

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

WEST SPRINGFIELD, MASSACHUSETTS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2021



Lower Pioneer Valley Educational Collaborative

West Springfield, Massachusetts

Annual Comprehensive Financial Report

For the Year
July 1, 2020 through June 30, 2021



Prepared by the Finance Department

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2021

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Introductory Section



Students medal winners from the MA Skills USA district conference.

Introductory Section

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December 15, 2021

Letter of Transmittal

State law requires the Lower Pioneer Valley Educational Collaborative to publish at the close of each fiscal 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 Annual Comprehensive Financial Report (ACFR) of the Lower Pioneer Valley Educational Collaborative, for the fiscal year ending June 30, 2021, 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 with regard to the finances of the Lower Pioneer Valley Educational Collaborative. Management therefore 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, 2021, 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, 2021, 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 (ESA) 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 (ASBO) 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 501(c) (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, Longmeadow, Ludlow, Southwick-Tolland-Granville Regional, and West Springfield. In addition to serving its member districts, the Collaborative also provides services to school districts and municipalities throughout 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, our 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 and Operations 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 19,217 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 2021. Enrollment in special education programs for students in elementary, secondary, and transition programs varies; it was 59 in 2021. The Collaborative offers educational

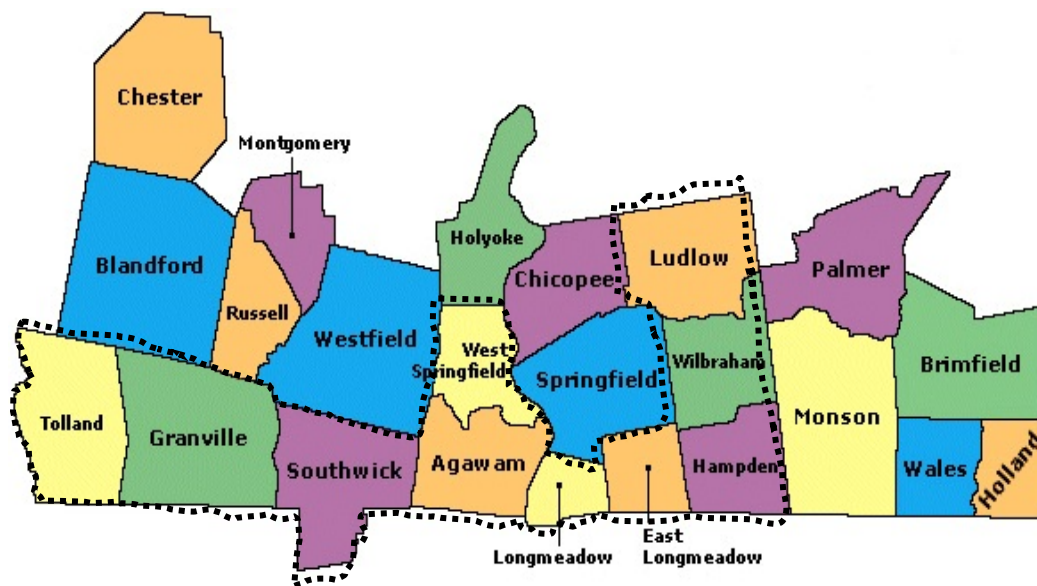
programs for a wide range of learners at the elementary and secondary levels. Educational programs at the Collaborative focus on Career and Technical Education and Special/Alternative Education.

The Career and Technical Education Center (CTEC) offers eleven Chapter 74-approved career and technical education programs including a cooperative education program. The Special/Alternative Education department provides services to students aged 6 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 3,508 students
- East Longmeadow:* PreK-12 district serving 2,404 students
- Hampden-Wilbraham Regional:* PreK-12 district serving 2,865 students
- Longmeadow:* PreK-12 district serving 2,751 students
- Ludlow:* PreK-12 district serving 2,383 students
- Southwick-Tolland-Granville Regional:* PreK-12 district serving 1,393 students
- West Springfield:* PreK-12 district serving 3,913 students

COLLABORATIVE PROGRAMS

CAREER AND TECHNICAL EDUCATION PROGRAM – The Lower Pioneer Valley Educational Collaborative Career and Technical Education Center (CTEC), located at 174 Brush Hill Avenue in West Springfield, MA, provides career and technical education programs for high school students in our member districts and surrounding communities. CTEC programs are recognized career pathways as defined by the Carl D. Perkins Vocational and Applied Technology Act of 1990 and 1998 and reauthorized in 2006.

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

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

ADVANCE MANUFACTURING – The Advance Manufacturing, an approved Chapter 74 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 program offers students the opportunity to experience the latest technology in the machine tool industry. Advanced Manufacturing Technology students receive training through hands-on experience that replicates operations used in industry. Metal parts are produced using lathes, millers, surface grinders, and Computerized Numerical Control machines. Students are introduced to the principle of machining using a ProtoTrak Knee Mill. Students will create programs using Cartesian coordinate systems of measurement and are introduced to basic CAD programs using Solid Works, as well as speed and feed, and basic math formulas.

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). Students in the Automotive Technology program have the opportunity to prepare for technician certification by the nationally recognized ASE.

BUILDING/PROPERTY MAINTENANCE – The Building/Property Maintenance program is an approved Chapter 74 competency-based program designed to introduce students to the many facets of building and property maintenance: interior, exterior, seasonal grounds and lawn care. The curriculum aligns with the Massachusetts Department of Education Vocational Technical Education Frameworks - Construction Cluster – Building/Property Maintenance. Students are introduced to a cross-section of hands-on training in basic skills related to building/property maintenance including: carpentry, floor care, landscaping, painting, also basic plumbing repairs such as faucets and toilets, with an emphasis on safe work practices, employability skills and safety. Safety within the curriculum includes the use of appropriate hand and power tools in conjunction with industry standards. Students learn preventative maintenance and repair techniques of small engines and power tools.

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). Students will advance through the curriculum learning modular layout techniques for residential concrete installation and wood framing. Hands-on practice is combined with related written and computational skills such as, but not limited to, cost estimating, blueprint reading and materials take-off calculation. Students combine this curriculum with manipulative skills development associated with shop tools

through a series of on-campus projects such as personal toolboxes, sawhorses, etc.

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 1,000 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) that prepares students for careers in hotels, restaurants, resorts, institutions, and corporations. The program builds on a foundation of basic knowledge, skills, attitudes, behaviors, and work habits needed to be successful in this demanding industry. 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.

EARLY EDUCATION AND CARE – Early Education and Care, an approved Chapter 74 program, is a growing and ever changing field which includes the care and teaching of children from birth through age 7. The Early Education and Care program at CTEC is a comprehensive 3-year program in which students will experience a combination of classroom instruction and hands on experience with children from ages 6 weeks through 6 years of age. Students in our program will understand and be familiar with many aspects of child development from infancy through elementary school years. They will be well versed in health and safety topics pertaining to children and become knowledgeable about current events and developments in the early childhood field. Upon completion of the program, they will have a thorough understanding of early childhood math and science concepts, music, movement, art, creativity and understand the ways in which children learn. Students will have classroom experience where they will interact with children and facilitate learning under the guidance of experienced teachers and their classroom instructors.

GRAPHIC AND VISUAL DESIGN – Graphic and Visual Design is a Chapter 74 approved program that is competency based and certified by Print[ED] and is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks–Arts & Communications Service Cluster. Graphic and Visual Design 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 or simulated projects. Print[ED] is a national accreditation program based on industry standards for graphic communications courses of study at the secondary and post-secondary levels and is a component of the Graphic Arts Education and Research Foundation (GAERF®). Students are assessed on industry standard competencies developed by Print[ED].

HEALTH ASSISTING – The Health Assisting Program, an approved Chapter 74 program, is a comprehensive competency-based course that is designed to help students develop the skills needed to meet with success in the workplace. The program introduces the students to the career opportunities in the field of healthcare as well as providing an opportunity to become proficient in performing the clinical skills necessary to work in a healthcare environment. Emphasis is placed on specific Nursing Assistant duties and on the concepts pertaining to the psychosocial aspect of caregiving. Students receive a strong academic foundation as well as experiencing externships where they can practice their skills in a real world setting under the supervision of experienced medical professionals. Students become First Aid, CPR, and AED certified prior to participating in on-site clinical rotations through the nursing and rehabilitative centers and a local hospital. Students are exposed to a vast array of careers in healthcare through both their clinical rotations in different healthcare departments and their numerous field trips to various healthcare facilities and settings.

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 Home Health Aide (HHA) testing site and by the Department of Public Health as a Feeding Assistant testing site. The program focuses on safe and effective performance of the student providing clinical care in a healthcare setting.

INFORMATION SUPPORT SERVICES AND NETWORKING – The Information Support Services and Networking program is a Chapter 74 competency-based approved program designed to provide students with entry-level skills in personal computer maintenance and repair, data communications, and networking. The curriculum aligns with the Massachusetts Department of Education Vocational Technical Education Frameworks. Students are taught the basic skills needed to install, troubleshoot, and repair computer system as it prepares students for the Comp-TIA A+ technician certification as well as the Cisco CCENT certification. Included in the program are some fabrication skills along with troubleshooting and repair. Students will have practical knowledge of analog and digital electronics, as well as competencies with tools and test equipment.

The Information Support Services and Networking program utilizes the Cisco Networking Academy curriculum to provide students with a solid background in the field of data communications. Which includes network design, routing and switching, and network maintenance and operation. Some Topics include the OSI model, internetworking devices, IP addressing, LAN media and topologies, structured cabling, PC hardware and software, cable management techniques, and the use of test equipment. In addition, students develop the critical skills needed to succeed in a changing economy: math, science, problem-solving, reading, and writing.

LANDSCAPING TECHNOLOGY/HORTICULTURE – The Landscaping Technology/Horticulture program is a Chapter 74 approved program aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Agriculture and Natural Resources Cluster – Horticulture that 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. The program emphasizes knowledge of plant science as a foundation to all career areas. Students learn while using equipment and materials that represent industry standards. Project based learning activities, residential landscaping projects, greenhouse sales, and floral projects provide experiences for students to reinforce, practice skills, and knowledge learned in the classroom setting.

The classroom environment is geared towards preparing students for the world of work with a respect to a sound work ethic, attitude, professionalism, and teamwork. Leadership and personal development skills are promoted through involvement in the Future Farmers of American (FFA) student organization.

TECHNICAL CAREER EXPLORATORY – The Technical Career Exploratory is an introductory program designed to introduce 9th grade students to the career/vocational technical educational options available at the Lower Pioneer Valley Career and Technical Education Center (Career TEC). The first three weeks of the course are an introduction to Career TEC. Upon completion of shop explorations, during which students become part of the existing program for approximately three weeks, a final shop selection is made to complete the school year. Final placement is determined by an overall review of attendance, grades and discipline in all shop explorations. Grades for all exploratory students is determined by classwork/graded assignments (20%), shop projects (30%) and daily grade rubric (50%). The daily grade rubric includes preparedness, participation, following directions, task completion, and conduct.

Students must give their best effort in all shops explored in order to have the best chance to be placed in the final shop of their choosing. The number of existing openings that are available also determines final placement.

COOPERATIVE EDUCATION PROGRAM – LPVEC CTEC is a proud member of a large statewide network of high schools that offer students opportunities for career preparation. The Cooperative Education program is network that is led by the Commonwealth’s Connecting Activities initiative, which is managed by the MA Department of Elementary and Secondary Education. It enables our school to connect with our regional workforce system, and through it, to many local businesses that support our education enterprise. Our partnership with the Connecting Activities initiative is one of the primary avenues offering career development opportunities for our students.

The Cooperative Education (CO-OP) Program at LPVEC CTEC is designed to give second year students the opportunity to extend their learning experience into the world of work, whereby the student is placed into a paid position during shop hours. The CO-OP program prepares students for both college and career in a seamless and integrated way equipping them with the knowledge, skills and experiences they need to take ownership over their plans after high school. CO-OP helps our students see the connections between the academic learning that they do in the classroom and the application of that knowledge out in the workforce. This body of learning is therefore a part of our Program of Study. Student's co-op gains and achievements are assessed using the Work-Based Learning Plan endorsed by the Massachusetts Department of Education in collaboration with the Massachusetts School to Career System.

All second-year students at LPVEC CTEC, upon the recommendation of their instructor, and who are in good standing in their career/vocational technical program are invited to participate in the CO-OP Seminars. The CO-OP Seminar is aligned with the Vocational Technical Education Frameworks Strand 4: Employability Knowledge and Skills giving students the opportunity to develop employability skills to secure and maintain employment in a chosen field.

SPECIAL EDUCATION PROGRAMS – LPVEC provides services to students age 6 to 22 years who demonstrate a wide variety of exceptional learning needs including adjustment and behavioral problems, learning disabilities, Autism Spectrum, and developmental disabilities. Students are referred to LPVEC for services when they present needs for specially-designed instruction that cannot be delivered effectively within their home districts. As of October 1, 2020, 55 special needs students were enrolled in 9 LPVEC special education programs. The Twain, Temporary Alternative, and Integrated Occupational Preparation programs are located at LPVEC’s Brush Hill Avenue headquarters in West Springfield. All other LPVEC special education programs are located in classrooms within the public schools of the member school districts. LPVEC Special and Alternative Education Programs include:

COMPASS ELEMENTARY

Level: Grades 1-5

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. Staff work diligently under the direction of a Board Certified Behavior Analyst (BCBA) using principles of Applied Behavior Analysis (ABA) to identify and reduce maladaptive behaviors with replacement behaviors. A variety of functional behavior assessments are utilized in order to inform positive behavior intervention plans. Staff work closely with families and outside providers to aide in the generalization of skills and facilitate student growth.

COMPASS MIDDLE PROGRAM

Level: Grades 6-8

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. Staff work diligently under the direction of a BCBA using principles of ABA to identify and reduce maladaptive behaviors with replacement behaviors. A variety of functional behavior assessments are utilized in order to inform positive behavior intervention plans. Staff work closely with families and outside providers to aide in the generalization of skills and facilitate student growth.

COMPASS HIGH PROGRAM

Level: Grades 9-12 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. Staff work diligently under the direction of a BCBA using principles of ABA to identify and reduce maladaptive behaviors with replacement behaviors. A variety of functional behavior assessments are utilized in order to inform positive behavior intervention plans. Staff work closely with families and outside providers to aide in the generalization of skills and facilitate student growth. LPVEC staff work with students and their community to facilitate a smooth transition to adult living.

STUDENTS TRANSITIONING, EXPLORING, AND PROGRESSING (STEP I)

Level: Grades 9-12

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

Program Description: The STEP 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 STEP 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 (STEP II)

Level: Grades 9-12 to Age 22

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

Program Description: The STEP 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 (CREST)

Level: Grades 9-12

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.

INTEGRATED OCCUPATIONAL PREPARATION (IOP)

Level: Grades 9-12

Program Description: The IOP Program provides opportunities for students that demonstrate a wide variety of learning differences requiring individualized support to access the curriculum. This program combines academic instruction with career and technical education. Students are also exposed to employability coursework and social skills development. Students have the opportunity to access the Career and Technical Education Center within the building as part of their academic day.

For students which the CTEC component is not appropriate, there is a full day IOP curriculum focusing on life and career readiness. Students in both options have access to counselors and a variety of therapeutic interventions while in attendance including individual and group counseling.

TRANSITIONAL ALTERNATIVE PROGRAM (TAP)

Level: Middle School and High School, Grades 6-12

Program Description: The TAP program is designed to provide temporary educational instruction while students are transitioning between placements or suspended from current programming. TAP is a highly supervised and structured placement that provides clear and consistent behavioral and academic expectations. Students may be placed in TAP for the duration of an external suspension with academic work, including any materials needed, to be provided by the sending district. Students have access to computers if needed at any time for academic purposes. Students in the TAP program also have the opportunity to participate in physical education classes.

TWAIN

Level: Grades 9-12

Program Description: The Twain Program is an approved 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. The academic day is structured with few transitions and an emphasis on emotional and behavioral regulation. This environment allows for methodology and delivery of instruction to be individualized to meet each student at his/her current level. Therapeutically, students have access to a multisensory approach to learning. Students have access to counselors and a variety of therapeutic interventions while in attendance including individual and group counseling. Consultation and direct services are provided by a BCBA, social worker, and LMHC programmatically. Staff work closely with families and outside providers to facilitate the stabilization process.

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 266 drivers and monitors and operates over 220 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 60 school districts and municipalities. This project generated over \$5,077,689 million in federal reimbursement funds to the participating districts in 2021. 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, 22 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 administrators and faculty to ensure high quality, culturally responsive curriculum and teaching. The following are included services:

- Job-alike Groups - Professional Learning Communities for Member District's Curriculum Directors and Instructional Coaches;
- Engage in curriculum review, development, alignment, and recommendations that fulfill LPVEC programs and member districts' needs, as well as DESE requirements;
- Professional development, creation, implementation, and assessment for LPVEC programs and member districts;
- Identify and facilitate grant funding opportunities and collaborate to submit successful applications for LPVEC and member districts;
- First-year induction and second and third year Mentoring Program development and oversight;
- Teacher Evaluation System oversight and Vector Solutions Management, and
- Statewide assessment oversight e.g., MCAS and ACCESS testing.

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 2021 budget adopted on June 17, 2020, by the Board of Directors is \$25,329,965. This amount represents a \$1,525,360 or 6.41% increase from the 2020 budget. The 2021 budget included the expansion of transportation services for an additional member district. An additional 19 routes were added in our regular transportation services and an additional 7 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 the Glenbrook Middle School Program and 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 16.3% increase in Regular Needs Transportation (RNT) and the 10.97% increase in Special Needs Transportation (SNT) is primarily due to salary and fringe benefit costs increases and fleet maintenance, as well as the addition of Southwick. As a result, districts recognized an increase in their transportation assessments of \$1,595,546 or 14.28%. The 24.5% decrease in Summer Transportation is also primarily due to the reorganization of LPVEC's fleet utilization.

Municipal Medicaid Reimbursement – The 6.77% increase in Municipal Medicaid Reimbursement Services is primarily attributed to the addition of one FTE to fulfill new government program mandates.

Contracted Services – The 10.67% 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 2020-2021 fiscal year, fringe benefits and salaries accounted for 57.1% of expenditures in the overall budget. The increase in personnel costs from 2020 to 2021 is \$941,579 or 7%. Salaries for 2021 were budgeted assuming a 2% increase. Costs associated with providing employee healthcare are expected to increase as 2021 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 Annual Comprehensive Financial Report for the year ended June 30, 2020. This was the 8th consecutive year that the Collaborative has achieved this prestigious award. In order to be awarded this Certificate of Achievement, an entity must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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 2021.

The preparation of this ACFR would not have been possible without the efficient and dedicated services of the entire financial and administrative 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,



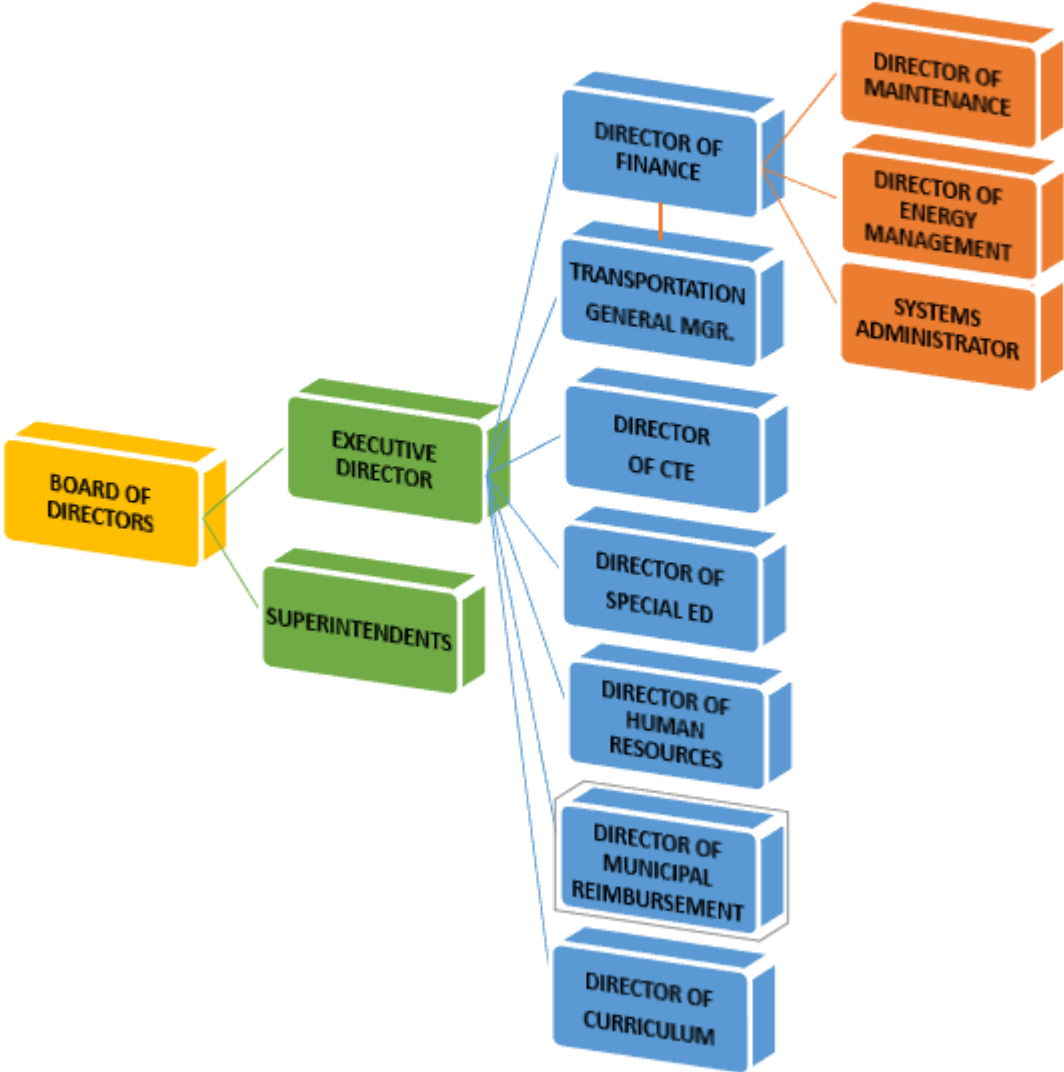
Roland R. Joyal Jr.
Executive Director



Anna M. Bishop
Director of Finance and Operations

LPVEC ORGANIZATIONAL CHART

FY2021





(As of June 30, 2021)

Principal Executive Officers

Roland R. Joyal Jr., Executive Director

Anna M. Bishop, Director of Finance and Operations

Donald Jarvis, Director of Occupational Education

Karina L. Monroe, Director of Curriculum, Instruction and Assessment

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. Lisa Murray

Longmeadow: Ms. Mary Keane

Ludlow: Mr. Jeffrey Laing

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 ● Facilities



Government Finance Officers Association

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Achievement
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Presented to

**Lower Pioneer Valley Educational Collaborative
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

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, 2021, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2021, 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 15, 2021, 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 15, 2021

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, 2021. 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 \$4.6 million at the close of fiscal year 2021. This represents an overall decrease in net position of \$549,000. 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:

	2021	2020 (As Revised)
Assets:		
Current assets.....	\$ 8,567,058	\$ 7,892,275
Capital assets, nondepreciable.....	2,744,788	2,744,788
Capital assets, net of accumulated depreciation....	15,620,777	16,128,108
Total assets.....	26,932,623	26,765,171
Deferred outflows of resources.....	1,192,450	1,741,665
Liabilities:		
Current liabilities (excluding debt).....	2,212,056	1,727,070
Noncurrent liabilities (excluding debt).....	10,530,225	9,662,919
Current debt.....	533,250	519,000
Noncurrent debt.....	8,741,250	9,274,500
Total liabilities.....	22,016,781	21,183,489
Deferred inflows of resources.....	1,501,099	2,167,102
Net position:		
Net investment in capital assets.....	9,091,065	9,079,396
Unrestricted.....	(4,483,872)	(3,923,151)
Total net position.....	\$ 4,607,193	\$ 5,156,245
	2021	2020 (As Revised)
Program Revenues:		
Charges for services.....	\$ 2,820,208	\$ 3,038,615
Operating grants and contributions.....	6,600,914	7,180,236
General Revenues:		
Member district assessments.....	7,228,255	7,332,825
Unrestricted investment income.....	4,986	11,622
Miscellaneous.....	12,753	7,006
Total revenues.....	16,667,116	17,570,304
Expenses:		
Administration.....	3,018,868	3,962,145
Special Education.....	3,676,112	3,761,635
Occupational Education.....	6,082,325	5,855,240
Supplemental Services.....	3,002,932	3,107,404
Unallocated Depreciation.....	1,070,306	1,042,751
Interest.....	365,625	386,406
Total expenses.....	17,216,168	18,115,581
Excess (Deficiency) before special item.....	(549,052)	(545,277)
Special item - Refunds to member districts.....	-	(200,000)
Change in net position.....	(549,052)	(745,277)
Net position, beginning of year (as revised).....	5,156,245	5,901,522
Net position, end of year.....	\$ 4,607,193	\$ 5,156,245

Beginning net position for governmental activities has been revised to reflect the implementation of GASB Statement #84. Accordingly, previously reported net position of \$5,109,541 has been revised to \$5,156,245 (see Note 17 for additional information.)

Net position of approximately \$9.1 million reflects the Collaborative’s investment in capital assets (e.g., land, buildings, 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 \$4.5 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 \$120,000.

Member district assessments and charges for services decreased by \$105,000 and \$218,000, respectively, which was mainly related to decreases in enrollments. Operating grants and contributions decreased by \$579,000, which mainly related to a \$300,000 decrease in the required recognition of revenue for payments made by the state retirement system on behalf of the Collaborative. Expenses decreased by approximately \$900,000, which was mainly related to a \$943,000 decrease in administration. This was mainly attributable to a \$300,000 decrease for payments made by the state retirement system on behalf of the Collaborative, as well as an increase in administrative costs applied to other programs.

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 \$8.3 million at the close of year 2021. Key components of the Collaborative’s business-type financial position are listed as follows:

	2021	2020
Assets:		
Current assets.....	\$ 3,835,725	\$ 1,802,709
Capital assets, net of accumulated depreciation....	2,358,873	2,725,014
Total assets.....	6,194,598	4,527,723
Deferred outflows of resources.....	1,411,647	2,061,820
Liabilities:		
Current liabilities (excluding debt).....	1,040,379	629,397
Noncurrent liabilities (excluding debt).....	13,044,439	12,161,013
Total liabilities.....	14,084,818	12,790,410
Deferred inflows of resources.....	1,777,034	2,565,462
Net position:		
Net investment in capital assets.....	1,108,879	1,257,062
Unrestricted.....	(9,364,486)	(10,023,391)
Total net position.....	\$ (8,255,607)	\$ (8,766,329)

	2021	2020
Program Revenues:		
Charges for services.....	\$ 14,099,050	\$ 13,248,160
Expenses:		
Transportation.....	12,409,392	12,973,639
Excess (Deficiency) before special item.....	1,689,658	274,521
Special item - Refunds to member districts.....	(1,178,936)	(500,000)
Change in net position.....	510,722	(225,479)
Net position, beginning of year.....	(8,766,329)	(8,540,850)
Net position, end of year.....	\$ (8,255,607)	\$ (8,766,329)

Business-type net position of \$1.1 million represents net investment in capital assets. The remaining \$9.4 million deficit balance of unrestricted net position is largely due to the recognition of a \$12.3 million liability associated with the Transportation fund's net other postemployment benefits liability.

There was an increase of \$851,000 in operating revenue, and a decrease in operating expenses totaling \$596,000, which were offset by payments made for credits back to member districts totaling \$1.2 million. The increase in revenues is due to the expansion of transportation services for an additional member district. The decrease in expenses is mainly related to employee turnover. Overall there was an increase in net position of \$511,000.

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 \$6.5 million, a net increase of \$187,000 from the prior year. The general fund increased by \$17,000; the grants fund increased by \$28,000; the Lower Pioneer Valley Educational Corporation major fund increased by \$120,000; and the nonmajor governmental funds 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 \$2.0 million while total fund balance equaled \$3.3 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 14% of total general fund expenditures, while total fund balance represents 22% of that same amount. The general fund increased by approximately \$17,000 in 2021 in comparison to a decrease of \$1.1 million in 2020. This was largely due to a decrease in payments out of the general fund to the Corporation for costs associated with ongoing renovation and repairs projects, which were completed in the

current year, as well as a decrease in on-behalf payments made by the state retirement system. Additionally, in the prior year the general fund recorded refunds to member districts, which did not occur in the current year.

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 an ending balance totaling approximately \$28,000, which represents federal grants received but not yet spent.

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 \$2.6 million, an increase of \$120,000, 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 building rental program. Due to the implementation of GASB Statement #84, previously reported fund balance in the nonmajor governmental funds totaling \$506,627 was revised to \$553,331.

General Fund Budgetary Highlights

The Collaborative's 2021 original operating budget consisted of approximately \$10.3 million in current appropriations and anticipated assessments, including a \$315,000 carryover from the prior year for the use of fund balance. During the year, appropriations were increased through an additional \$1.7 million use of fund balance. The majority of this was for various capital project expenditures in the general fund. 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 \$401,000 and expenditures were under budget by a total of \$1.2 million and \$757,000 was spent directly from amounts appropriated from fund balance, for an ending budgetary surplus of \$17,000. From the appropriated use of unreserved fund balance, \$1.2 million has been reserved for spending in fiscal year 2022.

Capital Asset and Debt Administration

The Collaborative's capital assets totaled \$20.7 million as of June 30, 2021, which includes over \$17.8 million in assets of the Lower Pioneer Valley Educational Corporation blended component unit. Collectively the Collaborative acquired approximately \$1.4 million in capital assets in year 2021. 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 \$9.3 million in long-term bonds payable which all related to debt held by the blended Corporation component unit.

In 2021, the Collaborative acquired a new capital lease obligation totaling \$543,000 and recorded \$761,000 in principal payments on capital leases.

On June 16, 2021, the Board voted to return \$1,178,936 back to the member communities, which was distributed by each member district's percentage of use by service area. The total amount of \$1,178,936 was paid from the transportation budget.

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, 2021

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 674,723	\$ 287,914	\$ 962,637
Investments.....	6,853,930	3,313,089	10,167,019
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	8,719	-	8,719
Intergovernmental.....	1,027,471	164,730	1,192,201
Inventory.....	-	69,992	69,992
Other assets.....	2,215	-	2,215
Total current assets.....	8,567,058	3,835,725	12,402,783
NONCURRENT:			
Capital assets, nondepreciable.....	2,744,788	-	2,744,788
Capital assets, net of accumulated depreciation.....	15,620,777	2,358,873	17,979,650
Total noncurrent assets.....	18,365,565	2,358,873	20,724,438
TOTAL ASSETS.....	26,932,623	6,194,598	33,127,221
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other postemployment benefits.....	1,192,450	1,411,647	2,604,097
LIABILITIES			
CURRENT:			
Warrants payable.....	294,140	419,286	713,426
Accrued payroll.....	557,310	37,426	594,736
Accrued interest.....	29,292	-	29,292
Other liabilities.....	1,259,623	-	1,259,623
Capital lease obligations.....	-	545,046	545,046
Compensated absences.....	71,691	38,621	110,312
Bonds payable.....	533,250	-	533,250
Total current liabilities.....	2,745,306	1,040,379	3,785,685
NONCURRENT:			
Capital lease obligations.....	-	704,948	704,948
Compensated absences.....	123,250	19,493	142,743
Net other postemployment benefits liability.....	10,406,975	12,319,998	22,726,973
Bonds payable.....	8,741,250	-	8,741,250
Total noncurrent liabilities.....	19,271,475	13,044,439	32,315,914
TOTAL LIABILITIES.....	22,016,781	14,084,818	36,101,599
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other postemployment benefits.....	1,501,099	1,777,034	3,278,133
NET POSITION			
Net investment in capital assets.....	9,091,065	1,108,879	10,199,944
Unrestricted.....	(4,483,872)	(9,364,486)	(13,848,358)
TOTAL NET POSITION.....	\$ 4,607,193	\$ (8,255,607)	\$ (3,648,414)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

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.....	\$ 3,018,868	\$ 339,075	\$ 3,340,901	\$ -	\$ 661,108
Special education.....	3,676,112	710,105	509,988	-	(2,456,019)
Occupational education.....	6,082,325	952,981	1,216,354	-	(3,912,990)
Supplemental services.....	3,002,932	818,047	1,533,671	-	(651,214)
Unallocated depreciation.....	1,070,306	-	-	-	(1,070,306)
Interest.....	365,625	-	-	-	(365,625)
Total Governmental Activities.....	17,216,168	2,820,208	6,600,914	-	(7,795,046)
<i>Business-Type Activities:</i>					
Transportation.....	12,409,392	14,099,050	-	-	1,689,658
Total Primary Government.....	\$ 29,625,560	\$ 16,919,258	\$ 6,600,914	\$ -	(6,105,388)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(7,795,046)	1,689,658	(6,105,388)
<i>General revenues:</i>			
Member district assessments.....	7,228,255	-	7,228,255
Unrestricted investment income.....	4,986	-	4,986
Miscellaneous.....	12,753	-	12,753
<i>Special item - Refunds to member districts</i>	-	(1,178,936)	(1,178,936)
Total general revenues and special item.....	7,245,994	(1,178,936)	6,067,058
Change in net position.....	(549,052)	510,722	(38,330)
<i>Net position:</i>			
Beginning of year (as revised).....	5,156,245	(8,766,329)	(3,610,084)
End of year..... \$	<u>4,607,193</u>	<u>(8,255,607)</u>	<u>(3,648,414)</u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	Grants Funds	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 100,582	\$ -	\$ 833	\$ 573,308	\$ 674,723
Investments.....	4,258,058	-	2,595,872	-	6,853,930
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	8,719	8,719
Intergovernmental.....	570,853	456,618	-	-	1,027,471
Due from other funds.....	396,206	-	-	-	396,206
Other assets.....	2,215	-	-	-	2,215
TOTAL ASSETS.....	\$ 5,327,914	\$ 456,618	\$ 2,596,705	\$ 582,027	\$ 8,963,264
LIABILITIES					
Warrants payable.....	\$ 260,593	\$ 32,428	\$ -	\$ 1,119	\$ 294,140
Accrued payroll.....	551,678	-	-	5,632	557,310
Due to other funds.....	-	396,206	-	-	396,206
Other liabilities.....	1,259,323	-	-	300	1,259,623
TOTAL LIABILITIES.....	2,071,594	428,634	-	7,051	2,507,279
FUND BALANCES					
Restricted.....	-	27,984	2,596,705	574,976	3,199,665
Assigned.....	1,240,782	-	-	-	1,240,782
Unassigned.....	2,015,538	-	-	-	2,015,538
TOTAL FUND BALANCES.....	3,256,320	27,984	2,596,705	574,976	6,455,985
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 5,327,914	\$ 456,618	\$ 2,596,705	\$ 582,027	\$ 8,963,264

See notes to basic financial statements.

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

JUNE 30, 2021

Total governmental fund balances.....	\$	6,455,985
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		18,365,565
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 reported.....		(308,649)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(29,292)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(9,274,500)	
Net other postemployment benefits liability.....	(10,406,975)	
Compensated absences.....	(194,941)	
Net effect of reporting long-term liabilities.....		<u>(19,876,416)</u>
Net position of governmental activities.....	\$	<u><u>4,607,193</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	General	Grants Funds	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Member district assessments.....	\$ 8,145,467	\$ -	\$ -	\$ -	\$ 8,145,467
Nonmember assessments.....	1,399,786	-	-	-	1,399,786
Intergovernmental - state funded pension benefits.....	5,016,240	-	-	-	5,016,240
Intergovernmental.....	-	1,584,674	-	-	1,584,674
Departmental and other.....	8,687	-	1,020,000	217,276	1,245,963
Investment income.....	3,210	-	1,776	-	4,986
TOTAL REVENUES.....	14,573,390	1,584,674	1,021,776	217,276	17,397,116
EXPENDITURES:					
Current:					
Administration.....	220,957	-	15,674	-	236,631
Special education.....	2,775,713	-	-	2,820	2,778,533
Occupational education.....	4,777,556	280,312	-	7,524	5,065,392
Supplemental services.....	1,348,143	1,276,378	-	185,287	2,809,808
State funded pension benefits.....	5,016,240	-	-	-	5,016,240
Capital outlay.....	417,679	-	-	-	417,679
Debt service:					
Principal.....	-	-	519,000	-	519,000
Interest.....	-	-	367,264	-	367,264
TOTAL EXPENDITURES.....	14,556,288	1,556,690	901,938	195,631	17,210,547
NET CHANGE IN FUND BALANCES.....	17,102	27,984	119,838	21,645	186,569
FUND BALANCES AT BEGINNING OF YEAR (AS REVISED).....	3,239,218	-	2,476,867	553,331	6,269,416
FUND BALANCES AT END OF YEAR.....	\$ 3,256,320	\$ 27,984	\$ 2,596,705	\$ 574,976	\$ 6,455,985

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, 2021

Net change in fund balances - total governmental funds.....	\$	186,569
<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.....		562,975
Depreciation expense.....		<u>(1,070,306)</u>
Net effect of reporting capital assets.....		(507,331)
<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>519,000</u>
Net effect of reporting long-term debt.....		519,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....		30,165
Net change in accrued interest on long-term debt.....		1,639
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...		116,788
Net change in net other postemployment benefits liability.....		<u>(895,882)</u>
Net effect of recording long-term liabilities.....		<u>(747,290)</u>
Change in net position of governmental activities.....	\$	<u><u>(549,052)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

		Business-type Activities - Enterprise Funds
		<u>Transportation</u>
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$	287,914
Investments.....		3,313,089
Receivables, net of allowance for uncollectibles:		
Intergovernmental.....		164,730
Inventory.....		<u>69,992</u>
Total current assets.....		<u>3,835,725</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation.....		<u>2,358,873</u>
TOTAL ASSETS.....		<u>6,194,598</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to other postemployment benefits.....		<u>1,411,647</u>
LIABILITIES		
CURRENT:		
Warrants payable.....		419,286
Accrued payroll.....		37,426
Capital lease obligations.....		545,046
Compensated absences.....		<u>38,621</u>
Total current liabilities.....		<u>1,040,379</u>
NONCURRENT:		
Capital lease obligations.....		704,948
Compensated absences.....		19,493
Net other postemployment benefits liability.....		<u>12,319,998</u>
Total noncurrent liabilities.....		<u>13,044,439</u>
TOTAL LIABILITIES.....		<u>14,084,818</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other postemployment benefits.....		<u>1,777,034</u>
NET POSITION		
Net investment in capital assets.....		1,108,879
Unrestricted.....		<u>(9,364,486)</u>
TOTAL NET POSITION.....	\$	<u><u>(8,255,607)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Transportation</u>
<u>OPERATING REVENUES:</u>	
School year transportation.....	\$ 13,442,189
Bus monitors.....	515,801
Field trip transportation.....	1,145
Summer school transportation.....	<u>139,915</u>
 TOTAL OPERATING REVENUES	 <u>14,099,050</u>
<u>OPERATING EXPENSES:</u>	
Wages and fringe benefits.....	8,926,164
Fuel.....	397,764
Repairs and maintenance.....	395,739
Overhead and operating expenses.....	1,100,873
Insurance.....	375,340
Depreciation.....	<u>1,174,124</u>
 TOTAL OPERATING EXPENSES.....	 <u>12,370,004</u>
 OPERATING INCOME (LOSS).....	 <u>1,729,046</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest expense.....	<u>(39,388)</u>
 INCOME (LOSS) BEFORE SPECIAL ITEM.....	 <u>1,689,658</u>
SPECIAL ITEM - Refunds to member districts.....	(1,178,936)
 CHANGE IN NET POSITION.....	 510,722
NET POSITION AT BEGINNING OF YEAR.....	<u>(8,766,329)</u>
NET POSITION AT END OF YEAR.....	<u>\$ (8,255,607)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	<u>Business-type Activities Enterprise Funds</u>
	<u>Transportation</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 14,384,091
Payments to vendors.....	(2,061,396)
Payments to employees.....	<u>(7,965,215)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>4,357,480</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Due from other funds.....	261,709
Payment of refunds to member districts.....	<u>(1,178,936)</u>
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>(917,227)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition and construction of capital assets.....	(264,628)
Principal payments on capital lease obligations.....	(581,120)
Interest expense.....	<u>(39,388)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(885,136)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Sale/(Purchase) of investments, net.....	<u>(2,267,203)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	287,914
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 287,914</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ 1,729,046
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation.....	1,174,124
Deferred (outflows)/inflows related to other postemployment benefits.....	(138,255)
Changes in assets and liabilities:	
Intergovernmental.....	285,041
Inventory.....	(24,649)
Warrants payable.....	232,969
Accrued payroll.....	33,522
Compensated absences.....	5,119
Net other postemployment benefits.....	<u>1,060,563</u>
Total adjustments.....	<u>2,628,434</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 4,357,480</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>	
Capital lease financing.....	\$ 543,355
Principal payment on capital lease obligation on account.....	\$ (180,193)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	Other Postemployment Benefit Trust Fund
ASSETS	
Investments in Pension Reserve Investment Trust.....	\$ 446,104
NET POSITION	
Restricted for other postemployment benefits.....	\$ 446,104

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Other Postemployment Benefit Trust Fund
ADDITIONS:	
Contributions:	
Employer contributions for other postemployment benefit payments....	\$ <u>277,927</u>
Net investment income:	
Investment income.....	103,391
Less: investment expense.....	<u>(2,030)</u>
Net investment income.....	<u>101,361</u>
TOTAL ADDITIONS.....	<u>379,288</u>
DEDUCTIONS:	
Other postemployment benefit payments.....	<u>277,927</u>
NET INCREASE (DECREASE) IN NET POSITION.....	101,361
NET POSITION AT BEGINNING OF YEAR.....	<u>344,743</u>
NET POSITION AT END OF YEAR.....	\$ <u><u>446,104</u></u>

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 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. 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 type is reported:

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

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.

F. 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.

G. 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.

H. 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.

I. 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 reported 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 reported 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.

J. Interfund Receivables and Payables

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

M. Pensions

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

N. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Investment Income

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

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

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 \$961,804 and the bank balance totaled \$1,532,863. Of the bank balance, \$250,000 was covered by Federal Depository Insurance, and \$1,282,863 was fully collateralized.

The Corporation maintains its cash deposits in one checking account. At June 30, 2021, the Corporation's carrying balance for deposits and bank balance both totaled \$833, all of which was covered by Federal Depositors Insurance.

Investments

As of June 30, 2021, the Collaborative had investments with a fair value of \$7,571,147 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, 2021, the carrying value of the REPO was \$7,571,147. The REPO is classified as an interest earning investment which is not subject to the fair value level disclosures.

As of June 30, 2021, the Collaborative had a balance of \$446,104 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 \$446,104. 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 .19 to 16.28 years.

As of June 30, 2021, the Corporation had an investment of with a fair value of \$2,737,047 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, 2021, the carrying value of the REPO is \$2,595,872. 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, 2021, 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..... \$	8,719	\$ -	\$ 8,719
Intergovernmental.....	<u>1,027,471</u>	<u>-</u>	<u>1,027,471</u>
Total..... \$	<u><u>1,036,190</u></u>	<u><u>-</u></u>	<u><u>1,036,190</u></u>

At June 30, 2021, 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>164,730</u>	<u>-</u>	<u>164,730</u>

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<i>Collaborative:</i>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 2,813,763	\$ 27,296	\$ (86,087)	\$ 2,754,972
Vehicles.....	163,097	118,000	-	281,097
Total capital assets being depreciated.....	2,976,860	145,296	(86,087)	3,036,069
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(2,123,088)	(271,157)	86,087	(2,308,158)
Vehicles.....	(134,836)	(29,362)	-	(164,198)
Total accumulated depreciation.....	(2,257,924)	(300,519)	86,087	(2,472,356)
Total Collaborative governmental activities capital assets, net..	718,936	(155,223)	-	563,713
<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.....	23,837,717	417,679	-	24,255,396
<u>Less accumulated depreciation for:</u>				
Buildings.....	(8,428,545)	(769,787)	-	(9,198,332)
Total capital assets being depreciated, net.....	15,409,172	(352,108)	-	15,057,064
Total Corporation capital assets, net.....	18,153,960	(352,108)	-	17,801,852
Total Governmental Activities capital assets, net.....	\$ 18,872,896	\$ (507,331)	\$ -	\$ 18,365,565
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 198,147	\$ 73,105	\$ -	\$ 271,252
Vehicles.....	13,213,573	734,878	-	13,948,451
Total capital assets being depreciated.....	13,411,720	807,983	-	14,219,703
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(85,935)	(62,362)	-	(148,297)
Vehicles.....	(10,600,771)	(1,111,762)	-	(11,712,533)
Total accumulated depreciation.....	(10,686,706)	(1,174,124)	-	(11,860,830)
Total capital assets being depreciated, net.....	2,725,014	(366,141)	-	2,358,873
Total business-type activities capital assets, net.....	\$ 2,725,014	\$ (366,141)	\$ -	\$ 2,358,873

Depreciation expense for governmental activities totaled \$1,070,306 and was unallocated, and depreciation expense for the transportation enterprise fund totaled \$1,174,124.

NOTE 5 – INTERFUND TRANSFERS, RECEIVABLES, AND PAYABLES

Interfund transfers

There were no interfund transfers for the year ended June 30, 2021.

Due to/from other funds

Interfund receivables and payables between funds at June 30, 2021, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund.....	Grants Funds.....	\$ <u>396,206</u> (1)

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

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 \$1,898,633.

Additionally, in 2021, the Collaborative agreed to purchase buses through capital leases from Southwick-Tolland-Granville Regional (District). The costs of the buses acquired through capital leases with the District totaled \$532,050, and the accumulated depreciation on those buses totaled \$88,675.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2021 are listed below:

<u>Years ending June 30:</u>	<u>Business-Type Activities</u>
2022.....	\$ 553,083
2023.....	397,568
2024.....	<u>344,349</u>
Total minimum lease payments.....	1,295,000
Less: amounts representing interest.....	<u>(45,006)</u>
Present value of minimum lease payments... \$	<u><u>1,249,994</u></u>

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 2021.

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 2021.

The Corporation had the following long-term financing activity during fiscal year 2021:

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 2021, the Corporation had \$9,274,500 of outstanding debt related to this issuance.

<u>Project</u>	<u>Maturities Through</u>	<u>Original Loan Amount</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2021</u>
Massachusetts Development Bond.....	2026	\$ 12,075,000	3.79	\$ 9,274,500

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

Year	Principal	Interest	Total
2022.....	\$ 533,250	\$ 342,333	\$ 875,583
2023.....	550,500	321,835	872,335
2024.....	568,500	301,476	869,976
2025.....	584,250	278,831	863,081
2026.....	7,038,000	66,770	7,104,770
Total.....	\$ <u>9,274,500</u>	\$ <u>1,311,245</u>	\$ <u>10,585,745</u>

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, 2021, 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.....	\$ 9,793,500	\$ -	\$ (519,000)	\$ -	\$ -	\$ 9,274,500	\$ 533,250
Compensated absences.....	225,106	-	-	43,115	(73,280)	194,941	71,691
Net other postemployment benefits.....	9,511,093	-	-	2,150,240	(1,254,358)	10,406,975	-
Total governmental activity long-term liabilities.....	\$ <u>19,529,699</u>	\$ <u>-</u>	\$ <u>(519,000)</u>	\$ <u>2,193,355</u>	\$ <u>(1,327,638)</u>	\$ <u>19,876,416</u>	\$ <u>604,941</u>
Business-Type Activities:							
Capital lease obligations.....	\$ 1,467,952	\$ -	\$ -	\$ 543,355	\$ (761,313)	\$ 1,249,994	\$ 545,046
Compensated absences.....	52,995	-	-	43,368	(38,249)	58,114	38,621
Net other postemployment benefits.....	11,259,435	-	-	2,544,977	(1,484,414)	12,319,998	-
Total business-type activity long-term liabilities.....	\$ <u>12,780,382</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,131,700</u>	\$ <u>(2,283,976)</u>	\$ <u>13,628,106</u>	\$ <u>583,667</u>

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

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

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

As of June 30, 2021, the governmental fund balances consisted of the following:

	General	Grants Fund	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Restricted for:					
Grants Fund.....	\$ -	\$ 27,984	\$ -	\$ -	\$ 27,984
Lower Pioneer Valley Educational Corporation....	-	-	2,596,705	-	2,596,705
Brush Hill Bistro.....	-	-	-	33,379	33,379
Early Education and Care.....	-	-	-	81,880	81,880
Landscaping.....	-	-	-	18,478	18,478
School Lunch.....	-	-	-	21,484	21,484
School Store.....	-	-	-	61	61
Building Rental.....	-	-	-	191,789	191,789
Graphic Communications.....	-	-	-	1,095	1,095
Professional Development.....	-	-	-	145,350	145,350
Machine Technology Program.....	-	-	-	22,793	22,793
Curriculum Instruction and Assessment.....	-	-	-	6,639	6,639
Student Activities.....	-	-	-	52,028	52,028
Assigned to:					
Capital Projects.....	1,240,782	-	-	-	1,240,782
Unassigned.....	2,015,538	-	-	-	2,015,538
Total Fund Balances.....	\$ 3,256,320	\$ 27,984	\$ 2,596,705	\$ 574,976	\$ 6,455,985

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 Trust is governed by a board comprised of representatives from each of the participating governmental units.

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

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

The Trust reported an accumulated surplus of \$7,130,919 as of June 30, 2020, (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, 2020. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$1,675,339 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 \$13,563,929 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 6.1% 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, 2020, was \$519,714, and 6.1% 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, 2020. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$3,340,901 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 \$22,379,503 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 50 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs. For 2021, the Collaborative contributed \$277,927 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 2021, 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, 2021, the net position of the OPEB trust fund totaled \$446,104.

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 July 1, 2019:

Active members.....	200
Retirees.....	73
Total.....	273

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$	23,173,077
Less: OPEB plan’s fiduciary net position.....		<u>(446,104)</u>
Net OPEB liability.....	\$	<u>22,726,973</u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....		1.93%

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, 2021, to be in accordance with GASB Statement #74 and #75:

Valuation date.....	7/1/2019; updated to June 30, 2021
Actuarial cost method.....	Entry Age Actuarial Cost Method
Health Care Trend Rates.....	5.00%
Actuarial Value of Assets.....	Market Value
Discount rate.....	2.22%. 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.40%. 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 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, 2021, are summarized in the table below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity.....	42.70%	5.14%
Core fixed income.....	15.30%	1.43%
Value added fixed income.....	6.90%	2.98%
Private equity.....	14.50%	7.65%
Real estate.....	8.30%	4.21%
Timberland.....	3.00%	6.04%
Portfolio completion strategies.....	8.30%	2.49%
Overlay.....	1.00%	4.22%
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, 2021. 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 2.22% 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, 2020.....	\$ 21,115,271	\$ 344,743	\$ 20,770,528
Changes for the year:			
Service cost.....	1,872,283	-	1,872,283
Interest.....	504,971	-	504,971
Net investment income.....		101,361	(101,361)
Changes in assumptions.....	(41,521)	-	(41,521)
Employer contributions.....	-	277,927	(277,927)
Benefit payments.....	(277,927)	(277,927)	-
Net change.....	2,057,806	101,361	1,956,445
Balances at June 30, 2021.....	\$ 23,173,077	\$ 446,104	\$ 22,726,973

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 2.22%, 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 (1.22%) or 1-percentage-point higher (3.22%) than the current rate.

	1% Decrease (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability.....	\$ 27,417,385	\$ 22,726,973	\$ 19,034,646

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.

	1% Decrease	Current Trend	1% Increase
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability.....	\$ 18,321,108	\$ 22,726,973	\$ 28,625,402

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the GASB Statement #75 measurement date, the Collaborative recognized OPEB expense of \$1,979,329. At June 30, 2021, 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
	<u> </u>	<u> </u>	<u> </u>
Differences between expected and actual experience.....	\$ -	\$ (2,541,487)	\$ (2,541,487)
Difference between projected and actual earnings, net.....	-	(77,911)	(77,911)
Changes in assumptions.....	2,604,097	(658,735)	1,945,362
Total deferred outflows/(inflows) of resources.....	\$ 2,604,097	\$ (3,278,133)	\$ (674,036)

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:

2022.....	\$	(390,306)
2023.....		(190,831)
2024.....		(74,153)
2025.....		<u>(18,746)</u>
Total.....	\$	<u><u>(674,036)</u></u>

Changes of Assumptions

The discount rate changed from 2.21% as of June 30, 2020, to 2.22% as of June 30, 2021.

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, 2021, 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 began utilizing a hybrid approach, with the exception of special education students who could resume full in-person attendance. For 2022, students have resumed 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:

Brush Hill Bistro Roof Replacement Project and Modular Classrooms Renovations

In 2021, the Collaborative's board voted to approve the use of fund balance in the amount of \$550,000 to fund costs associated with a roof replacement project at the Brush Hill Bistro as well as renovations to modular classrooms. Approximately \$418,000 was expended and capitalized in 2021.

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 2021 totaled \$1,020,000.

New operating leases for various facilities were effective July 1, 2017, and under the terms, all of the operating leases will expire on June 30, 2022, with various options for extensions, in which the Corporation plans to exercise. Based on the current operating lease agreements, future operating lease payments to be received by the Corporation total \$1,020,000 and are scheduled to be received in 2022.

During 2021, the Collaborative contributed for expenditures related to the Brush Hill Bistro roof replacement project as well as modular classroom renovations totaling \$417,679, which has 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 – REVISION OF NET POSITION AND FUND BALANCE PREVIOUSLY REPORTED

Beginning net position and fund balance of the governmental activities and the nonmajor governmental funds, respectively, have been revised to reflect the implementation of GASB Statement #84.

Previously reported net position at June 30, 2020, in the governmental activities totaling \$5,109,541 was revised to \$5,156,245. Additionally, previously reported fund balance at June 30, 2020, in the nonmajor governmental funds totaling \$506,627 was revised to \$553,331.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2021, which is the date the financial statements were available to be issued.

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #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 #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*, which is required to be implemented in 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, 2021

	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.....	\$ 314,704	\$ 1,683,572	\$ 1,998,276	\$ -	\$ (1,998,276)
Interest and other miscellaneous.....	-	-	-	12,753	12,753
Administration Coordination.....	-	-	-	3,210	3,210
Fringe Benefits.....	-	-	-	-	-
Administration Costs Applied to Other Programs.....	-	-	-	-	-
Total Administration, Net.....	<u>314,704</u>	<u>1,683,572</u>	<u>1,998,276</u>	<u>15,963</u>	<u>(1,982,313)</u>
Special Education:					
Programs:					
Crest.....	118,079	-	118,079	168,867	50,788
Summer School - Steps Program.....	111,913	-	111,913	228,637	116,724
Twain Alternative High School.....	327,559	-	327,559	565,162	237,603
Steps II Vocational Preparation.....	86,363	-	86,363	185,115	98,752
Compass Program.....	345,125	-	345,125	868,115	522,990
Integrated Occupational Preparation.....	331,036	-	331,036	660,252	329,216
Transitional Alternative.....	147,795	-	147,795	68,045	(79,750)
Total Programs.....	<u>1,467,870</u>	<u>-</u>	<u>1,467,870</u>	<u>2,744,193</u>	<u>1,276,323</u>
Shared Services:					
Budget Allocated to Shared Services.....	1,401,256	-	1,401,256	-	(1,401,256)
Coordination.....	-	-	-	-	-
Nurses.....	-	-	-	-	-
Adaptive Physical Education.....	-	-	-	-	-
Total Shared Services.....	<u>1,401,256</u>	<u>-</u>	<u>1,401,256</u>	<u>-</u>	<u>(1,401,256)</u>
Total Special Education.....	<u>2,869,126</u>	<u>-</u>	<u>2,869,126</u>	<u>2,744,193</u>	<u>(124,933)</u>
Occupational Education:					
Tuition Allocated to Occupational Education Programs.....	5,539,702	-	5,539,702	5,606,523	66,821
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.....	<u>5,539,702</u>	<u>-</u>	<u>5,539,702</u>	<u>5,606,523</u>	<u>66,821</u>

Expenditures and Other Financing Uses						
	Budgeted Amounts			Actual Budgetary Amounts	Variance to Final Budget	Actual Net Changes in Fund Balance
	Original Budget	Budget Adjustments	Final Budget			
Administration:						
General Administration:						
Use of Unreserved Fund Balance.....	\$ 314,704	\$ 1,683,572	\$ 1,998,276	\$ 757,494	\$ 1,240,782	\$ (757,494)
Interest and other miscellaneous.....	-	-	-	-	-	12,753
Administration Coordination.....	1,354,703	-	1,354,703	1,333,343	21,360	(1,330,133)
Fringe Benefits.....	4,393,183	-	4,393,183	3,650,377	742,806	(3,650,377)
Administration Costs Applied to Other Programs.....	(5,747,886)	-	(5,747,886)	(5,526,553)	(221,333)	5,526,553
Total Administration, Net.....	<u>314,704</u>	<u>1,683,572</u>	<u>1,998,276</u>	<u>214,661</u>	<u>1,783,615</u>	<u>(198,698)</u>
Special Education:						
Programs:						
Crest.....	118,079	-	118,079	116,504	1,575	52,363
Summer School - Steps Program.....	111,913	-	111,913	94,541	17,372	134,096
Twain Alternative High School.....	327,559	-	327,559	316,394	11,165	248,768
Steps II Vocational Preparation.....	86,363	-	86,363	74,378	11,985	110,737
Compass Program.....	345,125	-	345,125	283,106	62,019	585,009
Integrated Occupational Preparation.....	331,036	-	331,036	302,735	28,301	357,517
Transitional Alternative.....	147,795	-	147,795	63,741	84,054	4,304
Total Programs.....	<u>1,467,870</u>	<u>-</u>	<u>1,467,870</u>	<u>1,251,399</u>	<u>216,471</u>	<u>1,492,794</u>
Shared Services:						
Budget Allocated to Shared Services.....	-	-	-	-	-	-
Coordination.....	1,217,766	-	1,217,766	1,143,471	74,295	(1,143,471)
Nurses.....	71,650	-	71,650	70,562	1,088	(70,562)
Adaptive Physical Education.....	111,840	-	111,840	107,339	4,501	(107,339)
Total Shared Services.....	<u>1,401,256</u>	<u>-</u>	<u>1,401,256</u>	<u>1,321,372</u>	<u>79,884</u>	<u>(1,321,372)</u>
Total Special Education.....	<u>2,869,126</u>	<u>-</u>	<u>2,869,126</u>	<u>2,572,771</u>	<u>296,355</u>	<u>171,422</u>
Occupational Education:						
Tuition Allocated to Occupational Education Programs.....	-	-	-	-	-	5,606,523
Coordination.....	2,704,952	-	2,704,952	2,641,912	63,040	(2,641,912)
Nursing.....	73,129	-	73,129	71,523	1,606	(71,523)
Allied Health.....	175,653	-	175,653	165,697	9,956	(165,697)
Automotive.....	243,286	-	243,286	242,698	588	(242,698)
Building Trades.....	183,805	-	183,805	183,099	706	(183,099)
Information Services Systems.....	172,725	-	172,725	168,306	4,419	(168,306)
Design and Visual Communications.....	210,637	-	210,637	205,226	5,411	(205,226)
Early Education.....	180,609	-	180,609	181,248	(639)	(181,248)
Food Services.....	184,497	-	184,497	174,219	10,278	(174,219)
Landscaping and Horticultural.....	172,907	-	172,907	165,591	7,316	(165,591)
Building and Grounds Maintenance.....	130,505	-	130,505	122,617	7,888	(122,617)
Technical Exploratory.....	28,309	-	28,309	27,883	426	(27,883)
Vocational Guidance.....	197,114	-	197,114	194,841	2,273	(194,841)
Cosmetology.....	292,579	-	292,579	286,858	5,721	(286,858)
Cooperative Education/Student Support Services.....	325,362	-	325,362	292,562	32,800	(292,562)
Machine Technology Program Certified Personnel.....	263,633	-	263,633	260,967	2,666	(260,967)
Total Occupational Education.....	<u>5,539,702</u>	<u>-</u>	<u>5,539,702</u>	<u>5,385,247</u>	<u>154,455</u>	<u>221,276</u>

(continued)

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

YEAR ENDED JUNE 30, 2021

Revenues and Other Financing Sources					
	Budgeted Amounts			Actual Budgetary Amounts	Variance to Final Budget
	Original Budget	Budget Adjustments	Final Budget		
Supplemental Services:					
Individual Aides.....	378,000	-	378,000	328,312	(49,688)
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	-	(6,000)
Medicaid.....	617,132	-	617,132	342,355	(274,777)
Summer Developmental.....	64,862	-	64,862	46,785	(18,077)
Maintenance.....	-	-	-	-	-
Maintenance Applied to Other Programs.....	-	-	-	-	-
Technical Support.....	-	-	-	-	-
Technical Support Applied to Other Programs.....	-	-	-	-	-
Contracted Therapy Services.....	126,150	-	126,150	140,320	14,170
Supplemental Services.....	40,000	-	40,000	26,400	(13,600)
Southern Berkshire Collaborative.....	288,943	-	288,943	276,591	(12,352)
Energy Management.....	28,137	-	28,137	29,708	1,571
Total Supplemental Services.....	1,549,224	-	1,549,224	1,190,471	(358,753)
Professional Development:					
General Operations.....	-	-	-	-	-
Professional Development Applied to Other Programs....	-	-	-	-	-
Total Professional Development, Net.....	-	-	-	-	-
NET CHANGE IN FUND BALANCE.....	\$ 10,272,756	\$ 1,683,572	\$ 11,956,328	\$ 9,557,150	\$ (2,399,178)
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			Actual Budgetary Amounts	Variance to Final Budget	Actual Net Changes in Fund Balance
	Original Budget	Budget Adjustments	Final Budget			
Supplemental Services:						
Individual Aides.....	378,000	-	378,000	299,495	78,505	28,817
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	-	6,000	-
Medicaid.....	617,132	-	617,132	562,972	54,160	(220,617)
Summer Developmental.....	64,862	-	64,862	50,688	14,174	(3,903)
Maintenance.....	207,591	-	207,591	212,015	(4,424)	(212,015)
Maintenance Applied to Other Programs.....	(207,591)	-	(207,591)	(211,727)	4,136	211,727
Technical Support.....	212,849	-	212,849	170,885	41,964	(170,885)
Technical Support Applied to Other Programs.....	(212,849)	-	(212,849)	(170,977)	(41,872)	170,977
Contracted Therapy Services.....	126,150	-	126,150	129,511	(3,361)	10,809
Supplemental Services.....	40,000	-	40,000	22,950	17,050	3,450
Southern Berkshire Collaborative.....	288,943	-	288,943	275,597	13,346	994
Energy Management.....	28,137	-	28,137	25,960	2,177	3,748
Total Supplemental Services.....	1,549,224	-	1,549,224	1,367,369	181,855	(176,898)
Professional Development:						
General Operations.....	111,499	-	111,499	110,150	1,349	(110,150)
Professional Development Applied to Other Programs.....	(111,499)	-	(111,499)	(110,150)	(1,349)	110,150
Total Professional Development, Net.....	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE.....	\$ 10,272,756	\$ 1,683,572	\$ 11,956,328	\$ 9,540,048	\$ 2,416,280	17,102
BUDGETARY FUND BALANCE, Beginning of year.....						3,239,218
BUDGETARY FUND BALANCE, End of year.....						\$ 3,256,320
See notes to required supplementary information.						(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 6.1% 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
2021.....	\$ 519,714	\$ 8,519,902	6.10%
2020.....	558,249	9,151,623	6.10%
2019.....	562,066	9,214,197	6.10%
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 6.1% 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
2021.....	\$ 22,379,503	\$ 3,340,901	62.48%
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
2021.....	\$ 13,563,929	\$ 1,675,339	50.67%
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	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 1,133,379	\$ 1,299,777	\$ 1,091,780	\$ 1,286,828	\$ 1,872,283
Interest.....	609,448	605,526	712,494	575,453	504,971
Differences between expected and actual experience....	-	(118,623)	-	(4,780,685)	-
Changes of assumptions.....	-	(2,374,871)	1,224,643	4,033,098	(41,521)
Benefit payments.....	(238,707)	(217,446)	(298,971)	(196,343)	(277,927)
Net change in total OPEB liability.....	1,504,120	(805,637)	2,729,946	918,351	2,057,806
Total OPEB liability - beginning.....	16,768,491	18,272,611	17,466,974	20,196,920	21,115,271
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>	<u>\$ 23,173,077</u>
Plan fiduciary net position					
Employer contributions for OPEB payments.....	\$ 238,707	\$ 217,446	\$ 298,971	\$ 196,343	\$ 277,927
Net investment income.....	33,136	27,832	18,100	6,651	101,361
Benefit payments.....	(238,707)	(217,446)	(298,971)	(196,343)	(277,927)
Net change in plan fiduciary net position.....	33,136	27,832	18,100	6,651	101,361
Plan fiduciary net position - beginning of year.....	259,024	292,160	319,992	338,092	344,743
Plan fiduciary net position - end of year (b).....	<u>\$ 292,160</u>	<u>\$ 319,992</u>	<u>\$ 338,092</u>	<u>\$ 344,743</u>	<u>\$ 446,104</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>	<u>\$ 22,726,973</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.60%	1.83%	1.67%	1.63%	1.93%
Covered-employee payroll.....	\$ 10,479,682	\$ 10,689,276	\$ 10,903,061	\$ 11,121,122	\$ 11,343,545
Net OPEB liability as a percentage of covered-employee payroll.....	171.57%	160.41%	182.14%	186.77%	200.35%

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, 2021.....	\$ 2,377,254	\$ (277,927)	\$ 2,099,327	\$ 11,343,545	2.45%
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, 2021.....	29.40%
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 2021 operating budget consisted of approximately \$12.8 million in current appropriations and anticipated assessments, including a \$315,000 carryover from the prior year for the use of fund balance. During the year, appropriations were increased through an additional \$1.7 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 \$401,000 and expenditures were under budget by a total of \$1.2 million, 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, 2021, is presented below:

Net change in fund balance - budgetary basis.....	\$ 17,102
<u>Basis of accounting differences:</u>	
Recognition of revenue for on-behalf payments.....	5,016,240
Recognition of expenditures for on-behalf payments.....	<u>(5,016,240)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 17,102</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 6.1% 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 Returns

The Schedule of Investment Returns 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, 2021
Actuarial cost method.....	Entry Age Actuarial Cost Method
Health Care Trend Rates.....	5.00%
Actuarial Value of Assets.....	Market Value
Discount rate.....	2.22%. 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 2.21% as of June 30, 2020, to 2.22% as of June 30, 2021.

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.

Advanced Manufacturing Program – The Advanced Manufacturing 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 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.

Student Activities – This fund is used to account for all student activity programs.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

	Special Revenue Funds					
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store	Building Rental
ASSETS						
Cash and cash equivalents.....	\$ 33,402	\$ 81,756	\$ 18,478	\$ 22,070	\$ 61	\$ 189,578
Receivables, net of uncollectibles:						
Departmental and other.....	-	573	-	5,046	-	3,100
TOTAL ASSETS.....	\$ 33,402	\$ 82,329	\$ 18,478	\$ 27,116	\$ 61	\$ 192,678
LIABILITIES						
Warrants payable.....	\$ 23	\$ 149	\$ -	\$ -	\$ -	\$ 889
Accrued payroll.....	-	-	-	5,632	-	-
Other liabilities.....	-	300	-	-	-	-
TOTAL LIABILITIES.....	23	449	-	5,632	-	889
FUND BALANCES						
Restricted.....	33,379	81,880	18,478	21,484	61	191,789
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 33,402	\$ 82,329	\$ 18,478	\$ 27,116	\$ 61	\$ 192,678

Special Revenue Funds						Total Nonmajor Governmental Funds
Graphic Communication	Professional Development	Advanced Manufacturing Program	Curriculum Instruction and Assessment	Student Activities		
\$ 1,153	\$ 145,350	\$ 22,793	\$ 6,639	\$ 52,028	\$	573,308
-	-	-	-	-		8,719
<u>\$ 1,153</u>	<u>\$ 145,350</u>	<u>\$ 22,793</u>	<u>\$ 6,639</u>	<u>\$ 52,028</u>	<u>\$</u>	<u>582,027</u>
\$ 58	\$ -	\$ -	\$ -	\$ -	\$	1,119
-	-	-	-	-		5,632
-	-	-	-	-		300
<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>7,051</u>
<u>1,095</u>	<u>145,350</u>	<u>22,793</u>	<u>6,639</u>	<u>52,028</u>		<u>574,976</u>
<u>\$ 1,153</u>	<u>\$ 145,350</u>	<u>\$ 22,793</u>	<u>\$ 6,639</u>	<u>\$ 52,028</u>	<u>\$</u>	<u>582,027</u>

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

YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store	Building Rental
REVENUES:						
Departmental and other.....	\$ 6,229	\$ 70,951	\$ 14,867	\$ 54,565	\$ -	\$ 49,075
EXPENDITURES:						
Current:						
Special education.....	-	-	-	-	-	-
Occupational education.....	-	-	-	-	-	-
Supplemental services.....	6,645	95,802	12,518	47,891	-	12,600
TOTAL EXPENDITURES.....	6,645	95,802	12,518	47,891	-	12,600
NET CHANGE IN FUND BALANCES.....	(416)	(24,851)	2,349	6,674	-	36,475
FUND BALANCES AT BEGINNING OF YEAR (As Revised).....	33,795	106,731	16,129	14,810	61	155,314
FUND BALANCES AT END OF YEAR.....	\$ 33,379	\$ 81,880	\$ 18,478	\$ 21,484	\$ 61	\$ 191,789

Special Revenue Funds					
Graphic Communication	Professional Development	Advanced Manufacturing Program	Curriculum Instruction and Assessment	Student Activities	Total Nonmajor Governmental Funds
\$ 1,741	\$ 5,000	\$ 2,000	\$ -	\$ 12,848	\$ 217,276
-	2,820	-	-	-	2,820
-	-	-	-	7,524	7,524
487	9,214	-	130	-	185,287
487	12,034	-	130	7,524	195,631
1,254	(7,034)	2,000	(130)	5,324	21,645
(159)	152,384	20,793	6,769	46,704	553,331
\$ 1,095	\$ 145,350	\$ 22,793	\$ 6,639	\$ 52,028	\$ 574,976

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Statistical Section



Students in the Early Education & Care program.

Statistical Section

This part of the annual comprehensive 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>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>2021</u>
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 9,091,065
Unrestricted.....	<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>(3,923,151)</u>	<u>(4,483,872)</u>
Total governmental activities net position.....	<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>\$ 5,156,245</u>	<u>\$ 4,607,193</u>
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 1,108,879
Unrestricted.....	<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>	<u>(9,364,486)</u>
Total business-type activities net position.....	<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>	<u>\$ (8,255,607)</u>
Primary government										
Net investment in capital assets.....	\$ 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	\$ 10,199,944
Unrestricted.....	<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>(13,946,542)</u>	<u>(13,848,358)</u>
Total primary government net position.....	<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>\$ (3,610,084)</u>	<u>\$ (3,648,414)</u>

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 required the revision of the ending net position in 2017.

Note 3: GASB Statement No. 84 was implemented in 2021. This also required the revision of the ending net position in 2020.

Changes in Net Position

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
Administration.....	\$ 994,074	\$ 408,610	\$ 971,761	\$ 1,824,395	\$ 2,032,196	\$ 2,799,683	\$ 2,749,989	\$ 2,818,180	\$ 3,962,145	\$ 3,018,868
Special education.....	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	3,676,112
Occupational education.....	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	6,082,325
Supplemental services.....	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	3,002,932
Professional development.....	73,580	5,380	3,596	44,043	18,312	-	2,842	-	-	-
Unallocated depreciation.....	645,345	706,876	652,293	655,988	924,437	900,217	893,821	910,555	1,042,751	1,070,306
Interest expense.....	337,620	339,449	320,095	290,465	453,084	441,185	423,164	404,537	386,406	365,625
Total government activities expenses.....	12,222,709	12,129,536	13,484,031	13,338,275	15,736,911	16,609,461	16,662,265	16,692,468	18,115,581	17,216,168
Business-type activities:										
Transportation.....	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	12,409,392
Total primary government expenses.....	\$ 25,039,698	\$ 24,700,589	\$ 25,917,585	\$ 25,620,768	\$ 27,675,779	\$ 29,209,928	\$ 28,883,367	\$ 30,329,404	\$ 31,089,220	\$ 29,625,560
Program Revenues										
Governmental activities:										
Charges for services:										
Occupational education.....	\$ 601,278	\$ 640,123	\$ 786,080	\$ 910,397	\$ 824,084	\$ 904,014	\$ 798,334	\$ 915,512	\$ 964,557	\$ 952,981
Supplemental services.....	597,858	660,312	644,772	664,116	856,094	1,260,896	1,251,675	1,191,109	879,559	818,047
Other charges for services.....	258,948	169,201	231,942	839,477	984,203	1,438,182	1,444,939	1,290,558	1,194,499	1,049,180
Operating grants and contributions.....	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	6,600,914
Total government activities program revenues.....	2,397,985	2,537,447	3,314,309	4,387,995	6,860,530	9,120,376	8,477,044	8,612,335	10,218,851	9,421,122
Business-type activities:										
Transportation.....	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	14,099,050
Total primary government program revenues.....	\$ 13,044,881	\$ 13,677,495	\$ 14,841,015	\$ 16,211,266	\$ 18,847,582	\$ 21,284,382	\$ 20,067,229	\$ 21,371,160	\$ 23,467,011	\$ 23,520,172
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (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)	\$ (7,795,046)
Business-type activities.....	(2,170,093)	(1,431,005)	(906,848)	(459,222)	48,184	(436,461)	(630,917)	(878,111)	274,521	1,689,658
Total primary government net (expense)/program revenue.....	\$ (11,994,817)	\$ (11,023,094)	\$ (11,076,570)	\$ (9,409,502)	\$ (8,828,197)	\$ (8,166,100)	\$ (8,816,138)	\$ (8,958,244)	\$ (7,622,209)	\$ (6,105,388)
General Revenues and other Changes in Net Position										
Governmental activities:										
Member district assessments.....	\$ 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	\$ 7,228,255
Unrestricted investment income.....	10,587	6,164	2,542	2,307	1,759	2,585	3,634	13,373	11,622	4,986
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	12,753
Total primary government general revenues and other changes in net position.....	\$ 9,665,764	\$ 10,181,112	\$ 9,953,218	\$ 8,639,130	\$ 9,306,093	\$ 7,770,903	\$ 7,906,590	\$ 7,766,689	\$ 7,351,453	\$ 7,245,994
Special Item - Refunds to member district										
Governmental activities.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200,000)	\$ -
Business-type activities.....	-	-	-	-	-	-	-	-	(500,000)	(1,178,936)
Total primary government special item - refunds to member district.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (700,000)	\$ (1,178,936)
Changes in Net Position										
Governmental activities.....	\$ (158,960)	\$ 589,023	\$ (216,504)	\$ (311,150)	\$ 429,712	\$ 41,264	\$ (278,631)	\$ (313,444)	\$ (745,277)	\$ (549,052)
Business-type activities.....	(2,170,093)	(1,431,005)	(906,848)	(459,222)	48,184	(436,461)	(630,917)	(878,111)	(225,479)	510,722
Total primary government changes in net position.....	\$ (2,329,053)	\$ (841,982)	\$ (1,123,352)	\$ (770,372)	\$ 477,896	\$ (395,197)	\$ (909,548)	\$ (1,191,555)	\$ (970,756)	\$ (38,330)

Fund Balances, Governmental Funds

Last Ten Years

	<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>2021</u>
General Fund										
Assigned.....	\$ 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	\$ 1,240,782
Unassigned.....	<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>	<u>2,015,538</u>
Total general fund.....	<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>	<u>\$ 3,256,320</u>
All Other Governmental Funds										
Restricted.....	\$ 178,926	\$ 213,414	\$ 265,562	\$ 297,053	\$ 350,992	\$ 2,558,362	\$ 2,628,125	\$ 2,936,098	\$ 3,030,357	\$ 3,199,665
Unassigned.....	<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>	<u>-</u>
Total all other governmental funds.....	<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>\$ 3,030,198</u>	<u>\$ 3,199,665</u>

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

Note: GASB Statement No. 84 was implemented in 2021. This required the revision of the ending net position in 2020.

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Member district assessments.....	\$ 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	\$ 8,145,467
Nonmember assessments.....	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	1,399,786
Intergovernmental.....	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	6,600,914
Investment income.....	9,941	5,200	2,034	1,650	1,088	2,585	3,634	13,373	11,622	4,986
Departmental and other.....	87,262	117,885	145,692	164,518	228,462	1,273,166	1,228,042	1,284,526	1,227,250	1,245,963
Total Revenue.....	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	17,397,116
Expenditures:										
Administration.....	2,457,132	222,069	902,659	925,568	2,340,727	766,962	1,054,817	967,310	1,013,356	236,631
Special education.....	3,476,969	4,054,059	4,202,158	3,355,204	3,390,573	3,494,006	3,599,449	3,287,940	2,968,447	2,778,533
Occupational education.....	4,193,891	4,544,799	5,299,337	4,713,423	5,328,892	4,762,146	4,523,984	5,159,710	5,000,074	5,065,392
Supplemental services.....	1,443,365	2,125,352	2,239,304	2,207,734	2,795,230	2,564,055	2,656,915	2,307,154	2,877,986	2,809,808
Professional development.....	74,423	7,100	5,253	45,763	20,000	-	-	-	-	-
State funded pension benefits.....	-	-	-	1,482,203	2,759,261	4,229,998	3,777,919	3,864,746	5,315,129	5,016,240
Capital outlay.....	-	-	-	-	-	1,028,421	233,609	816,935	996,854	417,679
Debt service:										
Principal.....	-	-	-	-	-	465,000	477,000	450,000	547,500	519,000
Interest.....	-	-	-	-	-	442,654	424,662	372,345	421,758	367,264
Total Expenditures.....	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	17,210,547
Excess of revenues over (under) expenditures.....	316,854	1,567,822	44,999	(159,792)	(873,218)	(182,386)	374,098	(146,077)	(840,800)	186,569
Other Financing Sources (Uses)										
Transfers in.....	-	-	-	158,779	-	-	-	-	-	-
Transfers out.....	-	-	-	(158,779)	-	-	-	-	-	-
Total other financing sources (uses).....	-	-	-	-	-	-	-	-	-	-
Net change in fund balance.....	\$ 316,854	\$ 1,567,822	\$ 44,999	\$ (159,792)	\$ (873,218)	\$ (182,386)	\$ 374,098	\$ (146,077)	\$ (840,800)	\$ 186,569
Debt service as a percentage of noncapital expenditures.....	-	-	-	-	-	6.01%	5.48%	5.05%	5.43%	5.32%

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	2021		2012	
	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue
Special Education				
Agawam	\$ 384,276	14%	\$ 960,151	24%
East Longmeadow	411,468	15%	540,518	13%
Hampden-Wilbraham Regional	148,110	5%	882,103	22%
Longmeadow	460,331	17%	408,459	10%
Ludlow	210,803	8%	434,337	11%
Southwick-Tolland-Granville Regional	5,420	0%	59,152	1%
West Springfield	507,597	18%	602,049	15%
Out of District	616,188	22%	135,402	3%
Total Special Education	\$ 2,744,193	100%	\$ 4,022,171	100%
Occupational Education				
Agawam	\$ 1,024,632	18%	\$ 984,839	27%
East Longmeadow	296,381	5%	234,819	6%
Hampden-Wilbraham Regional	292,148	5%	201,410	6%
Longmeadow	207,467	4%	294,400	8%
Ludlow	668,975	12%	536,229	15%
Southwick-Tolland-Granville Regional	923,016	16%	457,372	13%
West Springfield	1,240,569	22%	907,733	25%
Out of District	953,335	17%	-	0%
Total Occupational Education	\$ 5,606,523	100%	\$ 3,616,802	100%
Supplemental Services				
Agawam	\$ 63,367	5%	\$ 100,523	15%
East Longmeadow	24,324	2%	87,992	13%
Hampden-Wilbraham Regional	31,157	3%	107,139	16%
Longmeadow	75,628	6%	46,224	7%
Ludlow	52,787	4%	70,780	11%
Southwick-Tolland-Granville Regional	17,119	1%	28,345	4%
West Springfield	194,537	16%	106,449	16%
Out of District	731,552	61%	111,130	17%
Total Supplemental Services	\$ 1,190,471	100%	\$ 658,581	100%
Transportation Services				
Agawam	\$ 1,984,935	14%	\$ 1,949,453	18%
East Longmeadow	1,584,656	11%	476,526	4%
Hampden-Wilbraham Regional	3,201,158	23%	2,869,870	27%
Longmeadow	819,615	6%	1,039,355	10%
Ludlow	1,853,186	13%	1,427,649	13%
Southwick-Tolland-Granville Regional	1,701,138	12%	-	0%
West Springfield	2,670,941	19%	2,569,737	24%
LPVEC & Misc	283,421	2%	306,705	3%
Out of District	-	0%	7,599	0%
Total Transportation Services	\$ 14,099,050	100%	\$ 10,646,894	100%

Source: Collaborative finance department

Hampden County Principal Employers

Current Year and Eight Years Ago

Name	Nature of Business	City/Town	<u>2021</u>	<u>2013</u>
			Rank	Rank
MassMutual Financial Services	Financial Services	Springfield	1	5
University of Massachusetts Amherst	State University	Amherst	2	-
Baystate Health System	Health Services	Springfield	3	1
Big Y Supermarkets	Retail	Springfield	4	-
Westover Air Reserve Base	Military	Chicopee	5	-
Mercy Medical Center	Health Services	Springfield	6	6
MGM Springfield	Casino	Springfield	7	-
Smith & Wesson Inc.	Manufacturing	Springfield	8	-
Westfield State University	State University	Westfield	9	-
Center for Human Development	Medical Building	Springfield	10	-
Hampden County House of Corrections	Correctional Facility	Ludlow	-	2
Holyoke Medical Center	Medical Building	Holyoke	-	3
Holyoke Public Schools	Education	Holyoke	-	4
OMG	Manufacturing	Agawam	-	7
Sisters of Providence Health	Medical Building	Holyoke	-	8
Center for Human Development	Human Services	Springfield	-	9
U.S. Post Office Bulk Mail Center	Postal Services	Springfield	-	10

Note: Information for 2012 was not available

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

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
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
2021	\$ 9,274,500	\$ -	\$ -	\$ 1,249,994	\$ 10,524,494	495	\$ 21,262

Source: Audited Financial Statements, Collaborative finance department

Demographic and Economic Statistics

Last Ten Calendar Years

	Calendar Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Demographic and Economic Statistics										
Agawam:										
Population.....	28,438	28,438	27,438	27,438	28,438	28,438	28,438	28,438	28,438	28,373
Labor force.....	15,399	15,224	15,684	15,999	15,745	16,107	16,404	16,922	16,504	15,811
Unemployed.....	990	1,089	985	771	712	665	658	555	591	976
Unemployment rate.....	6.4%	7.2%	6.3%	4.8%	4.5%	4.1%	4.0%	3.3%	3.6%	6.2%
West Springfield:										
Population.....	28,391	28,391	28,391	28,391	28,137	28,391	28,391	28,391	28,391	28,273
Labor force.....	14,427	14,178	14,588	14,732	14,406	14,789	14,973	15,480	15,105	14,568
Unemployed.....	1,092	1,097	979	797	702	692	633	552	571	1,014
Unemployment rate.....	7.6%	7.7%	6.7%	5.4%	4.9%	4.7%	4.2%	3.6%	3.8%	7.0%
Hampden-Wilbraham Regional:										
Enrollment.....	3,420	3,356	3,356	3,356	3,138	3,107	3,061	3,057	3,005	2,865
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	21,348	21,352	21,331	21,336	21,119
Labor force.....	10,525	10,413	10,680	11,025	10,837	11,064	11,283	11,622	11,422	10,838
Unemployed.....	911	982	889	706	684	644	635	563	684	859
Unemployment rate.....	8.7%	9.4%	8.3%	6.4%	6.3%	5.8%	5.6%	4.8%	6.0%	7.9%
East Longmeadow:										
Population.....	15,720	15,720	15,720	15,720	15,720	15,839	15,839	16,156	16,200	16,006
Labor force.....	7,909	7,793	8,052	8,672	8,564	8,786	8,984	9,300	9,069	8,650
Unemployed.....	472	498	427	353	331	314	303	251	270	431
Unemployment rate.....	6.0%	6.4%	5.3%	4.1%	3.9%	3.6%	3.4%	2.7%	3.0%	5.0%
Southwick-Tolland-Granville Regional:										
Enrollment.....	N/A	N/A	N/A	N/A	N/A	1,549	1,519	1,511	1,486	1,393
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	15,633	15,784	15,784	15,784	15,784	15,791
Labor force.....	7,675	7,579	7,796	8,147	7,995	8,186	8,337	8,614	8,353	7,985
Unemployed.....	369	413	365	287	267	261	236	202	194	374
Unemployment rate.....	4.8%	5.4%	4.7%	3.5%	3.3%	3.2%	2.8%	2.3%	2.3%	4.7%

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>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>2021</u>
<u>Full-Time Equivalents</u>										
Administration.....	23	21	21	21	21	11	11	13	12	12
Special Education.....	74	80	71	71	67	44	41	38	33	33
Occupational Education.....	39	39	44	50	44	46	46	46	44	42
Supplemental Services.....	5	6	4	7	7	25	24	24	28	25
Transportation.....	<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>	<u>266</u>
Total	<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>	<u>378</u>

Source: Collaborative finance department

Operating Indicators

Last Ten Years

Enrollment	Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Occupational Education Enrollment by District:										
Agawam.....	116	123	102	114	113	114	107	91	78	73
East Longmeadow.....	20	23	20	28	28	23	24	26	21	23
Hampden-Wilbraham Regional	25	19	16	18	18	32	27	21	23	25
Longmeadow.....	26	15	14	15	15	15	17	16	16	17
Ludlow.....	50	40	45	42	42	52	54	45	55	58
Southwick-Tolland-Granville Regional.....	67	69	70	66	65	63	77	72	75	71
West Springfield.....	88	98	125	98	93	74	93	99	104	90
Non Member Communities.....	84	87	85	98	98	92	88	74	83	79
Total Occupational Educational Enrollment.....	476	474	477	479	472	465	487	444	455	436
Special Education Enrollment by Program:										
Alternative High School.....	6	8	6	5	*	*	*	*	*	*
Alternative High School "Brush Hill Academy".....	30	45	59	52	33	28	21	7	*	*
Autism Elementary Program.....	N/A	N/A	N/A	N/A	4	6	9	5	5	4
Autism Middle Program.....	N/A	N/A	N/A	N/A	10	8	10	7	4	6
Autism High Program.....	5	5	5	6	5	5	6	8	6	3
Asperger Compass Middle School.....	8	6	6	8	10	4	3	5	4	*
Asperger Compass High School.....	6	8	8	6	5	12	6	7	*	*
Career Prep Program.....	8	6	10	10	9	10	10	6	10	4
Career Skills Program.....	11	10	11	8	10	7	8	10	7	4
Elementary Developmental Classroom.....	5	5	5	-	*	*	*	*	*	*
Elementary and Secondary Transitional I.....	6	4	6	5	*	*	*	*	*	*
Elementary and Secondary Transitional II.....	5	4	4	-	*	*	*	*	*	*
Integrated Occupational Preparation.....	37	28	20	21	27	29	22	22	16	14
Prevocational Preparation.....	4	6	5	7	*	*	*	*	*	*
Secondary Developmental.....	7	6	4	7	6	*	*	*	*	*
Twain Elementary School.....	**	**	**	**	**	**	**	**	**	7
Twain High School.....	12	12	14	8	14	13	12	11	14	11
Vocational Preparation I.....	9	6	8	7	10	9	5	7	6	6
Vocational Preparation II.....	10	8	*	*	*	*	*	*	*	*
Transitions Program.....	7	7	6	5	4	7	*	*	*	*
Total Special Education Enrollment.....	176	174	177	155	147	131	112	95	72	59
Total Enrollment.....	652	648	654	634	619	596	599	539	527	495
Staffing Levels										
Teachers and Instructional Staff.....	101	103	109	109	110	108	104	80	77	75
Administration.....	18	17	21	24	24	24	30	36	34	30
Classified Employees:										
Clerical Staff.....	9	10	10	11	8	3	3	3	3	3
Maintenance.....	2	3	2	2	2	2	2	2	2	3
IT Staff.....	5	4	5	5	5	2	3	1	1	1
Transportation Services.....	247	239	237	243	238	239	243	228	249	266
Total Regular Staff.....	382	376	384	394	387	378	385	350	366	378

NA - Information not available

* - Program closed

** - Program was not offered in previous years

Source: Finance Department

Capital Asset Statistics

	<u>Town/Location</u>	<u>Year Acquired</u>	<u>Square Footage</u>	<u>% Occupied</u>	<u>Acreage</u>
Buildings (1):					
Career and Technical Education Center and Administration Building.....	West Springfield	2005	106,029	100%	26.36
Municipal Medicaid Reimbursement building.....	West Springfield	1992	3,348	100%	0.52
Modular Buildings (1):					
Glenbrook Modular in Longmeadow.....	Longmeadow	2006	2,134	100%	N/A
Transportation Facilities (2):					
Denslow Road Garage.....	East Longmeadow	2004	5,184	100%	4.57
Shoemaker Lane Garage.....	Agawam	2012	13,100	100%	3.07
Boston Road Garage.....	Wilbraham	2016	24,871	100%	8.50

NA - Information not applicable

(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, 2021

		Page(s) in financial statements
(A) Voted Cumulative Surplus as of June 30, 2020.....	\$ 4,671,852	2020 ACFR page 112
(B) 1. Amount of (A) used to support the FY2021 budget.....	\$ 1,998,276	2021 ACFR page 70
2. Amount of (A) returned to member districts.....	<u>1,178,936</u>	2021 ACFR page 33
Subtotal.....	<u>3,177,212</u>	
Prior year cumulative surplus less amounts used or returned.....	\$ <u>1,494,640</u>	
(C) 1. Unassigned FY2021 General Funds.....	2,015,538	2021 ACFR page 34
2. Unexpended FY2021 Enterprise Funds (modified accrual basis).....	<u>3,309,021</u>	*
(D) Cumulative Surplus as of June 30, 2021.....	\$ <u>5,324,559</u>	
(E) Fiscal year 2021 General Fund Expenditures.....	9,540,048	***
Fiscal year 2021 Enterprise Fund Expenditures (modified cash basis).....	<u>12,537,367</u>	**
	<u>22,077,415</u>	
(F) Cumulative Surplus Percentage.....	<u>24.12%</u>	
(G) Cumulative Surplus as of June 30, 2021.....	\$ <u>5,324,559</u>	
25% Limit (Allowed).....	\$ <u>5,519,354</u>	
(H) Cumulative Surplus Reductions:		
1. Credited to member districts for tuition, services, etc.....	\$ -	
2. Deposited to an established trust and/or reserve fund.....	-	
3. Returned (check) to school districts/towns.....	-	
Total reductions.....	\$ <u>-</u>	
Cumulative Surplus Percentage as of June 30, 2021 after reduction.....	<u>24.12%</u>	

* The modified accrual balance for the Enterprise Funds consist of cash, investments, receivables, payables, and other liabilities, which can be identified on page 40 of the 2021 ACFR.

** The full accrual expenses reported in the 2021 ACFR have been adjusted to remove all expenses related to long term assets or liabilities.

*** The total General Fund expenditures are calculated as the total noted on page 38 of the 2021 ACFR, exclusive of the recognition of on-behalf payments related to MTRS and MSERS.

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 2021 totaled \$1,020,000.

New operating leases for various facilities were effective July 1, 2017, and under the terms, all of the operating leases will expire on June 30, 2022, with various options for extensions, in which the Corporation plans to exercise. Based on the current operating lease agreements, future operating lease payments to be received by the Corporation total \$1,020,000 and are scheduled to be received in 2022.

During 2021, the Collaborative contributed for expenditures related to the Brush Hill Bistro roof replacement project as well as modular classroom renovations totaling \$417,679, which has been reported as capital outlay.

Total payments from the Collaborative to the Corporation during year 2021 are as follows:

Purpose	Amount
Operating Leases.....	\$ 1,020,000
Bistro roof repair and modular classroom renovations...	417,679
Total lease payments.....	<u>\$ 1,437,679</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 \$1,898,633.

Additionally, in 2021, the Collaborative agreed to purchase buses through capital leases from Southwick-Tolland-Granville Regional (District). The costs of the buses acquired through capital leases with the District totaled \$532,050, and the accumulated depreciation on those buses totaled \$88,675.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2021 are listed on the following page.

Years Ending June 30	Amount
2022.....	\$ 553,083
2023.....	397,568
2024.....	344,349
Total minimum lease payments.....	1,295,000
Less: amounts representing interest.....	(45,006)
Present value of minimum lease payments.....	\$ 1,249,994

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, 2020, as reported on IRS form W-2, Wage and Tax Statement:

Name	General Duties	Compensation
Andrew Churchill.....	SSoS Assistant Director.....	\$ 170,315
Anna Bishop.....	Director of Finance.....	135,419
Christine Shea.....	Data Specialist.....	128,994
Zachary Smith.....	Data Specialist.....	123,277
Donald Jarvis.....	Director of Occupational Education.....	123,108
	Total.....	\$ 681,113

NOTE 4 – ADMINISTRATION AND OVERHEAD

For year ended June 30, 2021, the Collaborative expended approximately \$1,249,311 for amounts related to administration and \$1,365,774 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, 2021, 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 2021, 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.