

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

WEST SPRINGFIELD, MASSACHUSETTS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020



Lower Pioneer Valley Educational Collaborative

West Springfield, Massachusetts

Comprehensive Annual Financial Report

For the Year
July 1, 2019 through June 30, 2020



Prepared by the Finance Department

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2020

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Introductory Section



Students in the culinary arts program.

Introductory Section

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December 21, 2020

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, 2020, 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 is to provide reasonable assurance that the financial statements of the Lower Pioneer Valley Educational Collaborative for the year ended June 30, 2020, 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, 2020, 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, professional development, and transportation. Transfers between departments must be voted by the Board.

LEVEL OF EDUCATION PROVIDED

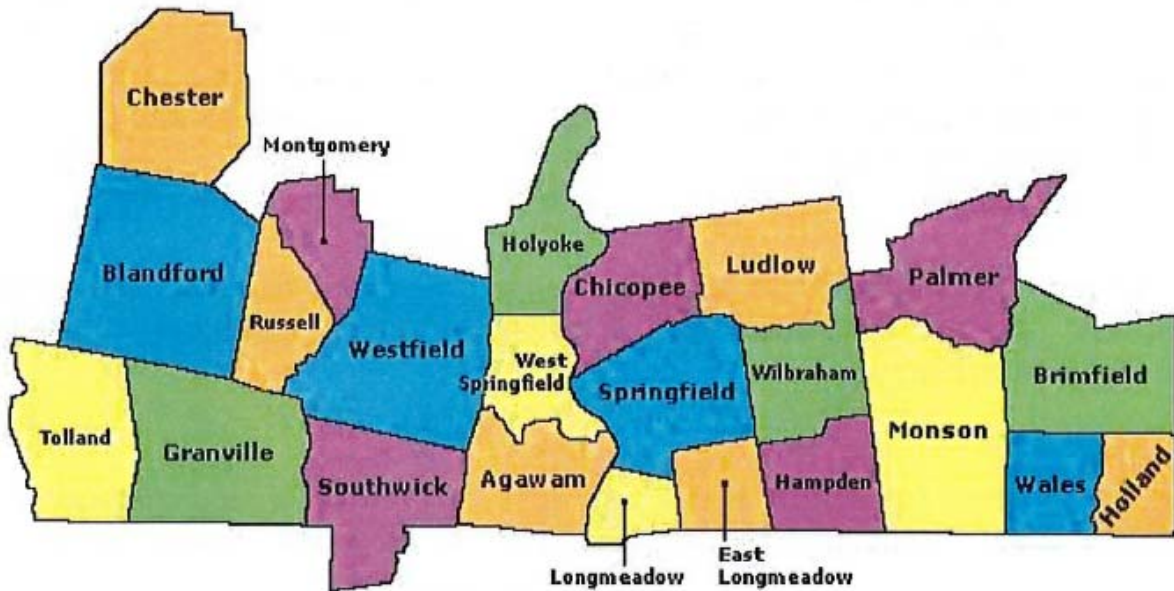
The Collaborative serves a general population of 20,224 students in seven member communities. Enrollment in Career and Technical Education (CTEC) programs at the secondary level has remained relatively constant at approximately 436 students from 2012 to 2020. Enrollment in special education programs for students in elementary, secondary, and transition programs varies; it was 59 in 2020. 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, students with specific learning disabilities, students with pervasive developmental disabilities, and students with emotional and behavior disorders. The special education department also provides nursing services and adaptive physical education services. CTEC programs and some Special/Alternative Education programs are located at LPVEC's Brush Hill Avenue facility in West Springfield. Other special education programs reside in various school buildings in LPVEC member communities.

GEOGRAPHIC AREA SERVED

The Collaborative is located in the greater Springfield region of 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 throughout Massachusetts.

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



MEMBER COMMUNITIES

- Agawam: K-12 district serving 3,670 students*
- East Longmeadow: PreK-12 district serving 2,588 students*
- Hampden-Wilbraham Regional School District: PreK-12 district serving 3,005 students*
- Longmeadow: PreK-12 district serving 2,874 students*
- Ludlow: PreK-12 district serving 2,539 students*
- Southwick-Tolland-Granville Regional School District: PreK-12 district serving 1,486 students*
- West Springfield: PreK-12 district serving 4,090 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 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.

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 preschool-aged children.

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).

GRAPHIC AND VISUAL DESIGN

Graphic and Visual Design is a Chapter 74 approved program that is competency based and certified by Print Ed. The program prepares students for the visual design field using state-of-the-art digital imaging, illustration, and page layout software and equipment. Students learn to apply their creativity to real life and simulated projects. The curriculum is aligned with the Massachusetts Vocational Technical Education Frameworks (Arts and Communications Service Cluster).

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 10th 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 CTEC.

COOPERATIVE EDUCATION PROGRAM

The Cooperative Education (Co-op) Program at CTEC is designed to give juniors and seniors 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.

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, 2019, there were 59 special needs students in LPVEC Special Education programs. Most LPVEC special education programs are appropriately located within the public schools of the member school districts. LPVEC Special and Alternative Education Programs include:

COMPASS ELEMENTARY

Level: Elementary K-6

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

Program Description: The Compass Elementary Program is designed for student with moderate to severe autism and related disabilities. The program focuses on encouraging as much independence as appropriate in both the school and community settings. The classroom is well structured with a high staff to student ratio. Opportunities for inclusion in non-academic and academic areas are available when appropriate. The program is designed to encourage the development of academic readiness skills as well as social skills and cooperative play. Program activities also support the development of positive relationships with peers and adults.

COMPASS MIDDLE PROGRAM

Level: Secondary Grades 7-10

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

Program Description: The Compass Middle Program is designed for students with moderate to severe autism and related disabilities. The program focuses on encouraging as much independence as appropriate in both the school and community settings. The classroom is well structured with a high staff to student ratio. Opportunities for inclusion in non-academic and academic areas are available when appropriate. The program is designed to encourage the development of academic skills as well as social skills and self-care practices. Students in this program participate in hands-on pre-vocational activities. Program activities also support the development of positive relationships with peers and adults.

COMPASS HIGH PROGRAM

Level: High School to Age 22

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

Program Description: The Compass High Program is designed for students with moderate to severe autism and related disabilities. The program focuses on encouraging as much independence as appropriate in both the school and community settings. The classroom is well structured with a high staff to student ratio. Opportunities for inclusion in non-academic and academic areas are available when

appropriate. The program is designed to encourage the growth of academic and daily living skills. Students in this program participate in hands-on pre-vocational activities. Program activities also support the development of positive relationships with peers and adults.

LPVEC MIDDLE SCHOOL PROGRAM

Level: Middle School, Grades 6-8

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

Program Description: The LPVEC Middle School program is designed for students with moderate disabilities who are struggling in the general education setting. This program focuses on developing academic, social, and emotional skills needed to access the curriculum. The program is located in a traditional middle school setting, providing students with inclusion opportunities such as extracurricular activities, inclusion classes and school assemblies. Students may transition from LPVEC Middle School into a number of LPVEC high school programs if determined appropriate by the special education team.

STUDENTS TRANSITIONING, EXPLORING, AND PROGRESSING I

Level: High School

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

Program Description: The STEPS Program is designed for adolescents with moderate delays in academics, language and social skills. The program provides instruction in all academic areas at levels modified to students' learning abilities. Focus is also placed on developing pragmatic and life skills. Older students have the opportunity to participate in pre-vocational experiences both within the building and in the community. The STEPS Program provides a small, structured setting that allows for individualized and small group instruction. The program is located in a traditional high school setting, providing students with inclusion opportunities such as extracurricular activities, inclusion classes and school assemblies. Students may transition from this program to the STEPS II program if determined appropriate by the Special Education Team.

STUDENTS TRANSITIONING, EXPLORING, AND PROGRESSING II

Level: High School

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

Program Description: The STEPS II Program is designed for students who have completed their traditional educational requirements and require additional services prior to the transition to adult living. This program provides instruction in daily living skills and vocational training, consisting of a half day of functional academics and a half day of vocational skills training in a community job placement. The program is located in a traditional high school setting, providing students with inclusion opportunities such as extracurricular activities, inclusion classes and school assemblies. Staff work closely with community providers and resources to ensure a smooth transition for the student upon graduation.

COLLEGE READINESS, EMPLOYABILITY, AND SOCIAL SKILLS TRAINING

Level: High School

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

Program Description: The CREST Program is designed for adolescents with moderate disabilities who are struggling in the general education setting. There is a strong emphasis on academic, social, and emotional skills as students prepare to be college and career ready when they complete high school. The program is located in a traditional high school setting, providing students with inclusion opportunities such as extracurricular activities, inclusion classes and school assemblies. Students also have the opportunity to access the Career and Technical Education Center located in West Springfield.

The following programs are located at the LPVEC Main Office Building, 174 Brush Hill Avenue in West Springfield.

TWAIN

Level: High School

Program Description: The Twain Program is a substantially separate public day program designed for students with moderate social, emotional, and behavioral needs. The self-contained program is highly supervised and focuses on the stabilization of each student with the goal of a less restricted environment when specific goals are met.

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 placements.

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 and special education transportation services to six of its member school districts. The LPVEC employs and manages approximately 267 drivers and monitors and operates over 227 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 59 school districts and municipalities. This project generated over \$6.3 million in federal reimbursement funds to the participating districts in 2020. 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 2020, the LPVEC coordinated five annual cooperative bids for energy. Nine districts and municipalities participated in cooperative purchases for natural gas, 20 districts and municipalities participated in cooperative purchases for electricity, 50 for fuel oil, 23 for diesel and 21 for unleaded gasoline. Energy bids totaled approximately \$15 million, with collective savings of over \$1.2 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. The program provides 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; managing virtual high school programs, and providing grant support for member districts, primarily for multi-district proposals.

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.

The fiscal year 2020 budget adopted on June 26, 2019, by the Board of Directors is \$23,804,605. This amount represents a \$451,343 or 1.92% increase from the 2019 budget. The 2020 budget includes the expansion of transportation services for an additional member district. An additional 14 routes were added in our regular transportation services and an additional 4 routes were added to our special education transportation services.

Changes to the operating budget worth noting are identified below.

Special Education – The decrease in Special Education is primarily due to closing two programs, Asperger High and Brush Hill Academy, and also, the allocation of administrative costs.

Vocational and Technical Education – The increase in Vocational-Technical Education is primarily due to salary and fringe benefit costs as well as administrative cost allocation.

Transportation Services – The 4.73% increase in Regular Needs Transportation (RNT) and the 6.52% increase in Special Needs Transportation (SNT) is primarily due to salary and fringe benefit costs increases and fleet maintenance. As a result, district recognized an increase in their transportation assessments of \$656,517 or 5.2%. The 24.69% decrease in Summer Transportation is also primarily due to the reorganization of LPVEC's fleet utilization.

Municipal Medicaid Reimbursement- The 16.79% increase in Municipal Medicaid Reimbursement Services is primarily attributed to the addition of one FTE to fulfill new government program mandates.

Contracted Services - The 5.4 percent decrease in Contracted Services is primarily due to reduced utilization of individual aides and therapy services.

Apportioned Services - The increase/decrease in the apportioned services budget does not reflect an increase/decrease in expenses but rather a re-allocation of administrative expenses.

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 based on 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 2019-2020 fiscal year, fringe benefits and salaries accounted for 70.56% of expenditures in the overall budget. The increase in personnel costs from 2019 to 2020 is \$18,935 or .11%. Salaries for 2020 were budgeted assuming a 2.0 % increase. Costs associated with providing employee healthcare are expected to increase as 2020 healthcare was budgeted at the average inflation rate of 10%. The increase associated with employee benefits is attributed to the increase in benefit costs.

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 each of the fiscal years 2013 through 2019. 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 our report once again to the GFOA to determine its eligibility for a certificate for 2020.

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, 2020 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,



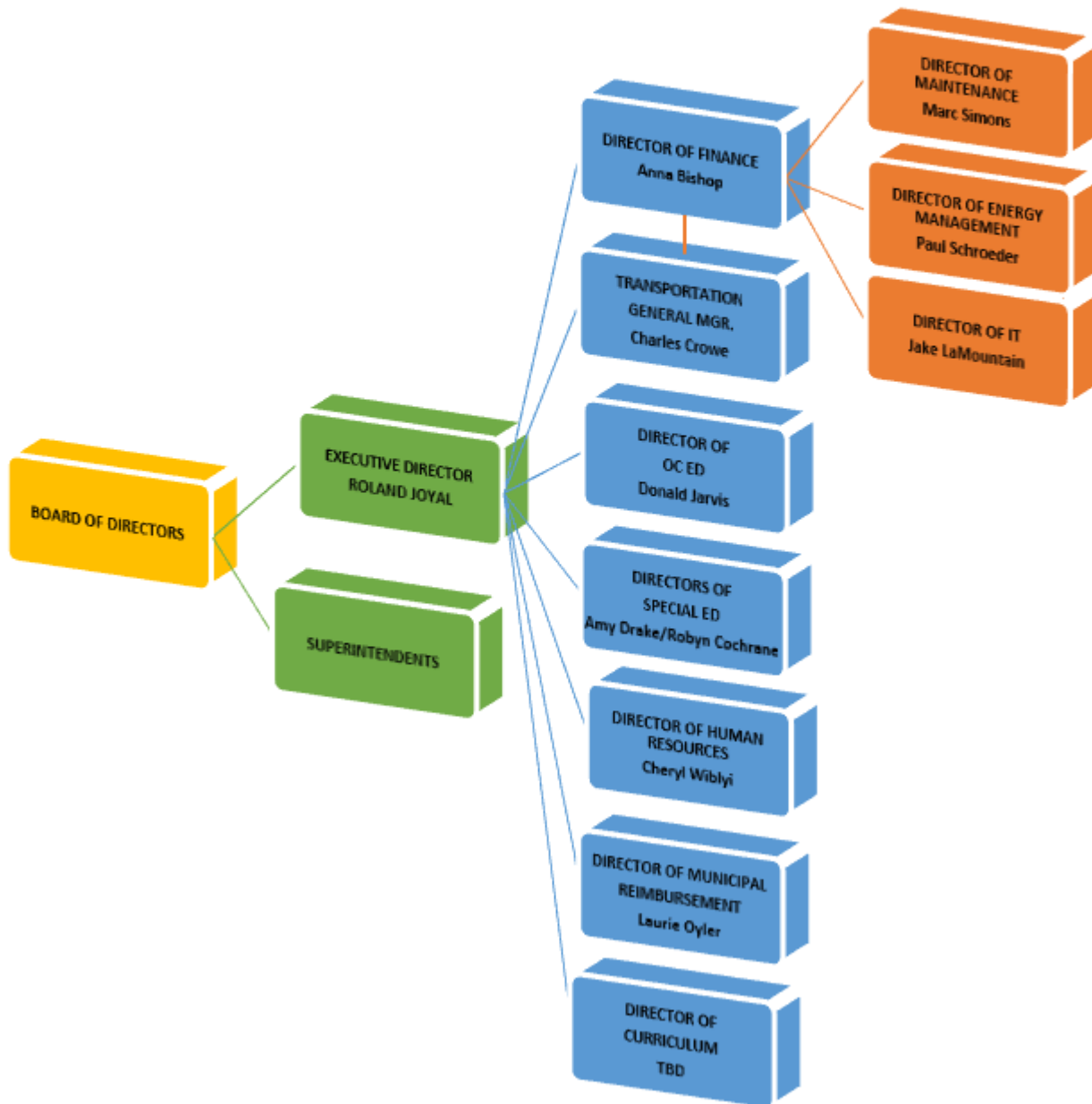
Roland R. Joyal
Executive Director



Anna M. Bishop
Director of Finance and Operation

LPVEC ORGANIZATIONAL CHART

FY2020





(As of June 30, 2020)

Principal Executive Officers

Roland R. Joyal, Executive Director

Anna M. Bishop, Director of Finance and Operations

Donald Jarvis, Principal and Director of Career TEC

Robyn Cochrane, Interim Director of Special Education and Alternative Education

Amy Drake, Interim Director of Special Education and Alternative Education

Board of Directors

Agawam: Mr. Carmino Mineo

East Longmeadow: Mr. William Fonseca

Hampden-Wilbraham Regional: Ms. Michelle Emirzian

Longmeadow: Ms. Bronwyn Monahan

Ludlow: Mr. Jacob Oliveira

Southwick-Tolland-Granville Regional: Ms. Pamela Petschke

West Springfield: Mr. William Garvey



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

Mission

LPVEC increases the capacity of school districts and supports the success of all students by providing high-quality programs and services in a cost-effective manner.

Vision

LPVEC serves as an extension of our seven founding districts to provide educational programs and services that are models of excellence, efficiency, and equity, and that evolve as needed to continue to meet school district needs.

Values

- *Quality* – provide high-quality programs and services
- *Efficiency* – help districts save money by working together
- *Equity* – help districts meet the different educational needs of their students
- *Responsiveness* – provide programs and services in response to evolving district needs

LPVEC’s operations fall into four main categories:

<p><i>Education Programs</i></p> <ul style="list-style-type: none"> ● Career/Technical Education ● Special/Alternative Education 	<p><i>Business Programs</i></p> <ul style="list-style-type: none"> ● School Transportation ● Municipal Medicaid Reimbursement ● Energy/Group Purchasing
<p><i>Educator Support</i></p> <ul style="list-style-type: none"> ● Job-Alike Groups ● Curriculum/Instruction/Assessment <ul style="list-style-type: none"> ○ Our educators ○ District educators ● Research & Development/New Ideas 	<p><i>Organizational Operations</i></p> <ul style="list-style-type: none"> ● Finance ● Human Resources ● Information Technology ● Physical Plant



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, 2019

Christopher P. Morill

Executive Director/CEO



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 2018–2019.

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



A handwritten signature in black ink, appearing to read 'T. Wohlleber'.

Thomas E. Wohlleber, CSRM
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director

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Financial Section



Students in the automotive technology 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

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, 2020, 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, 2020, 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 December 21, 2020, 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.

Powers & Sullivan LLC

December 21, 2020

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, 2020. 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, 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 and within the governmental funds in the fund 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5.1 million at the close of fiscal year 2020. This represents an overall decrease in net position of \$745,000. This includes the activity of the Corporation, which is blended with the Collaborative in the Statements of Net Position and Activities.

Key components of the Collaborative's governmental financial position are as follows:

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets.....	\$ 7,845,571	\$ 8,183,330
Capital assets, nondepreciable.....	2,744,788	2,744,788
Capital assets, net of accumulated depreciation....	16,128,108	15,863,426
Total assets.....	<u>26,718,467</u>	<u>26,791,544</u>
Deferred outflows of resources.....	<u>1,741,665</u>	<u>444,072</u>
Liabilities:		
Current liabilities (excluding debt).....	1,727,070	1,084,510
Noncurrent liabilities (excluding debt).....	9,662,919	9,260,533
Current debt.....	519,000	547,500
Noncurrent debt.....	9,274,500	9,793,500
Total liabilities.....	<u>21,183,489</u>	<u>20,686,043</u>
Deferred inflows of resources.....	<u>2,167,102</u>	<u>694,755</u>
Net position:		
Net investment in capital assets.....	9,079,396	8,267,214
Unrestricted.....	<u>(3,969,855)</u>	<u>(2,412,396)</u>
Total net position.....	<u>\$ 5,109,541</u>	<u>\$ 5,854,818</u>
	<u>2020</u>	<u>2019</u>
Program Revenues:		
Charges for services.....	\$ 3,038,615	\$ 3,397,179
Operating grants and contributions.....	7,180,236	5,215,156
General Revenues:		
Member district assessments.....	7,332,825	7,747,853
Unrestricted investment income.....	11,622	13,373
Miscellaneous.....	7,006	5,463
Total revenues.....	<u>17,570,304</u>	<u>16,379,024</u>
Expenses:		
Administration.....	3,962,145	2,818,180
Special Education.....	3,761,635	4,009,584
Occupational Education.....	5,855,240	6,001,332
Supplemental Services.....	3,107,404	2,548,280
Unallocated Depreciation.....	1,042,751	910,555
Interest.....	386,406	404,537
Total expenses.....	<u>18,115,581</u>	<u>16,692,468</u>
Excess (Deficiency) before special item.....	<u>(545,277)</u>	<u>(313,444)</u>
Special item - Refunds to member districts.....	<u>(200,000)</u>	<u>-</u>
Change in net position.....	<u>(745,277)</u>	<u>(313,444)</u>
Net position, beginning of year.....	<u>5,854,818</u>	<u>6,168,262</u>
Net position, end of year.....	<u>\$ 5,109,541</u>	<u>\$ 5,854,818</u>

Net position of approximately \$9.1 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 \$4.0 million. Included within the governmental activities is the blended Lower Pioneer Valley Educational Corporation component unit which reported an increase in net position of approximately \$43,000.

Member district assessments and charges for services decreased due to decreasing enrollments and a premature ending of the school year due to the Coronavirus Pandemic totaling \$415,000 and \$359,000, respectively. These decreases in revenues were offset by a large increase in operating grants and contributions totaling \$1.9 million, which mainly related to an increase in state and federal funding for the Collaborative's District and School Assistance Grant (DSAC) program as well as an increase in the required recognition of revenue for payments made by the state retirement system on behalf of the Collaborative. In total, revenues for the governmental activities increased \$1.2 million. Operating expenses increased by \$1.6 million mainly for administration and supplemental service expenses. The increase in administrative expenses, totaling \$1.1 million mainly related to the increase in the required recognition of expenses for payments made by the state retirement system on behalf of the Collaborative. Furthermore, the increase in supplemental services, totaling \$559,000 includes an increase in expenses related to the DSAC grant operations. These increases were offset with a decrease in special education expenses totaling \$248,000. This decrease mainly related to decreases in operations due to enrollment declines and the premature ending of the school year.

Business-type Activities

For the Collaborative's business-type activities, which consist solely of the Transportation Enterprise Fund, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8.8 million at the close of year 2020. Key components of the Collaborative's business-type financial position are listed as follows:

	2020	2019
Assets:		
Current assets.....	\$ 1,802,709	\$ 1,028,583
Capital assets, net of accumulated depreciation....	2,725,014	2,320,263
Total assets.....	4,527,723	3,348,846
Deferred outflows of resources.....	2,061,820	525,702
Liabilities:		
Current liabilities (excluding debt).....	629,397	385,509
Noncurrent liabilities (excluding debt).....	12,161,013	11,207,424
Total liabilities.....	12,790,410	11,592,933
Deferred inflows of resources.....	2,565,462	822,465
Net position:		
Net investment in capital assets.....	1,257,062	1,570,678
Unrestricted.....	(10,023,391)	(10,111,528)
Total net position.....	\$ (8,766,329)	\$ (8,540,850)

	2020	2019
Program Revenues:		
Charges for services.....	\$ 13,248,160	\$ 12,758,825
Expenses:		
Transportation.....	12,973,639	13,636,936
Excess (Deficiency) before special item.....	274,521	(878,111)
Special item - Refunds to member districts.....	(500,000)	-
Change in net position.....	(225,479)	(878,111)
Net position, beginning of year.....	(8,540,850)	(7,662,739)
Net position, end of year.....	\$ (8,766,329)	\$ (8,540,850)

Business-type net position of \$1.3 million represents net investment in capital assets. The remaining \$10.0 million deficit balance of unrestricted net position is largely due to the recognition of a \$11.3 million liability associated with the Transportation fund's net other postemployment benefits liability.

There was an increase of \$489,000 in operating revenue, and a decrease in operating expenses totaling \$654,000, which were offset by payments made for credits back to member districts on the entity wide financial statements. The decrease in expenses mainly related to a decrease in fuel costs and other overhead and operating expenses, which was the result of the shutdown due to the Coronavirus Pandemic. The member districts continued to make transportation assessment payments, which is the reason as to why operating revenues did not change in line with operating expenses. Remaining changes in net position resulting in an overall decrease in net position of \$225,000 resulted from payments to the Corporation for structured lease payments as well as a \$500,000 credit back to member districts.

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 \$6.2 million, a net decrease of \$1.0 million from the prior year. The general fund decreased by \$1.1 million; the grants fund decreased by \$18,000; the Lower Pioneer Valley Educational Corporation major fund increased by \$43,000; while the nonmajor governmental fund increased by \$22,000.

The *General Fund* is the Collaborative's chief operating fund. At year end, unassigned fund balance of the general fund totaled \$2.9 million while total fund balance equaled \$3.2 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 18% of total general fund expenditures, while total fund balance represents 20% of that same amount. The general fund decreased by approximately \$1.1 million in 2020 in comparison to a decrease of \$482,000 in 2019. This was largely due to an increase in payments out of the general fund to the

Corporation for costs associated with the renovations for the Municipal Medicaid Reimbursement program, and costs associated with the Elevator renovation project as well as a current year refund to member districts.

The *Grants Fund* is used primarily for all federal, state, and local grant programs. Most of the state and federal grants are received on a reimbursement basis. The receivable balance represents funds that have been expended for which the grant proceeds will be received in the subsequent fiscal year. The fund had a beginning balance totaling approximately \$18,000, which represented a local grant received but not yet spent. In the current year, the Collaborative spent those grant funds and recorded additional grant receipts for the total amount of grant expenses incurred in the current year resulting in no net ending fund balance.

The *Lower Pioneer Valley Educational Corporation Fund* represents the balance of the operating fund of the blended component unit. The fund had an ending fund balance of \$2.5 million, an increase of \$43,000, which mainly represents the difference between \$1,020,000 of lease payments received from the Collaborative, offset with debt service expenditures.

The *Nonmajor Funds* increased by approximately \$22,000 in the current year. This increase was mainly due to positive operations in the Collaborative’s School Lunch and Professional Development programs.

General Fund Budgetary Highlights

The Collaborative’s 2020 original operating budget consisted of approximately \$13.1 million in current appropriations and anticipated assessments, including a \$2.4 million carryover from the prior year for the use of fund balance. During the year, appropriations were increased through an additional \$1.2 million use of fund balance. The majority of this was for various capital project expenditures in the general fund, as well as reimbursements to the Corporation for capital project expenditures. There is no net difference between the fund based and budgetary based change in fund balance for the year. Actual revenues came in less than budgeted by \$825,000 and expenditures were under budget by a total of \$984,000, excluding the unspent voted use of unreserved fund balance.

In an effort to revitalize the Special Education program, in 2020 the Collaborative has restructured the Special Education programs offered. The following changes were reflected in the 2020 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

<u>Old Program</u>	<u>New Program</u>
Autism Elementary Program.....	Compass Elementary Program
Autism Middle Program.....	Compass Middle Program
Autism High School.....	Compass High Program
Career Preparation Program.....	Steps Program
Vocational Preparation Program.....	Steps II Program
Career Skills.....	Crest
ASM.....	LPVEC Middle School Program

Capital Asset and Debt Administration

The Collaborative’s capital assets totaled \$21.6 million as of June 30, 2020, which includes over \$18.2 million in assets of the Lower Pioneer Valley Educational Corporation blended component unit. Collectively the Collaborative acquired approximately \$2.9 million in capital assets in year 2020. This consisted primarily of machinery and equipment acquired in the general fund, buildings in the Corporation blended component unit, and machinery and equipment and vehicles in the transportation enterprise fund.

The Collaborative reported \$9.8 million in long-term bonds payable which all related to debt held by the blended Corporation component unit.

In 2020, the Collaborative acquired a new capital lease totaling \$1.3 million and recorded \$598,000 in principal payments on capital leases.

On June 17, 2020, the Board voted to return \$700,000 back to the member communities, which was distributed by each member district's percentage of use by service area. The total amount of \$700,000 was paid from the transportation budget and occupational education budget totaling \$500,000 and \$200,000, respectively.

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

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STATEMENT OF NET POSITION

JUNE 30, 2020

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 461,381	\$ -	\$ 461,381
Investments.....	5,987,153	1,045,886	7,033,039
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	220	-	220
Intergovernmental.....	1,658,526	449,771	2,108,297
Internal balances.....	(261,709)	261,709	-
Inventory.....	-	45,343	45,343
Total current assets.....	7,845,571	1,802,709	9,648,280
NONCURRENT:			
Capital assets, nondepreciable.....	2,744,788	-	2,744,788
Capital assets, net of accumulated depreciation.....	16,128,108	2,725,014	18,853,122
Total noncurrent assets.....	18,872,896	2,725,014	21,597,910
TOTAL ASSETS.....	26,718,467	4,527,723	31,246,190
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other postemployment benefits.....	1,741,665	2,061,820	3,803,485
LIABILITIES			
CURRENT:			
Warrants payable.....	291,622	6,124	297,746
Accrued payroll.....	586,583	3,904	590,487
Accrued interest.....	30,931	-	30,931
Other liabilities.....	744,654	-	744,654
Capital lease obligations.....	-	581,120	581,120
Compensated absences.....	73,280	38,249	111,529
Bonds payable.....	519,000	-	519,000
Total current liabilities.....	2,246,070	629,397	2,875,467
NONCURRENT:			
Capital lease obligations.....	-	886,832	886,832
Compensated absences.....	151,826	14,746	166,572
Net other postemployment benefits liability.....	9,511,093	11,259,435	20,770,528
Bonds payable.....	9,274,500	-	9,274,500
Total noncurrent liabilities.....	18,937,419	12,161,013	31,098,432
TOTAL LIABILITIES.....	21,183,489	12,790,410	33,973,899
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other postemployment benefits.....	2,167,102	2,565,462	4,732,564
NET POSITION			
Net investment in capital assets.....	9,079,396	1,257,062	10,336,458
Unrestricted.....	(3,969,855)	(10,023,391)	(13,993,246)
TOTAL NET POSITION.....	\$ 5,109,541	\$ (8,766,329)	\$ (3,656,788)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
Administration.....	\$ 3,962,145	\$ 310,150	\$ 3,639,790	\$ -	\$ (12,205)
Special education.....	3,761,635	884,349	533,585	-	(2,343,701)
Occupational education.....	5,855,240	964,557	1,363,709	-	(3,526,974)
Supplemental services.....	3,107,404	879,559	1,643,152	-	(584,693)
Unallocated depreciation.....	1,042,751	-	-	-	(1,042,751)
Interest.....	386,406	-	-	-	(386,406)
Total Governmental Activities.....	18,115,581	3,038,615	7,180,236	-	(7,896,730)
<i>Business-Type Activities:</i>					
Transportation.....	12,973,639	13,248,160	-	-	274,521
Total Primary Government.....	\$ 31,089,220	\$ 16,286,775	\$ 7,180,236	\$ -	(7,622,209)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(7,896,730)	\$ 274,521	\$ (7,622,209)
<i>General revenues:</i>			
Member district assessments.....	7,332,825	-	7,332,825
Unrestricted investment income.....	11,622	-	11,622
Miscellaneous.....	7,006	-	7,006
<i>Special item - Refunds to member districts.....</i>	<u>(200,000)</u>	<u>(500,000)</u>	<u>(700,000)</u>
Total general revenues and special item.....	<u>7,151,453</u>	<u>(500,000)</u>	<u>6,651,453</u>
Change in net position.....	(745,277)	(225,479)	(970,756)
<i>Net position:</i>			
Beginning of year.....	<u>5,854,818</u>	<u>(8,540,850)</u>	<u>(2,686,032)</u>
End of year..... \$	<u><u>5,109,541</u></u>	\$ <u><u>(8,766,329)</u></u>	\$ <u><u>(3,656,788)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	Grants Funds	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ -	\$ -	\$ 313	\$ 461,068	\$ 461,381
Investments.....	3,508,549	-	2,478,604	-	5,987,153
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	220	220
Intergovernmental.....	462,201	1,196,325	-	-	1,658,526
Due from other funds.....	877,934	-	450	55,112	933,496
TOTAL ASSETS.....	\$ 4,848,684	\$ 1,196,325	\$ 2,479,367	\$ 516,400	\$ 9,040,776
LIABILITIES					
Warrants payable.....	\$ 287,393	\$ 1,729	\$ 2,500	\$ -	\$ 291,622
Accrued payroll.....	577,019	-	-	9,564	586,583
Due to other funds.....	450	1,194,596	-	159	1,195,205
Other liabilities.....	744,604	-	-	50	744,654
TOTAL LIABILITIES.....	1,609,466	1,196,325	2,500	9,773	2,818,064
FUND BALANCES					
Restricted.....	-	-	2,476,867	506,786	2,983,653
Assigned.....	314,704	-	-	-	314,704
Unassigned.....	2,924,514	-	-	(159)	2,924,355
TOTAL FUND BALANCES.....	3,239,218	-	2,476,867	506,627	6,222,712
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,848,684	\$ 1,196,325	\$ 2,479,367	\$ 516,400	\$ 9,040,776

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances.....		\$	6,222,712
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....			18,872,896
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....			(425,437)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....			(30,931)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Bonds payable.....			(9,793,500)
Net other postemployment benefits liability.....			(9,511,093)
Compensated absences.....			(225,106)
			(19,529,699)
Net effect of reporting long-term liabilities.....			(19,529,699)
Net position of governmental activities.....		\$	5,109,541

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Grants Funds	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Member district assessments.....	\$ 8,575,751	\$ -	\$ -	\$ -	\$ 8,575,751
Nonmember assessments.....	1,305,445	-	-	-	1,305,445
Intergovernmental.....	5,309,588	1,870,648	-	-	7,180,236
Departmental and other.....	7,006	-	1,020,000	200,244	1,227,250
Investment income.....	7,816	-	3,806	-	11,622
TOTAL REVENUES.....	15,205,606	1,870,648	1,023,806	200,244	18,300,304
EXPENDITURES:					
Current:					
Administration.....	4,641,518	-	11,628	-	4,653,146
Special education.....	3,459,708	1,429	-	9,912	3,471,049
Occupational education.....	5,465,650	455,860	-	-	5,921,510
Supplemental services.....	1,530,072	1,431,367	-	167,848	3,129,287
Capital outlay.....	996,854	-	-	-	996,854
Debt service:					
Principal.....	-	-	547,500	-	547,500
Interest.....	-	-	421,758	-	421,758
TOTAL EXPENDITURES.....	16,093,802	1,888,656	980,886	177,760	19,141,104
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(888,196)	(18,008)	42,920	22,484	(840,800)
SPECIAL ITEM:					
Refunds to member districts.....	(200,000)	-	-	-	(200,000)
NET CHANGE IN FUND BALANCES.....	(1,088,196)	(18,008)	42,920	22,484	(1,040,800)
FUND BALANCES AT BEGINNING OF YEAR.....	4,327,414	18,008	2,433,947	484,143	7,263,512
FUND BALANCES AT END OF YEAR.....	\$ 3,239,218	\$ -	\$ 2,476,867	\$ 506,627	\$ 6,222,712

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, 2020

Net change in fund balances - total governmental funds.....		\$ (1,040,800)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	1,307,433	
Depreciation expense.....	<u>(1,042,751)</u>	
Net effect of reporting capital assets.....		264,682
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Debt service principal payments.....	<u>547,500</u>	
Net effect of reporting long-term debt.....		547,500
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	40,222	
Net change in accrued interest on long-term debt.....	35,352	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(174,754)	
Net change in net other postemployment benefits liability.....	<u>(417,479)</u>	
Net effect of recording long-term liabilities.....		<u>(516,659)</u>
Change in net position of governmental activities.....		\$ <u><u>(745,277)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Transportation</u>
ASSETS	
CURRENT:	
Investments.....	\$ 1,045,886
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	449,771
Due from other funds.....	261,709
Inventory.....	<u>45,343</u>
Total current assets.....	<u>1,802,709</u>
NONCURRENT:	
Capital assets, net of accumulated depreciation.....	<u>2,725,014</u>
TOTAL ASSETS.....	<u>4,527,723</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to other postemployment benefits.....	<u>2,061,820</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	6,124
Accrued payroll.....	3,904
Capital lease obligations.....	581,120
Compensated absences.....	<u>38,249</u>
Total current liabilities.....	<u>629,397</u>
NONCURRENT:	
Capital lease obligations.....	886,832
Compensated absences.....	14,746
Net other postemployment benefits liability.....	<u>11,259,435</u>
Total noncurrent liabilities.....	<u>12,161,013</u>
TOTAL LIABILITIES.....	<u>12,790,410</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to other postemployment benefits.....	<u>2,565,462</u>
NET POSITION	
Net investment in capital assets.....	1,257,062
Unrestricted.....	<u>(10,023,391)</u>
TOTAL NET POSITION.....	<u>\$ (8,766,329)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

		Business-type Activities - <u>Enterprise Funds</u>
		<u>Transportation</u>
<u>OPERATING REVENUES:</u>		
School year transportation.....	\$	12,050,510
Bus monitors.....		842,504
Field trip transportation.....		66,747
Summer school transportation.....		<u>288,399</u>
 TOTAL OPERATING REVENUES		 <u>13,248,160</u>
<u>OPERATING EXPENSES:</u>		
Wages and fringe benefits.....		9,603,956
Fuel.....		373,920
Repairs and maintenance.....		417,051
Overhead and operating expenses.....		1,067,328
Insurance.....		319,646
Depreciation.....		<u>1,183,752</u>
 TOTAL OPERATING EXPENSES.....		 <u>12,965,653</u>
 OPERATING INCOME (LOSS).....		 <u>282,507</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Interest expense.....		<u>(7,986)</u>
 INCOME (LOSS) BEFORE SPECIAL ITEM.....		 <u>274,521</u>
SPECIAL ITEM - Refunds to member districts.....		(500,000)
 CHANGE IN NET POSITION.....		 (225,479)
NET POSITION AT BEGINNING OF YEAR.....		<u>(8,540,850)</u>
NET POSITION AT END OF YEAR.....	\$	<u><u>(8,766,329)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Business-type Activities Enterprise Funds
	Transportation
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 12,972,732
Payments to vendors.....	(2,193,675)
Payments to employees.....	(8,905,619)
NET CASH FROM OPERATING ACTIVITIES.....	1,873,438
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Due from other funds.....	(261,709)
Payment of refunds to member districts.....	(500,000)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(761,709)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition and construction of capital assets.....	(272,100)
Principal payments on capital lease obligations.....	(598,036)
Interest expense.....	(7,987)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(878,123)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Sale/(Purchase) of investments, net.....	(408,079)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(174,473)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	174,473
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ -
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>	
<u>FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ 282,507
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation.....	1,183,752
Deferred (outflows)/inflows related to other postemployment benefits.....	206,879
Changes in assets and liabilities:	
Intergovernmental.....	(275,428)
Inventory.....	(3,383)
Warrants payable.....	(9,165)
Accrued payroll.....	3,905
Other liabilities.....	(3,182)
Compensated absences.....	(6,668)
Other postemployment benefits.....	494,221
Total adjustments.....	1,590,931
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,873,438
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>	
Capital lease financing.....	\$ 1,316,403

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents.....	\$ -	\$ 46,694
Investments:		
Investments in Pension Reserve Investment Trust.....	344,743	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	10
TOTAL ASSETS	<u>344,743</u>	<u>46,704</u>
LIABILITIES		
Liabilities due depositors.....	-	46,704
NET POSITION		
Restricted for other postemployment benefits.....	<u>\$ 344,743</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefit Trust Fund
ADDITIONS:	
Contributions:	
Employer contributions for other postemployment benefit payments.... \$	196,343
Net investment income (loss):	
Investment income (loss).....	8,480
Less: investment expense.....	(1,829)
Net investment income (loss).....	6,651
TOTAL ADDITIONS.....	202,994
DEDUCTIONS:	
Other postemployment benefit payments.....	196,343
NET INCREASE (DECREASE) IN NET POSITION.....	6,651
NET POSITION AT BEGINNING OF YEAR.....	338,092
NET POSITION AT END OF YEAR..... \$	344,743

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 funds are 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 *Lower Pioneer Valley Educational Corporation* fund is used to account for the non-capital activity of the blended component unit.

The *nonmajor governmental funds* consist of other special revenue funds and the Lower Pioneer Valley Educational Corporation Capital fund 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 nonoperating 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 could not be determined. Donated capital assets; donated works of art, historical treasurers and similar assets; capital assets received in service concession arrangements are recorded at acquisition value.

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:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
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 has deferred outflows related to other postemployment benefits.

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 has deferred inflows related to other postemployment benefits.

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 did not have any items that qualify for reporting in this category.

I. 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”.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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).

O. 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.

P. 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.

Q. 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.

R. Individual Fund Deficits

The graphic communication special revenue fund and the transportation enterprise fund were in a deficit balance at year end.

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 \$508,075 and the bank balance totaled \$1,103,090. Of the bank balance, \$250,000 was covered by Federal Depository Insurance, and \$853,090 was fully collateralized.

The Corporation maintains its cash deposits in one checking account. At June 30, 2020, the Corporation's carrying balance for deposits and bank balance both totaled \$313, all of which was covered by Federal Depositors Insurance.

Investments

As of June 30, 2020, the Collaborative had investments with a fair value of \$4,554,435 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, 2020, the carrying value of the REPO was \$4,554,435. The REPO is classified as an interest earning investment which is not subject to the fair value level disclosures.

As of June 30, 2020, the Collaborative had a balance of \$344,743 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 \$344,743. 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 16.03 years.

As of June 30, 2020, the Corporation had an investment of with a fair value of \$2,606,213 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, 2020, the carrying value of the REPO is \$2,478,604. The REPO is classified as an interest earning investment which is not subject to the fair value level disclosures.

Fair 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, 2020, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Departmental and other.....	\$ 220	\$ -	\$ 220
Intergovernmental.....	<u>1,658,526</u>	<u>-</u>	<u>1,658,526</u>
Total.....	<u>\$ 1,658,746</u>	<u>\$ -</u>	<u>\$ 1,658,746</u>

At June 30, 2020, receivables for the enterprise funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Intergovernmental.....	<u>\$ 449,771</u>	<u>\$ -</u>	<u>\$ 449,771</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the Collaborative for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<i>Collaborative:</i>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 2,503,184	\$ 310,579	\$ -	\$ 2,813,763
Vehicles.....	163,097	-	-	163,097
Total capital assets being depreciated.....	<u>2,666,281</u>	<u>310,579</u>	<u>-</u>	<u>2,976,860</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,873,862)	(249,226)	-	(2,123,088)
Vehicles.....	(111,140)	(23,696)	-	(134,836)
Total accumulated depreciation.....	<u>(1,985,002)</u>	<u>(272,922)</u>	<u>-</u>	<u>(2,257,924)</u>
Total Collaborative governmental activities capital assets, net..	<u>681,279</u>	<u>37,657</u>	<u>-</u>	<u>718,936</u>
<i>Corporation blended component unit:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	2,744,788	-	-	2,744,788
<u>Capital assets being depreciated:</u>				
Buildings.....	22,840,863	996,854	-	23,837,717
<u>Less accumulated depreciation for:</u>				
Buildings.....	(7,658,716)	(769,829)	-	(8,428,545)
Total capital assets being depreciated, net.....	<u>15,182,147</u>	<u>227,025</u>	<u>-</u>	<u>15,409,172</u>
Total Corporation capital assets, net.....	<u>17,926,935</u>	<u>227,025</u>	<u>-</u>	<u>18,153,960</u>
Total Governmental Activities capital assets, net.....	<u>\$ 18,608,214</u>	<u>\$ 264,682</u>	<u>\$ -</u>	<u>\$ 18,872,896</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 198,147	\$ -	\$ -	\$ 198,147
Vehicles.....	12,020,015	1,588,503	(394,945)	13,213,573
Total capital assets being depreciated.....	<u>12,218,162</u>	<u>1,588,503</u>	<u>(394,945)</u>	<u>13,411,720</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(60,606)	(25,329)	-	(85,935)
Vehicles.....	(9,837,293)	(1,158,423)	394,945	(10,600,771)
Total accumulated depreciation.....	<u>(9,897,899)</u>	<u>(1,183,752)</u>	<u>394,945</u>	<u>(10,686,706)</u>
Total capital assets being depreciated, net.....	<u>2,320,263</u>	<u>404,751</u>	<u>-</u>	<u>2,725,014</u>
Total business-type activities capital assets, net.....	<u>\$ 2,320,263</u>	<u>\$ 404,751</u>	<u>\$ -</u>	<u>\$ 2,725,014</u>

Depreciation expense for governmental activities totaled \$1,042,751 and was unallocated, and depreciation expense for the transportation enterprise fund totaled \$1,183,752.

NOTE 5 – INTERFUND TRANSFERS, RECEIVABLES, AND PAYABLES

Interfund transfers

There were no interfund transfers for the year ended June 30, 2020.

Due to/from other funds

Interfund receivables and payables between funds at June 30, 2020, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General fund.....	Grants Funds.....	\$ 877,775 (1)
Transportation fund.....	Grants Funds.....	261,709 (1)
Nonmajor fund.....	Grants Funds.....	55,112 (1)
General fund.....	Nonmajor fund.....	159 (1)
Lower Pioneer Valley Educational Corporation.....	General fund.....	450 (2)
Total.....		\$ 1,195,205

- 1) This is a temporary advance between funds for cash flow purposes.
- 2) This represents payments due and not made at year end.

NOTE 6 – LEASES

Capital Leases

The Collaborative has entered into several lease agreements to finance the acquisition of 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 Business-type capital leases represent capital leases for vehicles and buses purchased through capital leases for the operation of the transportation enterprise fund. The cost of assets acquired through capital leases totaled \$3,310,902, and the accumulated depreciation on those assets totaled \$1,346,813.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2020 are listed below:

Years ending June 30:	Business-Type Activities
2021.....	\$ 609,203
2022.....	373,179
2023.....	274,175
2024.....	274,176
Total minimum lease payments.....	1,530,733
Less: amounts representing interest.....	(62,781)
Present value of minimum lease payments... \$	1,467,952

Operating Leases

Please refer to Note 16 for information on operating leases between the Collaborative and the Corporation (Blended Component Unit).

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 2020.

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 43 of the Acts of 2012, the board of directors of an education collaborative may borrow money, enter into long-term or short-term loan agreements or mortgages and apply for state, federal or corporate grants or contracts to obtain funds necessary to carry out the purpose for which such collaborative is established; provided, however, that the board of directors has determined that any borrowing, loan or mortgage is cost-effective and in the best interest of the collaborative and its member cities or towns and charter schools. The borrowing, loans or mortgages shall be consistent with the written agreement and articles of incorporation of the education collaborative and shall be consistent with standard lending practices. The board of directors of an education collaborative shall notify each member school committee and charter school board within 30 calendar days of applying for real estate mortgages.

The Collaborative had no long-term financing for fiscal year 2020.

The Corporation had the following long-term financing activity during fiscal year 2020:

During fiscal year 2016, the Corporation borrowed \$12,075,000 through Massachusetts Development Finance Agency Revenue bonds (the bond). The bond has a fixed interest rate of 3.79%, with payments made monthly until September 2025 at which time there is a final balloon payment of \$6,940,000. At the end of 2020, the Corporation had \$9,793,500 of outstanding debt related to this issuance.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Massachusetts Development Bond.....	2026	\$ 12,075,000	3.79	\$ 9,793,500

Debt service requirements for principal and interest for the Corporation bond payable in future years are as follows:

Year	Principal	Interest	Total
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.....	\$ 9,793,500	\$ 1,673,484	\$ 11,466,984

Changes in Long-term Liabilities

Long-term liabilities of the Corporation blended component unit are paid from the Corporation using the lease revenue 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, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 10,341,000	\$ -	\$ (547,500)	\$ -	\$ -	\$ 9,793,500	\$ 519,000
Compensated absences.....	265,328	-	-	58,187	(98,409)	225,106	73,280
Other postemployment benefits.....	9,093,614	-	-	1,671,837	(1,254,358)	9,511,093	-
Total governmental activity long-term liabilities.....	\$ 19,699,942	\$ -	\$ (547,500)	\$ 1,730,024	\$ (1,352,767)	\$ 19,529,699	\$ 592,280
Business-Type Activities:							
Capital lease obligations.....	\$ 749,585	\$ -	\$ -	\$ 1,316,403	\$ (598,036)	\$ 1,467,952	\$ 581,120
Compensated absences.....	59,663	-	-	36,508	(43,176)	52,995	38,249
Other postemployment benefits.....	10,765,214	-	-	1,978,635	(1,484,414)	11,259,435	-
Total business-type activity long-term liabilities.....	\$ 11,574,462	\$ -	\$ -	\$ 3,331,546	\$ (2,125,626)	\$ 12,780,382	\$ 619,369

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, 2020, the governmental fund balances consisted of the following:

	General	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Restricted for:				
Lower Pioneer Valley Educational Corporation....	-	\$ 2,476,867	-	\$ 2,476,867
Brush Hill Bistro.....	-	-	33,795	33,795
Early Education and Care.....	-	-	106,731	106,731
Landscaping.....	-	-	16,129	16,129
School Lunch.....	-	-	14,810	14,810
School Store.....	-	-	61	61
Building Rental.....	-	-	155,314	155,314
Professional Development.....	-	-	152,384	152,384
Machine Technology Program.....	-	-	20,793	20,793
Curriculum Instruction and Assessment.....	-	-	6,769	6,769
Assigned to:				
Encumbrances:				
Capital Projects.....	314,704	-	-	314,704
Unassigned.....	2,924,514	-	(159)	2,924,355
Total Fund Balances.....	\$ 3,239,218	\$ 2,476,867	\$ 506,627	\$ 6,222,712

NOTE 10 – RISK FINANCINGScantic 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 \$4,350,835 as of June 30, 2019, (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 11 – 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, 2019. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$1,669,798 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 \$13,769,562 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, 2019, was \$558,249, 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, 2019. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$3,639,790 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 \$21,911,281 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 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The Collaborative administers a single-employer defined benefit healthcare plan (“The Retiree Health Plan”) that is governed by the Board of Directors. The plan provides health, dental and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan by the Board of Directors. Plan provisions are negotiated between the Collaborative and plan members. 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 2020, the Collaborative contributed \$196,343 to the plan which consisted of the pay-as-you-go financing requirement for plan benefits.

The Commonwealth of Massachusetts passed special legislation that has allowed the Collaborative to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2020, the Collaborative did not contribute additional funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. As of June 30, 2020, the net position of the OPEB trust fund totaled \$344,743.

Investment Policy – The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Collaborative’s investment policy.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2020:

Active members.....	200
Retirees.....	<u>73</u>
Total.....	<u><u>273</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2020:

Total OPEB liability.....	\$ 21,115,271
Less: OPEB plan’s fiduciary net position.....	<u>(344,743)</u>
Net OPEB liability.....	<u><u>\$ 20,770,528</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	1.63%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2019 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2020 to be in accordance with GASB Statement #74 and #75:

Valuation date.....	7/1/2019; updated to June 30, 2020
Actuarial cost method.....	Entry Age Actuarial Cost Method
Health Care Trend Rates.....	5.00%
Actuarial Value of Assets.....	Market Value
Discount rate.....	2.21%. The discount rate was based on the Bond Buyer's 20 Bond Index.
Inflation rate.....	2.50% annually
Projected salary increases.....	3.00% annually
Payroll growth.....	2.50% annually
Mortality rates.....	RPH-2014 Total Dataset mortality table with mortality improvements projected by Scale MP-2019 on a generational basis.

Rate of Return - For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 1.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) that are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation along with a risk factor. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2020 are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity.....	42.00%	3.85%
Core fixed income.....	15.70%	5.48%
Value added fixed income.....	7.50%	5.42%
Private equity.....	11.40%	12.71%
Real estate.....	9.20%	4.51%
Timberland.....	3.70%	6.04%
Portfolio completion strategies.....	9.70%	1.83%
Overlay.....	0.80%	2.67%
Total.....	100.00%	

Discount Rate – The discount rate is a blend of the long-term expected rate of return on the OPEB Trust assets and a yield or index for 20 year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher shown on Bond Buyer’s 20 Bond Index as of June 30, 2020. The blending is based on the sufficiency of projected assets to make projected benefit payments. The assets in the trust are currently not sufficient to make projected benefit payments therefore the risk free rate of 2.21% was used.

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019.....	\$ 20,196,920	\$ 338,092	\$ 19,858,828
Changes for the year:			
Service cost.....	1,286,828	-	1,286,828
Interest.....	575,453	-	575,453
Net investment income.....	-	6,651	(6,651)
Differences between expected and actual experience.....	(4,780,685)	-	(4,780,685)
Changes in assumptions.....	4,033,098	-	4,033,098
Employer contributions.....	-	196,343	(196,343)
Benefit payments.....	(196,343)	(196,343)	-
Net change.....	918,351	6,651	911,700
Balances at June 30, 2020.....	\$ 21,115,271	\$ 344,743	\$ 20,770,528

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 2.21%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate.

	Current		
	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability.....	\$ 25,013,931	\$ 20,770,528	\$ 17,411,526

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	Current Trend		
	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 16,867,694	\$ 20,770,528	\$ 25,969,320

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the GASB Statement #75 measurement date, the Collaborative recognized OPEB expense of \$1,489,676. At June 30, 2020, the Collaborative reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (3,661,086)	\$ (3,661,086)
Difference between projected and actual earnings, net.....	-	(6,761)	(6,761)
Changes in assumptions.....	3,803,485	(1,064,717)	2,738,768
Total deferred outflows/(inflows) of resources.....	\$ 3,803,485	\$ (4,732,564)	\$ (929,079)

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

For the year ended June 30:

2021.....	\$ (360,772)
2022.....	(360,772)
2023.....	(161,297)
2024.....	(46,238)
Total.....	\$ (929,079)

Changes of Assumptions:

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020, and the healthcare cost trend rate was reset as of July 1, 2019.

Changes in Plan Provisions:

None

NOTE 13 – 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, 2020, 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 14 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay-at-home orders that caused global economic shutdown and substantial financial market impact. Starting March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safety. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses.

The 2021 school year has begun utilizing a hybrid approach, with the exception of special education students who could resume full in-person attendance. The Collaborative has incurred unanticipated costs related to the pandemic and currently plans to fund these expenditures using federal grant reimbursements and available reserves. The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 15 – COMMITMENTS

The following projects are ongoing for the Lower Pioneer Valley Educational Corporation. The costs associated with the projects are being funded through the resources of the Lower Pioneer Valley Educational Collaborative:

Front Street Building Renovation

The Corporation is in the process of renovating the building they own at 72 Front Street in West Springfield to be utilized to house the Collaborative's Municipal Medicaid Reimbursement program. The Collaborative's Board voted to fund the project through the use of surplus funds of the Collaborative totaling \$405,000. Approximately \$342,000 was expended and capitalized in 2020. Total project costs through June 30, 2020 totaled \$396,000.

Brush Hill Building Elevator Repair Project

The Corporation is in the process of renovating the elevators at the building at 174 Brush Hill Avenue in West Springfield. In 2016 the Collaborative's board voted to approve the use of surplus funds in the amount \$400,000 to fund costs associated with the project. The Collaborative began the project, however the relationship with the architect was terminated. In 2019 the Collaborative's board voted to approve additional funding of \$342,000 and the project resumed with another approved architect. Approximately \$655,000 was expended and capitalized in 2020. Total project costs through June 30, 2020 totaled \$743,000. The \$1,000 excess costs were funded through an additional use of surplus funds of the Collaborative voted by the Collaborative's Board in 2020.

NOTE 16 – BLENDED COMPONENT UNIT TRANSACTIONS

Effective July 1, 2017, the Collaborative restructured operating leases with the Corporation for the use of various facilities in their programs. Lease payments made to the Corporation during 2020 totaled \$1,020,000.

Under the new terms, all of the operating leases will expire on June 30, 2022 with various options for extensions. Based on the renegotiated operating lease agreements, future operating lease payments to the Corporation will be as noted on the following page:

Years Ending June 30	Governmental Activities	Business-Type Activities	Total
2021.....	\$ 730,000	\$ 290,000	\$ 1,020,000
2022.....	730,000	290,000	1,020,000
Total lease payments.....	<u>\$ 1,460,000</u>	<u>\$ 580,000</u>	<u>\$ 2,040,000</u>

During 2020, the Collaborative contributed for expenditures related to the Municipal Medicaid reimbursement program (Front Street Building) and the Elevator Renovation project (Brush Hill Building) totaling \$342,437 and \$654,417, respectively, which have been reported as capital outlay.

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 funds in the fund based financial statements and with the governmental activities in the government-wide financial statements.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2020, which is the date the financial statements were available to be issued.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.

- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

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, 2020

	Revenues and Other Financing Sources				
	Budgeted Amounts			Actual Budgetary Amounts	Variance to Final Budget
	Original Budget	Budget Adjustments	Final Budget		
Administration:					
General Administration:					
Use of Unreserved Fund Balance.....	\$ 2,413,427	\$ 1,208,893	\$ 3,622,320	\$ -	\$ (3,622,320)
Interest and other miscellaneous.....	-	-	-	6,998	6,998
Administration Coordination.....	-	-	-	7,824	7,824
Fringe Benefits.....	-	-	-	-	-
Administration Costs Applied to Other Programs.....	-	-	-	-	-
Total Administration, Net.....	2,413,427	1,208,893	3,622,320	14,822	(3,607,498)
Special Education:					
Programs:					
Crest.....	282,367	-	282,367	241,000	(41,367)
Summer School - Steps Program.....	392,157	-	392,157	227,037	(165,120)
Twain Alternative High School.....	619,828	-	619,828	557,740	(62,088)
Steps II Vocational Preparation.....	290,105	-	290,105	252,500	(37,605)
Asperger.....	168,584	-	168,584	144,000	(24,584)
Compass Program.....	702,520	-	702,520	658,960	(43,560)
Integrated Occupational Preparation.....	724,686	-	724,686	675,581	(49,105)
Transitional Alternative.....	158,749	-	158,749	96,595	(62,154)
Total Programs.....	3,338,996	-	3,338,996	2,853,413	(485,583)
Shared Services:					
Coordination:					
Coordination.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Coordination, Net.....	-	-	-	-	-
Nurses:					
Nurses.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Nurses, Net.....	-	-	-	-	-
Adaptive Physical Education:					
Adaptive Physical Education.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Adaptive Physical Education, Net.....	-	-	-	-	-
Total Shared Services.....	-	-	-	-	-
Total Special Education.....	3,338,996	-	3,338,996	2,853,413	(485,583)

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
\$ 2,413,427	\$ 1,208,893	\$ 3,622,320	\$ 1,246,811	\$ 2,375,509	\$ (1,246,811)
-	-	-	-	-	6,998
1,415,296	-	1,415,296	1,216,308	198,988	(1,208,484)
3,470,723	-	3,470,723	3,519,228	(48,505)	(3,519,228)
(4,886,019)	-	(4,886,019)	(4,729,501)	(156,518)	4,729,501
<u>2,413,427</u>	<u>1,208,893</u>	<u>3,622,320</u>	<u>1,252,846</u>	<u>2,369,474</u>	<u>(1,238,024)</u>
282,367	-	282,367	260,759	21,608	(19,759)
392,157	-	392,157	363,110	29,047	(136,073)
619,828	-	619,828	575,696	44,132	(17,956)
290,105	-	290,105	243,430	46,675	9,070
168,584	-	168,584	158,377	10,207	(14,377)
702,520	-	702,520	641,081	61,439	17,879
724,686	-	724,686	645,696	78,990	29,885
158,749	-	158,749	152,694	6,055	(56,099)
<u>3,338,996</u>	<u>-</u>	<u>3,338,996</u>	<u>3,040,843</u>	<u>298,153</u>	<u>(187,430)</u>
1,391,431	-	1,391,431	1,225,889	165,542	(1,225,889)
(1,391,431)	-	(1,391,431)	(1,226,304)	(165,127)	1,226,304
-	-	-	(415)	415	415
83,360	-	83,360	71,823	11,537	(71,823)
(83,360)	-	(83,360)	(71,823)	(11,537)	71,823
-	-	-	-	-	-
199,543	-	199,543	194,209	5,334	(194,209)
(199,543)	-	(199,543)	(194,209)	(5,334)	194,209
-	-	-	-	-	-
-	-	-	(415)	415	415
<u>3,338,996</u>	<u>-</u>	<u>3,338,996</u>	<u>3,040,428</u>	<u>298,568</u>	<u>(187,015)</u>

(continued)

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

YEAR ENDED JUNE 30, 2020

	Revenues and Other Financing Sources				
	Budgeted Amounts			Actual Budgetary Amounts	Variance to Final Budget
	Original Budget	Budget Adjustments	Final Budget		
Occupational Education:					
Tuition Allocated to Occupational Education Programs.....	5,647,849	-	5,647,849	5,748,821	100,972
Coordination.....	-	-	-	-	-
Nursing.....	-	-	-	-	-
Allied Health.....	-	-	-	-	-
Automotive.....	-	-	-	-	-
Building Trades.....	-	-	-	-	-
Information Services Systems.....	-	-	-	-	-
Design and Visual Communications.....	-	-	-	-	-
Early Education.....	-	-	-	-	-
Food Services.....	-	-	-	-	-
Landscaping and Horticultural.....	-	-	-	-	-
Building and Grounds Maintenance.....	-	-	-	-	-
Technical Exploratory.....	-	-	-	-	-
Vocational Guidance.....	-	-	-	-	-
Cosmetology.....	-	-	-	-	-
Cooperative Education/Student Support Services.....	-	-	-	-	-
Machine Technology Program Certified Personnel.....	-	-	-	-	-
Total Occupational Education.....	5,647,849	-	5,647,849	5,748,821	100,972
Supplemental Services:					
Individual Aides.....	324,001	-	324,001	313,093	(10,908)
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	4,200	(1,800)
Medicaid.....	578,016	-	578,016	396,685	(181,331)
Summer Developmental.....	77,480	-	77,480	73,787	(3,693)
Maintenance.....	-	-	-	-	-
Maintenance Applied to Other Programs.....	-	-	-	-	-
Technical Support.....	-	-	-	-	-
Technical Support Applied to Other Programs.....	-	-	-	-	-
Contracted Therapy Services.....	178,500	-	178,500	124,812	(53,688)
Supplemental Services.....	40,000	-	40,000	47,568	7,568
Southern Berkshire Collaborative.....	276,908	-	276,908	286,802	9,894
Energy Management.....	29,634	-	29,634	32,015	2,381
Innovative Research in Education.....	223,825	-	223,825	-	(223,825)
Total Supplemental Services.....	1,734,364	-	1,734,364	1,278,962	(455,402)
Professional Development:					
General Operations.....	-	-	-	-	-
Professional Development Applied to Other Programs...	-	-	-	-	-
Total Professional Development, Net.....	-	-	-	-	-
NET CHANGE IN FUND BALANCE.....	\$ 13,134,636	\$ 1,208,893	\$ 14,343,529	\$ 9,896,018	\$ (4,447,511)
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
-	-	-	-	-	5,748,821
2,724,490	-	2,724,490	2,542,536	181,954	(2,542,536)
70,944	-	70,944	70,597	347	(70,597)
168,435	-	168,435	158,496	9,939	(158,496)
237,957	-	237,957	228,029	9,928	(228,029)
231,695	-	231,695	208,795	22,900	(208,795)
133,229	-	133,229	162,837	(29,608)	(162,837)
294,439	-	294,439	284,250	10,189	(284,250)
203,799	-	203,799	193,332	10,467	(193,332)
179,324	-	179,324	168,161	11,163	(168,161)
161,431	-	161,431	158,112	3,319	(158,112)
137,730	-	137,730	124,536	13,194	(124,536)
27,633	-	27,633	27,209	424	(27,209)
195,484	-	195,484	188,763	6,721	(188,763)
282,530	-	282,530	279,330	3,200	(279,330)
339,538	-	339,538	327,183	12,355	(327,183)
259,191	-	259,191	251,880	7,311	(251,880)
<u>5,647,849</u>	<u>-</u>	<u>5,647,849</u>	<u>5,374,046</u>	<u>273,803</u>	<u>374,775</u>
324,001	-	324,001	288,995	35,006	24,098
6,000	-	6,000	4,000	2,000	200
578,016	-	578,016	515,361	62,655	(118,676)
77,480	-	77,480	33,722	43,758	40,065
205,478	-	205,478	189,574	15,904	(189,574)
(205,478)	-	(205,478)	(189,900)	(15,578)	189,900
203,748	-	203,748	151,224	52,524	(151,224)
(203,748)	-	(203,748)	(151,312)	(52,436)	151,312
178,500	-	178,500	122,377	56,123	2,435
40,000	-	40,000	41,867	(1,867)	5,701
276,908	-	276,908	280,020	(3,112)	6,782
29,634	-	29,634	28,297	1,337	3,718
223,825	-	223,825	2,669	221,156	(2,669)
<u>1,734,364</u>	<u>-</u>	<u>1,734,364</u>	<u>1,316,894</u>	<u>417,470</u>	<u>(37,932)</u>
117,255	-	117,255	85,236	32,019	(85,236)
(117,255)	-	(117,255)	(85,236)	(32,019)	85,236
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,134,636</u>	<u>\$ 1,208,893</u>	<u>\$ 14,343,529</u>	<u>\$ 10,984,214</u>	<u>\$ 3,359,315</u>	<u>(1,088,196)</u>

4,327,414

\$ 3,239,218

(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 THE COLLABORATIVE'S CONTRIBUTIONS
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 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.

Year	LPVEC's Statutory Required and Actual Contribution for Normal Cost	LPVEC's Covered Payroll	The Amount of Contributions Recognized by the Pension Plan in Relation to the Covered Payroll
2020.....	\$ 558,249	\$ 9,968,732	5.60%
2019.....	562,066	10,036,893	5.60%
2018.....	416,428	7,436,214	5.60%
2017.....	447,767	7,995,839	5.60%
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.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 21,911,281	\$ 3,639,790	66.28%
2019.....	18,655,482	2,457,728	67.91%
2018.....	17,468,300	2,260,276	67.21%
2017.....	19,794,449	2,749,016	63.48%
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. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 13,769,562	\$ 1,669,798	53.95%
2019.....	13,884,750	1,407,018	54.84%
2018.....	14,540,587	1,517,643	54.25%
2017.....	14,518,498	1,480,982	52.73%
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 Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

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

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

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 CHANGES IN THE
COLLABORATIVE'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 1,133,379	\$ 1,299,777	\$ 1,091,780	\$ 1,286,828
Interest.....	609,448	605,526	712,494	575,453
Differences between expected and actual experience....	-	(118,623)	-	(4,780,685)
Changes of assumptions.....	-	(2,374,871)	1,224,643	4,033,098
Benefit payments.....	(238,707)	(217,446)	(298,971)	(196,343)
Net change in total OPEB liability.....	1,504,120	(805,637)	2,729,946	918,351
Total OPEB liability - beginning.....	16,768,491	18,272,611	17,466,974	20,196,920
Total OPEB liability - ending (a).....	\$ <u>18,272,611</u>	\$ <u>17,466,974</u>	\$ <u>20,196,920</u>	\$ <u>21,115,271</u>
Plan fiduciary net position				
Employer contributions for OPEB payments.....	\$ 238,707	\$ 217,446	\$ 298,971	\$ 196,343
Net investment income.....	33,136	27,832	18,100	6,651
Benefit payments.....	(238,707)	(217,446)	(298,971)	(196,343)
Net change in plan fiduciary net position.....	33,136	27,832	18,100	6,651
Plan fiduciary net position - beginning of year.....	259,024	292,160	319,992	338,092
Plan fiduciary net position - end of year (b).....	\$ <u>292,160</u>	\$ <u>319,992</u>	\$ <u>338,092</u>	\$ <u>344,743</u>
Net OPEB liability - ending (a)-(b).....	\$ <u>17,980,451</u>	\$ <u>17,146,982</u>	\$ <u>19,858,828</u>	\$ <u>20,770,528</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.60%	1.83%	1.67%	1.63%
Covered-employee payroll.....	\$ 10,479,682	\$ 10,689,276	\$ 10,903,061	\$ 11,121,122
Net OPEB liability as a percentage of covered-employee payroll.....	171.57%	160.41%	182.14%	186.77%

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 COLLABORATIVE'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee- payroll	Contributions as a percentage of covered- employee payroll
June 30, 2020.....	\$ 1,862,281	\$ (196,343)	\$ 1,665,938	\$ 11,121,122	1.77%
June 30, 2019.....	1,804,274	(298,971)	1,505,303	10,903,061	2.74%
June 30, 2018.....	1,905,303	(217,446)	1,687,857	10,689,276	2.03%
June 30, 2017.....	1,742,827	(238,707)	1,504,120	10,479,682	2.28%

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 INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	1.97%
June 30, 2019.....	5.66%
June 30, 2018.....	9.53%
June 30, 2017.....	12.79%

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.

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 2020 operating budget consisted of approximately \$13.1 million in current appropriations and anticipated assessments, including a \$2.4 million carryover from the prior year for the use of fund balance. During the year, appropriations were increased through an additional \$1.2 million use of fund balance. The majority of this was for various capital project expenditures in the general fund, as well as reimbursements to the Corporation for capital project expenditures. There is no net difference between the fund based and budgetary based change in fund balance for the year. Actual revenues came in less than budgeted by \$825,000 and expenditures were under budget by a total of \$984,000, not including the unspent voted use of unreserved 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. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2020, is presented below:

Net change in fund balance - budgetary basis.....	\$	(1,088,196)
<u>Basis of accounting differences:</u>		
Recognition of revenue for on-behalf payments.....		5,309,588
Recognition of expenditures for on-behalf payments.....		<u>(5,309,588)</u>
Net change in fund balance - GAAP basis.....	\$	<u><u>(1,088,196)</u></u>

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 Other Postemployment Benefit Plan

A. The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

B. Schedule of the Collaborative's Contributions

The Schedule of the Collaborative's Contributions includes the Collaborative's annual required contributions to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Collaborative is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

C. Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Significant Actuarial Methods and Assumptions

Valuation date.....	7/1/2019; updated to June 30, 2020
Actuarial cost method.....	Entry Age Actuarial Cost Method
Health Care Trend Rates.....	5.00%
Actuarial Value of Assets.....	Market Value
Discount rate.....	2.21%. The discount rate was based on the Bond Buyer's 20 Bond Index.
Inflation rate.....	2.50% annually
Projected salary increases.....	3.00% annually
Payroll growth.....	2.50% annually
Mortality rates.....	RPH-2014 Total Dataset mortality table with mortality improvements projected by Scale MP-2019 on a generational basis.

E. Changes of Assumptions:

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020, and the healthcare cost trend rate was reset as of July 1, 2019.

F. Changes in Provisions:

None.

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.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2020

	Special Revenue Funds					
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store	Building Rental
ASSETS						
Cash and cash equivalents.....	\$ 33,696	\$ 106,781	\$ 16,129	\$ 24,253	\$ 61	\$ 155,314
Receivables, net of uncollectibles:						
Departmental and other.....	99	-	-	121	-	-
Due from other funds.....	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 33,795	\$ 106,781	\$ 16,129	\$ 24,374	\$ 61	\$ 155,314
LIABILITIES						
Accrued payroll.....	\$ -	\$ -	\$ -	\$ 9,564	\$ -	\$ -
Due to other funds.....	-	-	-	-	-	-
Other liabilities.....	-	50	-	-	-	-
TOTAL LIABILITIES.....	-	50	-	9,564	-	-
FUND BALANCES						
Restricted.....	33,795	106,731	16,129	14,810	61	155,314
Unassigned.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	33,795	106,731	16,129	14,810	61	155,314
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 33,795	\$ 106,781	\$ 16,129	\$ 24,374	\$ 61	\$ 155,314

Special Revenue Funds					Total Nonmajor Governmental Funds
Graphic Communication	Professional Development	Machine Technology Program	Curriculum Instruction and Assessment		
\$ -	\$ 97,272	\$ 20,793	\$ 6,769	\$	461,068
-	-	-	-		220
-	55,112	-	-		55,112
<u>\$ -</u>	<u>\$ 152,384</u>	<u>\$ 20,793</u>	<u>\$ 6,769</u>	<u>\$</u>	<u>516,400</u>
\$ -	\$ -	\$ -	\$ -	\$	9,564
159	-	-	-		159
-	-	-	-		50
<u>159</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>9,773</u>
-	152,384	20,793	6,769		506,786
<u>(159)</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>(159)</u>
<u>(159)</u>	<u>152,384</u>	<u>20,793</u>	<u>6,769</u>		<u>506,627</u>
<u>\$ -</u>	<u>\$ 152,384</u>	<u>\$ 20,793</u>	<u>\$ 6,769</u>	<u>\$</u>	<u>516,400</u>

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

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store	Building Rental
REVENUES:						
Departmental and other.....	\$ 8,557	\$ 95,123	\$ 16,925	\$ 36,603	\$ -	\$ 20,150
EXPENDITURES:						
Current:						
Special education.....	-	-	-	-	-	-
Supplemental services.....	11,445	91,773	18,666	28,144	-	15,187
TOTAL EXPENDITURES.....	11,445	91,773	18,666	28,144	-	15,187
NET CHANGE IN FUND BALANCES.....	(2,888)	3,350	(1,741)	8,459	-	4,963
FUND BALANCES AT BEGINNING OF YEAR.....	36,683	103,381	17,870	6,351	61	150,351
FUND BALANCES AT END OF YEAR.....	\$ 33,795	\$ 106,731	\$ 16,129	\$ 14,810	\$ 61	\$ 155,314

Special Revenue Funds				
Graphic Communication	Professional Development	Machine Technology Program	Curriculum Instruction and Assessment	Total Nonmajor Governmental Funds
\$ 1,557	\$ 18,479	\$ 2,850	\$ -	\$ 200,244
-	9,912	-	-	9,912
1,744	889	-	-	167,848
1,744	10,801	-	-	177,760
(187)	7,678	2,850	-	22,484
28	144,706	17,943	6,769	484,143
\$ (159)	\$ 152,384	\$ 20,793	\$ 6,769	\$ 506,627

Agency Fund

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2020

	June 30, 2019	Additions	Deletions	June 30, 2020
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 40,013	\$ 22,803	\$ (16,122)	\$ 46,694
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	589	533	(1,112)	10
TOTAL ASSETS.....	<u>\$ 40,602</u>	<u>\$ 23,336</u>	<u>\$ (17,234)</u>	<u>\$ 46,704</u>
LIABILITIES				
Liabilities due depositors.....	<u>\$ 40,602</u>	<u>\$ 23,336</u>	<u>\$ (17,234)</u>	<u>\$ 46,704</u>

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Statistical Section



Students in the building & property maintenance program.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net investment in capital assets.....	\$ 192,518	\$ 3,963,084	\$ 4,165,536	\$ 4,402,478	\$ 4,776,373	\$ 6,868,923	\$ 7,917,067	\$ 7,789,569	\$ 8,267,214	\$ 9,079,396
Restricted.....	316,105	-	-	-	-	-	-	-	-	-
Unrestricted.....	<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>	<u>(1,470,174)</u>	<u>(1,621,307)</u>	<u>(2,412,396)</u>	<u>(3,969,855)</u>
Total governmental activities net position.....	<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>	<u>\$ 6,446,893</u>	<u>\$ 6,168,262</u>	<u>\$ 5,854,818</u>	<u>\$ 5,109,541</u>
Business-type activities										
Net investment in capital assets.....	\$ 1,554,475	\$ 2,206,350	\$ 2,908,479	\$ 3,263,981	\$ 3,259,242	\$ 3,053,815	\$ 2,348,966	\$ 2,022,377	\$ 1,570,678	\$ 1,257,062
Unrestricted.....	<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>	<u>(9,380,788)</u>	<u>(9,685,116)</u>	<u>(10,111,528)</u>	<u>(10,023,391)</u>
Total business-type activities net position.....	<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>	<u>\$ (7,031,822)</u>	<u>\$ (7,662,739)</u>	<u>\$ (8,540,850)</u>	<u>\$ (8,766,329)</u>
Primary government										
Net investment in capital assets.....	\$ 1,746,993	\$ 6,169,434	\$ 7,074,015	\$ 7,666,459	\$ 8,035,615	\$ 9,922,738	\$ 10,266,033	\$ 9,811,946	\$ 9,837,892	\$ 10,336,458
Restricted.....	316,105	-	-	-	-	-	-	-	-	-
Unrestricted.....	<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>	<u>(10,850,962)</u>	<u>(11,306,423)</u>	<u>(12,523,924)</u>	<u>(13,993,246)</u>
Total primary government net position.....	<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>	<u>\$ (584,929)</u>	<u>\$ (1,494,477)</u>	<u>\$ (2,686,032)</u>	<u>\$ (3,656,788)</u>

Note 1: Prior to year 2012, the Corporation was not reported as a blended component unit.

Note 2: GASB Statement No. 75 was implemented in 2018 and this required the net OPEB liability to be recorded for the first time. This also required the revision of the ending net position in 2017.

Changes in Net Position

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Administration.....	\$ 1,979,641	\$ 994,074	\$ 408,610	\$ 971,761	\$ 1,824,395	\$ 2,032,196	\$ 2,799,683	\$ 2,749,989	\$ 2,818,180	\$ 3,962,145
Special education.....	4,326,385	4,166,537	4,438,334	4,495,610	3,754,926	3,958,311	4,309,738	4,302,842	4,009,584	3,761,635
Occupational education.....	4,341,067	4,058,627	4,139,596	4,839,278	4,488,967	5,414,634	5,342,299	5,444,300	6,001,332	5,855,240
Supplemental services.....	1,607,836	1,946,926	2,091,291	2,201,398	2,279,491	2,935,937	2,816,339	2,845,307	2,548,280	3,107,404
Professional development.....	189,064	73,580	5,380	3,596	44,043	18,312	-	2,842	-	-
Unallocated depreciation.....	136,263	645,345	706,876	652,293	655,988	924,437	900,217	893,821	910,555	1,042,751
Interest expense.....	-	337,620	339,449	320,095	290,465	453,084	441,185	423,164	404,537	386,406
Total government activities expenses.....	<u>12,580,256</u>	<u>12,222,709</u>	<u>12,129,536</u>	<u>13,484,031</u>	<u>13,338,275</u>	<u>15,736,911</u>	<u>16,609,461</u>	<u>16,662,265</u>	<u>16,692,468</u>	<u>18,115,581</u>
Business-type activities:										
Transportation.....	11,942,954	12,816,989	12,571,053	12,433,554	12,282,493	11,938,868	12,600,467	12,221,102	13,636,936	12,973,639
Total primary government expenses.....	<u>\$ 24,523,210</u>	<u>\$ 25,039,698</u>	<u>\$ 24,700,589</u>	<u>\$ 25,917,585</u>	<u>\$ 25,620,768</u>	<u>\$ 27,675,779</u>	<u>\$ 29,209,928</u>	<u>\$ 28,883,367</u>	<u>\$ 30,329,404</u>	<u>\$ 31,089,220</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Occupational education.....	\$ 546,494	\$ 601,278	\$ 640,123	\$ 786,080	\$ 910,397	\$ 824,084	\$ 904,014	\$ 798,334	\$ 915,512	\$ 964,557
Supplemental services.....	545,893	597,858	660,312	644,772	664,116	856,094	1,260,896	1,251,675	1,191,109	879,559
Other charges for services.....	358,305	258,948	169,201	231,942	839,477	984,203	1,438,182	1,444,939	1,290,558	1,194,499
Operating grants and contributions.....	1,439,189	939,901	1,067,811	1,651,515	1,974,005	4,196,149	5,517,284	4,982,096	5,215,156	7,180,236
Total government activities program revenues.....	<u>2,889,881</u>	<u>2,397,985</u>	<u>2,537,447</u>	<u>3,314,309</u>	<u>4,387,995</u>	<u>6,860,530</u>	<u>9,120,376</u>	<u>8,477,044</u>	<u>8,612,335</u>	<u>10,218,851</u>
Business-type activities:										
Transportation.....	10,128,575	10,646,896	11,140,048	11,526,706	11,823,271	11,987,052	12,164,006	11,590,185	12,758,825	13,248,160
Total primary government program revenues.....	<u>\$ 2,889,881</u>	<u>\$ 2,397,985</u>	<u>\$ 2,537,447</u>	<u>\$ 3,314,309</u>	<u>\$ 4,387,995</u>	<u>\$ 6,860,530</u>	<u>\$ 21,284,382</u>	<u>\$ 8,477,044</u>	<u>\$ 8,612,335</u>	<u>\$ 10,218,851</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (9,690,375)	\$ (9,824,724)	\$ (9,592,089)	\$ (10,169,722)	\$ (8,950,280)	\$ (8,876,381)	\$ (7,729,639)	\$ (8,185,221)	\$ (8,080,133)	\$ (7,896,730)
Business-type activities.....	(1,814,379)	(2,170,093)	(1,431,005)	(906,848)	(459,222)	48,184	(436,461)	(630,917)	(878,111)	274,521
Total primary government net (expense)/program revenue.....	<u>\$ (11,504,754)</u>	<u>\$ (11,994,817)</u>	<u>\$ (11,023,094)</u>	<u>\$ (11,076,570)</u>	<u>\$ (9,409,502)</u>	<u>\$ (8,828,197)</u>	<u>\$ (8,166,100)</u>	<u>\$ (8,816,138)</u>	<u>\$ (8,958,244)</u>	<u>\$ (7,622,209)</u>
General Revenues and other Changes in Net Position										
Governmental activities:										
Member district assessments.....	\$ 9,418,562	\$ 9,367,822	\$ 9,968,721	\$ 9,509,825	\$ 8,186,225	\$ 8,739,328	\$ 7,526,039	\$ 7,885,799	\$ 7,747,853	\$ 7,332,825
Unrestricted investment income.....	15,363	10,587	6,164	2,542	2,307	1,759	2,585	3,634	13,373	11,622
Gain on sale of capital asset.....	-	-	-	-	-	393,761	-	-	-	-
Miscellaneous.....	-	287,355	206,227	440,851	450,598	171,245	1,725	17,157	5,463	7,006
Total primary government general revenues and other changes in net position.....	<u>\$ 9,433,925</u>	<u>\$ 9,665,764</u>	<u>\$ 10,181,112</u>	<u>\$ 9,953,218</u>	<u>\$ 8,639,130</u>	<u>\$ 9,306,093</u>	<u>\$ 7,770,903</u>	<u>\$ 7,906,590</u>	<u>\$ 7,766,689</u>	<u>\$ 7,351,453</u>
Changes in Net Position										
Governmental activities.....	\$ (256,450)	\$ (158,960)	\$ 589,023	\$ (216,504)	\$ (311,150)	\$ 429,712	\$ 41,264	\$ (278,631)	\$ (313,444)	\$ (545,277)
Business-type activities.....	(1,814,379)	(2,170,093)	(1,431,005)	(906,848)	(459,222)	48,184	(436,461)	(630,917)	(878,111)	274,521
Total primary government changes in net position.....	<u>\$ (2,070,829)</u>	<u>\$ (2,329,053)</u>	<u>\$ (841,982)</u>	<u>\$ (1,123,352)</u>	<u>\$ (770,372)</u>	<u>\$ 477,896</u>	<u>\$ (395,197)</u>	<u>\$ (909,548)</u>	<u>\$ (1,191,555)</u>	<u>\$ (270,756)</u>

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

Fund Balances, Governmental Funds

Last Ten Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Assigned.....	\$ 3,722,455	\$ 2,988,011	\$ 4,008,699	\$ 2,209,417	\$ 1,275,000	\$ 1,309,020	\$ 1,309,433	\$ 1,186,551	\$ 1,371,427	\$ 314,704
Unassigned.....	<u>462,253</u>	<u>1,568,178</u>	<u>2,027,519</u>	<u>3,839,077</u>	<u>4,579,328</u>	<u>3,601,367</u>	<u>3,167,696</u>	<u>3,623,324</u>	<u>2,955,987</u>	<u>2,924,514</u>
Total general fund.....	<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>	<u>\$ 4,477,129</u>	<u>\$ 4,809,875</u>	<u>\$ 4,327,414</u>	<u>\$ 3,239,218</u>
All Other Governmental Funds										
Restricted.....	\$ 178,106	\$ 178,926	\$ 213,414	\$ 265,562	\$ 297,053	\$ 350,992	\$ 2,558,362	\$ 2,628,125	\$ 2,936,098	\$ 2,983,653
Unassigned.....	<u>-</u>	<u>(55,447)</u>	<u>(2,142)</u>	<u>(21,567)</u>	<u>(18,684)</u>	<u>(1,900)</u>	<u>-</u>	<u>(28,411)</u>	<u>(159)</u>	<u>(159)</u>
Total all other governmental funds.....	<u>\$ 178,106</u>	<u>\$ 123,479</u>	<u>\$ 211,272</u>	<u>\$ 243,995</u>	<u>\$ 278,369</u>	<u>\$ 349,092</u>	<u>\$ 2,558,362</u>	<u>\$ 2,599,714</u>	<u>\$ 2,935,939</u>	<u>\$ 2,983,494</u>

Note: Prior to fiscal year 2017, the Corporation was not blended with the Governmental Funds.

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Member district assessments.....	\$ 9,418,562	\$ 9,448,683	\$ 9,985,785	\$ 9,512,718	\$ 8,992,559	\$ 9,656,387	\$ 9,245,954	\$ 9,575,848	\$ 9,177,729	\$ 8,575,751
Nonmember assessments.....	1,377,014	1,241,503	1,336,709	1,543,713	1,444,340	1,524,261	1,471,182	1,332,833	1,407,279	1,305,445
Intergovernmental.....	1,151,087	1,175,245	1,075,622	1,489,553	1,967,036	4,351,267	5,577,969	4,982,096	5,197,156	7,180,236
Investment income.....	15,363	9,941	5,200	2,034	1,650	1,088	2,585	3,634	13,373	11,622
Departmental and other.....	73,678	87,262	117,885	145,692	164,518	228,462	1,273,166	1,228,042	1,284,526	1,227,250
Total Revenue.....	12,035,704	11,962,634	12,521,201	12,693,710	12,570,103	15,761,465	17,570,856	17,122,453	17,080,063	18,300,304
Expenditures:										
Administration.....	1,550,540	2,457,132	222,069	902,659	1,683,991	4,051,103	3,515,978	3,315,093	3,425,038	4,653,146
Special education.....	3,836,614	3,476,969	4,054,059	4,202,158	3,572,338	3,705,238	3,938,301	4,054,742	3,710,045	3,471,049
Occupational education.....	4,084,085	4,193,891	4,544,799	5,299,337	5,111,502	5,905,779	5,576,686	5,358,688	5,933,570	5,921,510
Supplemental services.....	1,605,547	1,443,365	2,125,352	2,239,304	2,316,301	2,952,563	2,786,202	2,884,561	2,518,207	3,129,287
Professional development.....	186,229	74,423	7,100	5,253	45,763	20,000	-	-	-	-
Capital outlay.....	-	-	-	-	-	-	1,028,421	233,609	816,935	996,854
Debt service:										
Principal.....	-	-	-	-	-	-	465,000	477,000	450,000	547,500
Interest.....	-	-	-	-	-	-	442,654	424,662	372,345	421,758
Total Expenditures.....	11,263,015	11,645,780	10,953,379	12,648,711	12,729,895	16,634,683	17,753,242	16,748,355	17,226,140	19,141,104
Excess of revenues over (under) expenditures.....	772,689	316,854	1,567,822	44,999	(159,792)	(873,218)	(182,386)	374,098	(146,077)	(840,800)
Other Financing Sources (Uses)										
Refunds to member districts.....	(350,000)	-	-	-	-	-	-	-	-	-
Transfers in.....	-	-	-	-	158,779	-	-	-	-	-
Transfers out.....	-	-	-	-	(158,779)	-	-	-	-	-
Total other financing sources (uses).....	(350,000)	-	-	-	-	-	-	-	-	-
Net change in fund balance.....	\$ 422,689	\$ 316,854	\$ 1,567,822	\$ 44,999	\$ (159,792)	\$ (873,218)	\$ (182,386)	\$ 374,098	\$ (146,077)	\$ (840,800)
Debt service as a percentage of noncapital expenditures.....	-	-	-	-	-	-	6.01%	5.48%	5.05%	5.43%

Note: Prior to fiscal year 2017, the Corporation was not blended with the Governmental Funds.

Revenue by Member Communities

Current Year and Nine Years Ago

Name	2020		2011	
	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue
Special Education				
Agawam	\$ 386,095	14%	\$ 957,271	24%
East Longmeadow	445,390	16%	572,531	14%
Hampden-Wilbraham	125,764	4%	863,652	22%
Longmeadow	458,352	16%	438,220	11%
Ludlow	198,406	7%	475,839	12%
Southwick Tolland Granville	14,784	1%	53,390	1%
West Springfield	615,816	22%	370,648	9%
Out of District	608,833	21%	228,257	6%
Total Special Education	\$ 2,853,440	100%	\$ 3,959,807	100%
Occupational Education				
Agawam	\$ 1,157,894	20%	\$ 758,365	21%
East Longmeadow	288,413	5%	220,915	6%
Hampden-Wilbraham	301,137	5%	280,265	8%
Longmeadow	203,586	4%	263,779	7%
Ludlow	648,930	11%	484,694	13%
Southwick Tolland Granville	950,067	17%	530,855	15%
West Springfield	1,234,237	21%	827,607	23%
Out of District	964,557	17%	246,047	7%
Total Occupational Education	\$ 5,748,821	100%	\$ 3,612,527	100%
Supplemental Services				
Agawam	\$ 71,162	6%	\$ 191,964	12%
East Longmeadow	33,083	3%	150,018	10%
Hampden-Wilbraham	32,142	3%	141,789	9%
Longmeadow	90,980	7%	68,806	4%
Ludlow	62,335	5%	117,915	8%
Southwick Tolland Granville	9,660	1%	53,095	3%
West Springfield	260,119	20%	210,540	14%
LPVEC & Misc	3,537	0%	-	0%
Out of District	715,947	56%	619,218	40%
Total Supplemental Services	\$ 1,278,965	100%	\$ 1,553,344	100%
Transportation Services				
Agawam	\$ 2,289,691	17%	\$ 2,023,323	19%
East Longmeadow	1,771,220	13%	403,557	4%
Hampden-Wilbraham	3,409,165	26%	2,707,760	25%
Longmeadow	969,765	7%	1,000,527	9%
Ludlow	1,933,667	15%	1,426,912	13%
Southwick Tolland Granville	-	0%	1,793	0%
West Springfield	2,837,507	21%	2,348,284	22%
LPVEC & Misc	37,144	0%	728,103	7%
Out of District	-	0%	-	0%
Total Transportation Services	\$ 13,248,159	100%	\$ 10,640,258	100%

Source: Collaborative finance department

Hampden County Principal Employers

Current Year and Nine Years Ago

Name	Nature of Business	City/Town	2020	2010
			Rank	Rank
Baystate Health System	Health Services	Springfield	1	1
University of Massachusetts Amherst	State University	Amherst	2	4
MassMutual Financial Services	Financial Services	Springfield	3	3
Big Y Supermarkets	Retail	Springfield	4	2
Westover Air Reserve Base	Military	Chicopee	5	7
MGM Springfield	Casino	Springfield	6	-
Mercy Medical Center	Health Services	Springfield	7	5
Berkshire Medical Center	Hospital	Pittsfield	8	6
Cooley Dickinson Hospital	Hospital	Northampton	9	8
Servicenet Inc.	Health Services	Northampton	10	-

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

Data for 2011 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
2011	\$ -	\$ 287,890	\$ -	\$ 3,561,361	\$ 3,849,251	652	\$ 5,904
2012	\$ 13,205,577	\$ -	\$ -	\$ 4,034,302	\$ 17,239,879	652	\$ 26,442
2013	\$ 12,551,472	\$ -	\$ -	\$ 2,458,779	\$ 15,010,251	648	\$ 23,164
2014	\$ 11,848,868	\$ -	\$ -	\$ 1,246,459	\$ 13,095,327	654	\$ 20,023
2015	\$ 11,141,471	\$ -	\$ -	\$ 417,345	\$ 11,558,816	634	\$ 18,232
2016	\$ 11,733,000	\$ -	\$ -	\$ 695,732	\$ 12,428,732	619	\$ 20,079
2017	\$ 11,268,000	\$ -	\$ -	\$ 1,382,227	\$ 12,650,227	596	\$ 21,225
2018	\$ 10,791,000	\$ -	\$ -	\$ 1,304,325	\$ 12,095,325	599	\$ 20,193
2019	\$ 10,341,000	\$ -	\$ -	\$ 749,585	\$ 11,090,585	539	\$ 20,576
2020	\$ 9,793,500	\$ -	\$ -	\$ 1,467,952	\$ 11,261,452	527	\$ 21,369

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Demographic and Economic Statistics										
Agawam:										
Population.....	28,438	28,438	28,438	27,438	27,438	28,438	28,438	28,438	28,438	28,438
Labor force.....	15,480	15,399	15,224	15,684	15,999	15,745	16,107	16,404	16,922	16,504
Unemployed.....	1,080	990	1,089	985	771	712	665	658	555	591
Unemployment rate.....	7.0%	6.4%	7.2%	6.3%	4.8%	4.5%	4.1%	4.0%	3.3%	3.6%
West Springfield:										
Population.....	28,391	28,391	28,391	28,391	28,391	28,137	28,391	28,391	28,391	28,391
Labor force.....	14,500	14,427	14,178	14,588	14,732	14,406	14,789	14,973	15,480	15,105
Unemployed.....	1,173	1,092	1,097	979	797	702	692	633	552	571
Unemployment rate.....	8.1%	7.6%	7.7%	6.7%	5.4%	4.9%	4.7%	4.2%	3.6%	3.8%
Hampden-Wilbraham Regional:										
Enrollment.....	3,545	3,420	3,356	3,356	3,356	3,138	3,107	3,061	3,057	3,005
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.....	21,103	21,103	21,103	21,103	21,103	21,103	21,348	21,352	21,331	21,336
Labor force.....	10,633	10,525	10,413	10,680	11,025	10,837	11,064	11,283	11,622	11,422
Unemployed.....	1,025	911	982	889	706	684	644	635	563	684
Unemployment rate.....	9.6%	8.7%	9.4%	8.3%	6.4%	6.3%	5.8%	5.6%	4.8%	6.0%
East Longmeadow:										
Population.....	15,720	15,720	15,720	15,720	15,720	15,720	15,839	15,839	16,156	16,200
Labor force.....	7,921	7,909	7,793	8,052	8,672	8,564	8,786	8,984	9,300	9,069
Unemployed.....	489	472	498	427	353	331	314	303	251	270
Unemployment rate.....	6.2%	6.0%	6.4%	5.3%	4.1%	3.9%	3.6%	3.4%	2.7%	3.0%
Southwick-Tolland-Granville Regional:										
Enrollment.....	N/A	N/A	N/A	N/A	N/A	N/A	1,549	1,519	1,511	1,486
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.....	15,784	15,784	15,784	15,784	15,784	15,633	15,784	15,784	15,784	15,784
Labor force.....	7,690	7,675	7,579	7,796	8,147	7,995	8,186	8,337	8,614	8,353
Unemployed.....	389	369	413	365	287	267	261	236	202	194
Unemployment rate.....	5.1%	4.8%	5.4%	4.7%	3.5%	3.3%	3.2%	2.8%	2.3%	2.3%

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Full-Time Equivalents</u>										
Administration.....	23	23	21	21	21	21	11	11	13	12
Special Education.....	76	74	80	71	71	67	44	41	38	33
Occupational Education.....	39	39	39	44	50	44	46	46	46	44
Supplemental Services.....	5	5	6	4	7	7	25	24	24	28
Transportation.....	<u>247</u>	<u>236</u>	<u>264</u>	<u>272</u>	<u>238</u>	<u>239</u>	<u>259</u>	<u>228</u>	<u>251</u>	<u>249</u>
Total	<u>390</u>	<u>377</u>	<u>410</u>	<u>412</u>	<u>387</u>	<u>378</u>	<u>385</u>	<u>350</u>	<u>372</u>	<u>366</u>

Source: Collaborative finance department

Operating Indicators

Last Ten Years

<u>Enrollment</u>	Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Occupational Education Enrollment by District:										
Agawam.....	92	116	123	102	114	113	114	107	91	78
East Longmeadow.....	26	20	23	20	28	28	23	24	26	21
Hampden/Wilbraham.....	29	25	19	16	18	18	32	27	21	23
Longmeadow.....	27	26	15	14	15	15	15	17	16	16
Ludlow.....	51	50	40	45	42	42	52	54	45	55
Southwick/Tolland.....	64	67	69	70	66	65	63	77	72	75
West Springfield.....	93	88	98	125	98	93	74	93	99	104
Non Member Communities.....	92	84	87	85	98	98	92	88	74	83
Total Occupational Educational Enrollment.....	474	476	474	477	479	472	465	487	444	455
Special Education Enrollment by Program:										
Alternative High School.....	5	6	8	6	5	*	*	*	*	*
Alternative High School "Brush Hill Academy".....	32	30	45	59	52	33	28	21	7	*
Autism Elementary Program.....	N/A	N/A	N/A	N/A	N/A	4	6	9	5	5
Autism Middle Program.....	N/A	N/A	N/A	N/A	N/A	10	8	10	7	4
Autism High Program.....	4	5	5	5	6	5	5	6	8	6
Asperger Compass Middle School.....	5	8	6	6	8	10	4	3	5	4
Asperger Compass High School.....	5	6	8	8	6	5	12	6	7	*
Career Prep Program.....	8	8	6	10	10	9	10	10	6	10
Career Skills Program.....	12	11	10	11	8	10	7	8	10	7
Elementary Developmental Classroom.....	4	5	5	5	-	*	*	*	*	*
Elementary and Secondary Transitional I.....	6	6	4	6	5	*	*	*	*	*
Elementary and Secondary Transitional II.....	6	5	4	4	-	-	*	*	*	*
Integrated Occupational Preparation.....	52	37	28	20	21	27	29	22	22	16
Prevocational Preparation.....	4	4	6	5	7	-	*	*	*	*
Secondary Developmental.....	8	7	6	4	7	6	*	*	*	*
Twain High School.....	11	12	12	14	8	14	13	12	11	14
Vocational Preparation I.....	9	9	6	8	7	10	9	5	7	6
Vocational Preparation II.....	7	10	8	-	-	-	-	-	-	-
Transitions Program.....	-	7	7	6	5	4	*	*	*	*
Total Special Education Enrollment.....	178	176	174	177	155	147	131	112	95	72
Total Enrollment.....	652	652	648	654	634	619	596	599	539	527
Staffing Levels										
Teachers and Instructional Staff.....	101	101	103	109	109	110	108	104	80	77
Administration.....	18	18	17	21	24	24	24	30	36	34
Classified Employees:										
Clerical Staff.....	9	9	10	10	11	8	3	3	3	3
Maintenance.....	2	2	3	2	2	2	2	2	2	2
IT Staff.....	5	5	4	5	5	5	2	3	1	1
Transportation Services.....	247	247	239	237	243	238	239	243	228	249
Total Regular Staff.....	382	382	376	384	394	387	378	385	350	366

NA - Information not available

* - Program closed

Source: Finance Department

Capital Asset Statistics

	<u>Town/Location</u>	<u>Year Acquired</u>	<u>Square Footage</u>	<u>% Occupied</u>
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):				
Cambridge Glenbrook Modular in Longmeadow..	Longmeadow	2006	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, 2020

		Page(s) in financial statements
(A) Voted Cumulative Surplus as of June 30, 2019.....	\$ 3,286,332	2019 CAFR page 110
(B) 1. Amount of (A) used to support the FY2020 budget.....	\$ 3,622,320	N/A
2. Amount of (A) returned to member districts.....	<u>(700,000)</u>	N/A
Subtotal.....	<u>2,922,320</u>	
Prior year cumulative surplus less amounts used or returned.....	\$ <u>364,012</u>	
(C) 1. Unassigned FY2020 General Funds.....	2,924,514	2020 CAFR page 36
2. Unexpended FY2020 Enterprise Funds (modified accrual basis).....	<u>1,747,338</u>	*
(D) Cumulative Surplus as of June 30, 2020.....	\$ <u>4,671,852</u>	
(E) Fiscal year 2020 General Fund Expenditures.....	16,093,802	2019 CAFR page 38
Fiscal year 2020 Enterprise Fund Expenditures (modified cash basis).....	<u>12,468,974</u>	**
	<u>28,562,776</u>	
(F) Cumulative Surplus Percentage.....	<u>16%</u>	

* The modified accrual balance for the Enterprise Funds consist of investments, receivables, payables, other liabilities, and due to/from other funds which can be identified on page 40 of the 2020 CAFR.

** The full accrual expenses reported in the 2020 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

Effective July 1, 2017, the Collaborative restructured operating leases with the Corporation for the use of various facilities in their programs. Lease payments made to the Corporation during 2020 totaled \$1,020,000.

Under the new terms, all of the operating leases will expire on June 30, 2022 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
2021.....\$	730,000	\$ 290,000	\$ 1,020,000
2022.....	730,000	290,000	1,020,000
Total lease payments.....\$	<u>1,460,000</u>	<u>\$ 580,000</u>	<u>\$ 2,040,000</u>

During 2020, the Collaborative contributed for expenditures related to the Municipal Medicaid reimbursement program (Front Street Building) and the Elevator Renovation project (Brush Hill Building) totaling \$342,437 and \$654,417, respectively.

Total payments from the Collaborative to the Corporation during year 2020 are as follows:

Purpose	Amount
Operating Leases.....\$	1,020,000
Municipal Medicaid Reimbursement Program....	342,437
Elevator Renovations.....	654,417
Total lease payments.....\$	<u>2,016,854</u>

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

The Collaborative’s transportation enterprise fund has entered into several lease agreements to finance the acquisition of vehicles and buses. 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 cost of assets acquired through capital leases totaled \$3,310,902, and the accumulated depreciation on those assets totaled \$1,346,813.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2020 are listed below:

Years ending June 30:	Business-Type Activities
2021.....	\$ 609,203
2022.....	373,179
2023.....	274,175
2024.....	<u>274,176</u>
Total minimum lease payments.....	1,530,733
Less: amounts representing interest.....	<u>(62,781)</u>
Present value of minimum lease payments... \$	<u><u>1,467,952</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 December 31, 2019 as reported on IRS form W-2, Wage and Tax Statement:

Name	General Duties	Compensation
Andrew Churchill.....	Executive Director.....	\$ 170,315
Anna Bishop.....	Director of Finance.....	134,145
Christine Shea.....	Data Specialist.....	128,994
Zachary Smith.....	Data Specialist.....	123,277
Donald Jarvis.....	Director of Occupational Education.....	<u>123,108</u>
	Total.....	<u><u>\$ 679,839</u></u>

NOTE 4 – ADMINISTRATION AND OVERHEAD

For year ended June 30, 2020, the Collaborative expended approximately \$1,204,922 for amounts related to administration and \$1,372,737 for amounts related to overhead.

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

At June 30, 2020, 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 2020, the Collaborative did not provide services for individuals aged 22 years and older.

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.