16,634,683</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>148,947</b>	<b>440,603</b>	<b>769,331</b>	<b>1,071,947</b>	<b>772,689</b>	<b>316,854</b>	<b>1,567,822</b>	<b>56,240</b>	<b>(159,792)</b>	<b>(873,218)</b>
<b>Other Financing Sources (Uses)</b>										
Refunds to member districts.....	-	-	-	-	(350,000)	-	-	-	-	-
Transfers in.....	-	-	-	-	-	-	-	97,651	158,779	-
Transfers out.....	-	-	-	(200,000)	-	-	-	(108,892)	(158,779)	-
<b>Total other financing sources (uses).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200,000)</b>	<b>(350,000)</b>	<b>-</b>	<b>-</b>	<b>(11,241)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance.....</b>	<b>\$ 148,947</b>	<b>\$ 440,603</b>	<b>\$ 769,331</b>	<b>\$ 871,947</b>	<b>\$ 422,689</b>	<b>\$ 316,854</b>	<b>\$ 1,567,822</b>	<b>\$ 44,999</b>	<b>\$ (159,792)</b>	<b>\$ (873,218)</b>

Note: Prior to year 2011, the Collaborative allocated assessments by program.

## Revenue by Member Communities

### Current Year and Nine Years Ago

Name	2016		2007	
		Percentage of Total Revenue		Percentage of Total Revenue
<b>Special Education</b>				
Agawam	\$	850,651 22%	\$	745,675 19%
East Longmeadow		341,023 9%		840,345 21%
Hampden-Wilbraham		986,063 25%		791,680 20%
Longmeadow		390,747 10%		484,967 12%
Ludlow		340,621 9%		486,398 12%
Southwick Tolland Granville		10,960 0%		25,238 1%
West Springfield		573,487 15%		251,613 6%
Out of District		454,696 12%		329,864 8%
Total Special Education	\$	3,948,248 100%	\$	3,955,780 100%
<b>Occupational Education</b>				
Agawam	\$	1,246,675 24%	\$	678,545 19%
East Longmeadow		247,054 5%		205,926 6%
Hampden-Wilbraham		245,054 5%		195,800 6%
Longmeadow		167,237 3%		259,939 7%
Ludlow		505,512 10%		509,752 14%
Southwick Tolland Granville		741,164 15%		469,243 13%
West Springfield		1,102,243 22%		698,800 20%
Out of District		839,530 16%		507,843 14%
Total Occupational Education	\$	5,094,469 100%	\$	3,525,848 100%
<b>Supplemental Services</b>				
Agawam	\$	170,864 9%	\$	37,703 4%
East Longmeadow		21,115 1%		30,921 3%
Hampden-Wilbraham		125,089 6%		29,007 3%
Longmeadow		28,838 1%		68,678 7%
Ludlow		102,493 5%		19,134 2%
Southwick Tolland Granville		23,963 1%		5,140 1%
West Springfield		76,106 4%		45,429 5%
Out of District		1,378,193 72%		683,328 74%
Total Supplemental Services	\$	1,926,661 100%	\$	919,340 100%
<b>Transportation Services</b>				
Agawam	\$	2,232,259 19%	\$	1,907,895 19%
East Longmeadow		457,721 4%		427,968 4%
Hampden-Wilbraham		3,261,043 27%		3,005,939 30%
Longmeadow		1,067,133 9%		796,118 8%
Ludlow		1,738,291 15%		1,620,789 16%
Southwick Tolland Granville		- 0%		25,547 0%
West Springfield		2,925,186 25%		2,022,133 20%
Out of District		193,600 2%		237,914 0%
Total Transportation Services	\$	11,875,233 100%	\$	10,044,303 98%

Source: Collaborative finance department



## Hampden County Principal Employers

### Current Year and Nine Years Ago

Name	Nature of Business	City/Town	2014	2004
			Rank	Rank
Baystate Health System	Health Services	Springfield	1	1
MassMutual Financial Services	Financial Services	Springfield	2	
Big Y Supermarkets	Retail	Springfield	3	5
Sisters of Providence Health System	Health Services	Springfield	4	
Smith & Wesson	Manufacturing	Springfield	5	3
Holyoke Medical Center	Health Services	Holyoke	6	2
Hasbro	Manufacturing	E. Longmeadow	7	
Verizon	Communications	Springfield	8	
Noble Hospital	Health Services	Westfield	9	8
Wing Memorial Hospital	Health Services	Palmer	10	
Milton Bradley Company (Hasbro)	Manufacturer	East Longmeadow		4
Springfield College	Education	Springfield		6
Westover Air Reserve Base	Military	Chicopee		7
Top Flight Golf	Manufacturer	Chicopee		9
Peter Pan Bus Lines	Transportation Services	Springfield		10

Note: Each of the Collaborative 10 member communities are located in Hampden County, MA.

Data for 2016 and 2007 was not available.

Source: Collaborative finance department

## Ratios of Outstanding Debt and General Bonded Debt

### Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Primary Government		
	General Obligation Bonds and Notes	Capital Leases	General Obligation Bonds and Notes	Capital Leases	Total Debt Outstanding	Major Program Enrollment	Debt per Enrollment
2007	\$ -	\$ 718,739	\$ 519,000	\$ 778,314	\$ 2,016,053	562	\$ 3,587
2008	\$ -	\$ 611,377	\$ 388,000	\$ 592,956	\$ 1,592,333	561	\$ 2,838
2009	\$ -	\$ 497,185	\$ 258,000	\$ 1,531,628	\$ 2,286,813	622	\$ 3,677
2010	\$ -	\$ 375,729	\$ 128,000	\$ 2,734,348	\$ 3,238,077	652	\$ 4,966
2011	\$ -	\$ 287,890	\$ -	\$ 3,561,361	\$ 3,849,251	652	\$ 5,904
2012	\$ 13,205,577	\$ -	\$ -	\$ 4,034,302	\$ 17,239,879	648	\$ 26,605
2013	\$ 12,551,472	\$ -	\$ -	\$ 2,458,779	\$ 15,010,251	654	\$ 22,951
2014	\$ 11,848,868	\$ -	\$ -	\$ 1,246,459	\$ 13,095,327	634	\$ 20,655
2015	\$ 11,141,471	\$ -	\$ -	\$ 417,345	\$ 11,558,816	634	\$ 18,232
2016	\$ 11,733,000	\$ -	\$ -	\$ 695,732	\$ 12,428,732	596	\$ 20,854

Note: Prior to year 2012, the Corporation was not reported as a blended component unit.

The effects of blending the Corporation with the primary government have not been presented prior to year 2012.

Source: Audited Financial Statements, Collaborative finance department

**Demographic and Economic Statistics**

**Last Ten Calendar Years**

	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Demographic and Economic Statistics</u>										
Agawam:										
Population.....	28,757	28,289	28,485	28,438	28,438	28,438	28,438	27,438	27,438	28,438
Labor force.....	15,979	15,843	15,774	15,828	15,480	15,399	15,224	15,684	15,999	15,745
Unemployed.....	696	826	1,241	1,282	1,080	990	1,089	985	771	712
Unemployment rate.....	4.4%	5.2%	7.9%	8.1%	7.0%	6.4%	7.2%	6.3%	4.8%	4.5%
West Springfield:										
Population.....	28,501	27,982	28,137	28,391	28,391	28,391	28,391	28,391	28,391	28,137
Labor force.....	14,507	14,497	14,587	14,820	14,500	14,427	14,178	14,588	14,732	14,406
Unemployed.....	706	891	1,281	1,359	1,173	1,092	1,097	979	797	702
Unemployment rate.....	4.9%	6.1%	8.8%	9.2%	8.1%	7.6%	7.7%	6.7%	5.4%	4.9%
Hampden-Wilbraham Regional:										
Enrollment.....	3,626	3,514	3,440	3,396	3,545	3,420	3,356	3,356	3,356	3,138
Labor force.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployed.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment rate.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ludlow:										
Population.....	21,209	21,209	21,209	21,103	21,103	21,103	21,103	21,103	21,103	21,103
Labor force.....	11,325	11,541	11,207	10,740	10,633	10,525	10,413	10,680	11,025	10,837
Unemployed.....	625	769	1,039	1,034	1,025	911	982	889	706	684
Unemployment rate.....	5.5%	6.7%	9.3%	9.6%	9.6%	8.7%	9.4%	8.3%	6.4%	6.3%
East Longmeadow:										
Population.....	14,100	14,100	14,100	15,720	15,720	15,720	15,720	15,720	15,720	15,720
Labor force.....	7,982	8,019	8,100	8,078	7,921	7,909	7,793	8,052	8,672	8,564
Unemployed.....	318	367	523	572	489	472	498	427	353	331
Unemployment rate.....	4.0%	4.6%	6.5%	7.1%	6.2%	6.0%	6.4%	5.3%	4.1%	3.9%
Southwick-Tolland-Granville Regional:										
Enrollment.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Labor force.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployed.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment rate.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Longmeadow:										
Population.....	15,633	15,633	15,633	15,633	15,784	15,784	15,784	15,784	15,784	15,633
Labor force.....	7,801	7,771	7,668	7,841	7,690	7,675	7,579	7,796	8,147	7,995
Unemployed.....	255	286	444	466	389	369	413	365	287	267
Unemployment rate.....	3.3%	3.7%	5.8%	5.9%	5.1%	4.8%	5.4%	4.7%	3.5%	3.3%

Note: Information provided for member communities.

Source: Massachusetts Labor and Workforce Development, New England School Development Council

N/A: Regional school district information not available

## Full-Time Equivalent Employees

### Last Ten Years

	Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Full-Time Equivalents</u>										
Administration.....	17	16	17	21	23	23	21	21	21	21
Special Education.....	85	74	76	76	76	74	80	71	71	67
Occupational Education.....	35	37	36	38	39	39	39	44	50	44
Supplemental Services.....	6	6	5	5	5	5	6	4	7	7
Transportation.....	<u>236</u>	<u>237</u>	<u>242</u>	<u>248</u>	<u>247</u>	<u>236</u>	<u>264</u>	<u>272</u>	<u>238</u>	<u>239</u>
Total .....	<u>379</u>	<u>370</u>	<u>376</u>	<u>388</u>	<u>390</u>	<u>377</u>	<u>410</u>	<u>412</u>	<u>387</u>	<u>378</u>

Source: Collaborative finance department

## Operating Indicators

Last Eight Years

	Year							
<u>Enrollment</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Occupational Education Enrollment by District:								
Agawam.....	73	92	116	123	102	114	113	114
East Longmeadow.....	21	26	20	23	20	28	28	23
Hampden/Wilbraham.....	32	29	25	19	16	18	18	32
Longmeadow.....	31	27	26	15	14	15	15	15
Ludlow.....	52	51	50	40	45	42	42	52
Southwick/Tolland.....	51	64	67	69	70	66	65	63
West Springfield.....	78	93	88	98	125	98	93	74
Non Member Communities.....	93	92	84	87	85	98	98	92
Total Occupational Educational Enrollment.....	431	474	476	474	477	479	472	465
Special Education Enrollment by Program:								
Alternative High School.....	7	5	6	8	6	5	*	*
Alternative High School "Brush Hill Academy".....	30	32	30	45	59	52	33	28
Autism Elementary Program.....	N/A	N/A	N/A	N/A	N/A	N/A	4	6
Autism Middle Program.....	N/A	N/A	N/A	N/A	N/A	N/A	10	8
Autism High Program.....	5	4	5	5	5	6	5	5
Asperger Compass Middle School.....	5	5	8	6	6	8	10	4
Asperger Compass High School.....	5	5	6	8	8	6	5	12
Career Prep Program.....	9	8	8	6	10	10	9	10
Career Skills Program.....	12	12	11	10	11	8	10	7
Elementary Developmental Classroom.....	4	4	5	5	5	-	*	*
Elementary and Secondary Transitional I.....	5	6	6	4	6	5	*	*
Elementary and Secondary Transitional II.....	6	6	5	4	4	-	-	*
Integrated Occupational Preparation.....	56	52	37	28	20	21	27	29
Prevocational Preparation.....	6	4	4	6	5	7	-	*
Secondary Developmental.....	8	8	7	6	4	7	6	*
Twain High School.....	12	11	12	12	14	8	14	13
Vocational Preparation I.....	11	9	9	6	8	7	10	9
Vocational Preparation II.....	10	7	10	8	-	-	-	
Transitions Program.....	-	-	7	7	6	5	4	*
Total Special Education Enrollment.....	191	178	176	174	177	155	147	131
Total Enrollment.....	622	652	652	648	654	634	619	596
<u>Staffing Levels</u>								
Teachers and Instructional Staff.....	104	101	101	103	109	109	110	108
Administration.....	18	18	18	17	21	24	24	24
Classified Employees:								
Clerical Staff.....	9	9	9	10	10	11	8	3
Maintenance.....	2	2	2	3	2	2	2	2
IT Staff.....	2	5	5	4	5	5	5	2
Transportation Services.....	251	247	247	239	237	243	238	239
Total Regular Staff.....	386	382	382	376	384	394	387	378

NA - Information not available

\* - Program closed in 2015

Information prior to 2009 was not available.

Source: Finance Department

## Capital Asset Statistics

	Town/Location	Year Acquired	Square Footage	% Occupied
Buildings (1):				
Career and Technical Education Center and Administration Building.....	West Springfield	2005	106,029	100%
Twain school.....	West Springfield	1992	3,348	100%
Modular Buildings (1):				
Clark Modulares in Agawam.....	Agawam	2003	NA	100%
Cambridge Glenbrook Modular in Longmeadow..	Longmeadow	2006	NA	100%
Mt. View Modular in East Longmeadow.....	East Longmeadow	1999	NA	100%
Mapleshade Modular in East Longmeadow.....	East Longmeadow	1999	NA	100%
Transportation Facilities (2):				
Denslow Road Garage.....	East Longmeadow	2004	5,184	100%
Shoemaker Lane Garage.....	Agawam	2012	13,100	100%
Boston Road.....	Wilbraham	2016	24,871	100%

NA - Information not available

- (1) The Collaborative leases these buildings from the Lower Pioneer Valley Educational Corporation.  
 (2) The Collaborative also owns and operates approximately 250 vehicles through the Transportation Program.

Source: Finance Department

## ***Schedule of Cumulative Surplus and Required Disclosures for Massachusetts Educational Collaboratives***

# SCHEDULE OF CUMULATIVE SURPLUS

YEAR ENDED JUNE 30, 2016

			Page(s) in financial statements
(A) Voted Cumulative Surplus as of June 30, 2015.....	\$ 3,063,324		2015 CAFR page 104
(B) 1. Amount of (A) used to support the FY16 budget.....	\$ 2,183,012		N/A
2. Amount of (A) returned to member districts.....	-		N/A
Subtotal.....	2,183,012		
Prior year cumulative surplus less amounts used or returned.....	880,312		
(C) 1. Unassigned FY16 General Funds.....	3,601,367		2016 CAFR page 34
2. Unexpended FY16 Enterprise Funds (modified accrual basis).....	(618,463)		*
(D) Cumulative Surplus as of June 30, 2016.....	2,982,904		
(E) Fiscal year 2016 General Fund Expenditures.....	14,867,089		2016 CAFR page 36
Fiscal year 2016 Enterprise Fund Expenditures (modified cash basis).....	11,108,195		**
	25,975,284		
(F) Cumulative Surplus Percentage.....	11%		

\* The modified accrual balance for the Enterprise Funds consist of cash, receivables, payables, other liabilities, and due to/from other funds which can be identified on page 38 of the 2016 CAFR.

\*\* The full accrual expenses reported in the 2016 CAFR have been adjusted to remove all expenses related to long term assets or liabilities.



The following supplementary information is provided to conform with the requirements of the Massachusetts Session Law, Chapter 43 of the Acts of 2012: An Act Relative to Improving Accountability and Oversight of Education Collaboratives. This law was adopted in March of 2012 and constitutes a comprehensive amendment Massachusetts General Law, Chapter 40, Section 4E which establishes the requirements for the formation and administration of Education Collaboratives in Massachusetts.

#### **NOTE 1 – TRANSACTIONS BETWEEN RELATED ORGANIZATIONS**

The Collaborative leases various facilities from the Corporation under operating lease agreements for use in their programs. Rental payments made to the Corporation during 2016 totaled \$1,135,000.

During 2016, Collaborative contributed for expenditures related to the building repairs project, machine technology construction project, Wilbraham garage expenditures, and other expenditures for \$1,201,227, \$24,010, \$1,154,496, and \$321, respectively.

Total payments from the Collaborative to the Corporation during year 2016 are as follows:

<u>Purpose</u>	<u>Amount</u>
Operating Leases.....	\$ 1,135,000
Building Repairs Project.....	1,201,227
Machine Technology Construction Project....	24,010
Wilbraham Garage Expenditures.....	1,154,496
Other.....	<u>321</u>
Total.....	\$ <u><u>3,515,054</u></u>

The Collaborative has restructured the current operating leases with the Corporation, effective July 1, 2014. Under the new terms, all of the operating leases will expire on June 30, 2017 with various options for extensions.

Based on the renegotiated operating lease agreements, future operating lease payments to the Corporation will be as follows:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2017.....	\$ <u><u>915,000</u></u>	\$ <u><u>215,000</u></u>	\$ <u><u>1,130,000</u></u>

**NOTE 2 – PURCHASE, SALE, RENTAL OR LEASE OF REAL PROPERTY**

The Collaborative has entered into several lease agreements to finance the acquisition of equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The Governmental leases relate to equipment and technology leased from the Corporation. The Corporation purchased the equipment and technology through long-term notes and is leasing the assets back to the Collaborative through a capital lease. In 2016 the Corporation made its final lease payment of \$64,819.

The Business-type capital leases represent capital leases for vehicles and buses purchased through capital leases for the operation of the transportation enterprise fund.

The remaining net value of assets acquired through capital leases totaled \$3,679,374.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2016 are listed below:

Years Ending June 30	Business-Type Activities
2017.....	\$ 239,087
2018.....	239,087
2019.....	<u>239,087</u>
Total minimum lease payments.....	717,261
Less: amounts representing interest.....	<u>(21,529)</u>
Present value of minimum lease payments.....	\$ <u><u>695,732</u></u>

**NOTE 3 – MOST HIGHLY COMPENSATED EMPLOYEES**

The following table presents the total compensation for the Collaborative's five most highly compensated employees for the year ended June 30, 2016:

Name	General Duties	Compensation
Andrew Churchill	Executive Director.....	\$ 117,423
Anna Bishop	Director of Finance.....	102,317
Kimberly Roberts-Morand	School & District Data Analyst.....	95,153
Donald Jarvis	Director of Career TEC.....	93,911
Christine Shea	School & District Data Analyst.....	<u>90,036</u>
Total.....		\$ <u><u>498,840</u></u>

**NOTE 4 – ADMINISTRATION AND OVERHEAD**

For year ended June 30, 2016, the Collaborative expended approximately \$2,433,567 for amounts related to administration and overhead.

**NOTE 5 – ACCOUNTS HELD BY THE COLLABORATIVE THAT MAY BE SPENT AT THE DISCRETION OF ANOTHER PERSON OR ENTITY**

At June 30, 2016, there are no accounts held by the Collaborative that may be spent at the discretion of another person or entity. The Collaborative does maintain one student activity account from which all expenditures are paid through the Collaborative's warrant process.

**NOTE 6 – SERVICES FOR PUPILS AGE 22 AND OLDER**

During year 2016, the Collaborative did not provide services for individuals over the age of 22.

**NOTE 7 – SCHEDULE OF CUMULATIVE SURPLUS**

State regulations limit the amount of cumulative surplus that may be retained by collaboratives at the end of a fiscal year to no more than 25% of the prior year's general fund expenditures. For the Collaborative this includes the activities of the Transportation fund.