

# LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

WEST SPRINGFIELD, MASSACHUSETTS



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2023



# **Lower Pioneer Valley Educational Collaborative**

**West Springfield, Massachusetts**

## **Annual Comprehensive Financial Report**

For the Year  
July 1, 2022 through June 30, 2023



Prepared by the Finance Department

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2023

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# ***Introductory Section***



Lower Pioneer Valley Educational Collaborative machine shop.

# ***Introductory Section***

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November 15, 2023

**Letter of Transmittal**

To Members of the Board of Directors and District Members of the Lower Pioneer Valley Educational Collaborative:

Massachusetts 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, 2023, 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, 2023, 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, 2023, 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 19,096 students in seven member communities. 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. 478 students were enrolled in Career and Technical Education (CTEC) programs at the secondary

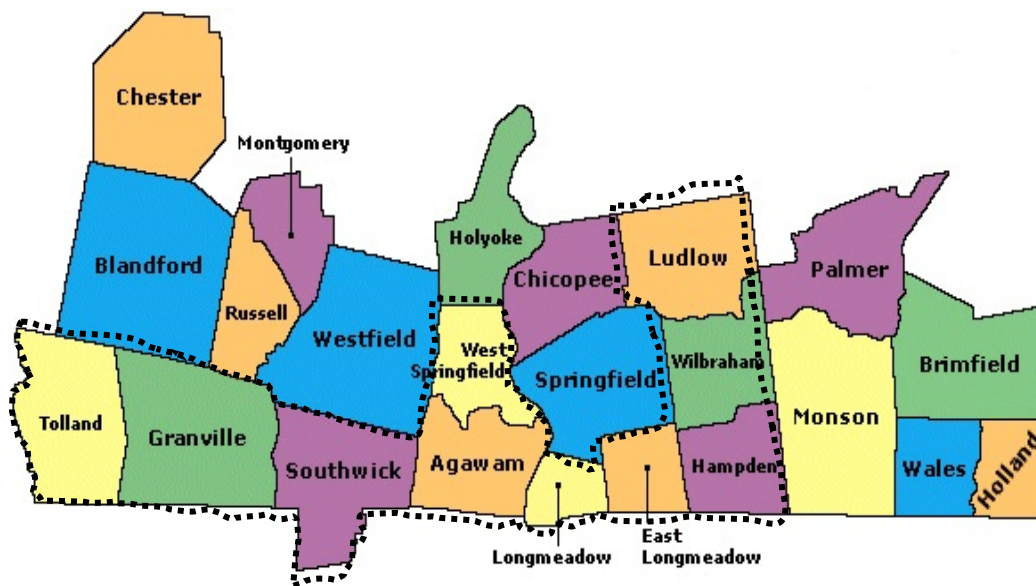
level in 2023. Enrollment in special education programs for students in elementary, secondary, and transition programs varies; it was 63 in 2023.

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 3,457 students
- East Longmeadow:* PreK-12 district serving 2,541 students
- Hampden-Wilbraham Regional:* PreK-12 district serving 2,859 students
- Longmeadow:* PreK-12 district serving 2,778 students
- Ludlow:* PreK-12 district serving 2,271 students
- Southwick-Tolland-Granville Regional:* PreK-12 district serving 1,322 students
- West Springfield:* PreK-12 district serving 3,868 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 ages 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. 63 special needs students were enrolled in 8 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 who 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 ELEMENTARY PROGRAM (TEP)***

**Level:** Elementary, Grades 1-5

**Program Description:** The TEP 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 limited 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, through the use of 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 and LMHC programmatically. Staff work closely with families and outside providers to facilitate the stabilization process.

### ***TWAIN HIGH SCHOOL PROGRAM (TWAIN)***

**Level:** High School, 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 all of its member school districts. The LPVEC employs and manages 252 drivers and monitors and operates over 240 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 58 school districts and municipalities. This project generated over \$5.6 million in federal reimbursement funds to the participating districts in 2023. 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 2023, the LPVEC coordinated three annual cooperative bids for energy. 44 participants for fuel oil, 23 for diesel and 20 for unleaded gasoline. Energy bids totaled approximately \$12 million with an estimated collective cost savings of \$825,000.

### ***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 2023 budget adopted on January 18, 2023, by the Board of Directors is \$27,384,901. This amount represents a \$1.2 million or 5.0% increase from the 2022 budget.

Changes to the operating budget worth noting are identified below.

*Special Education* – The increase in Special Education is primarily due to the addition of 5 new full-time equivalents (FTE). One instructor and three classroom assistants were added in the COMPASS Program one classroom assistant was added in the Integrated Occupational Preparation program.

*Vocational and Technical Education* – The increase in Vocational-Technical Education is primarily due to the addition of two new full-time equivalents (FTE). One instructor was added in the Cosmetology program and a technical assistant was added to the Health Assisting program. In addition, increases to salary and fringe benefit costs as well as administrative cost allocation contributed to the increase in Vocational and Technical Education.

*Transportation Services* – The 5.31% increase in Regular Needs Transportation (RNT) and the 2.90% increase in Special Needs Transportation (SNT) are primarily due to salary and fringe benefit costs. As a result, districts recognized an increase in their transportation assessments of \$579,864 or 4.42%. The 10.92% increase in Monitors is primarily due to decreased one-to-one student service needs.

*Municipal Medicaid Reimbursement* – The 25.25% increase in Municipal Medicaid Reimbursement Services is primarily attributed to the reorganization of the department and elimination of one full time equivalent (FTE).

*Contracted Services* – The 13.40% increase in Contracted Services is primarily due to the addition of the Diversity Services program. In addition there is an increased demand for one-to-one individual aides.

*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 costs.

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 2022-2023 fiscal year, fringe benefits and salaries accounted for 75.80% of expenditures in the overall budget. The increase in personnel costs from 2022 to 2023 is \$803,663 or 5.45%. Salaries for 2023 were budgeted assuming a 3.5% increase. Costs associated with providing employee healthcare are expected to increase as 2023 healthcare was budgeted at the average inflation rate of 10%. The increase related to 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, 2022. This was the 10<sup>th</sup> 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 2023.

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,



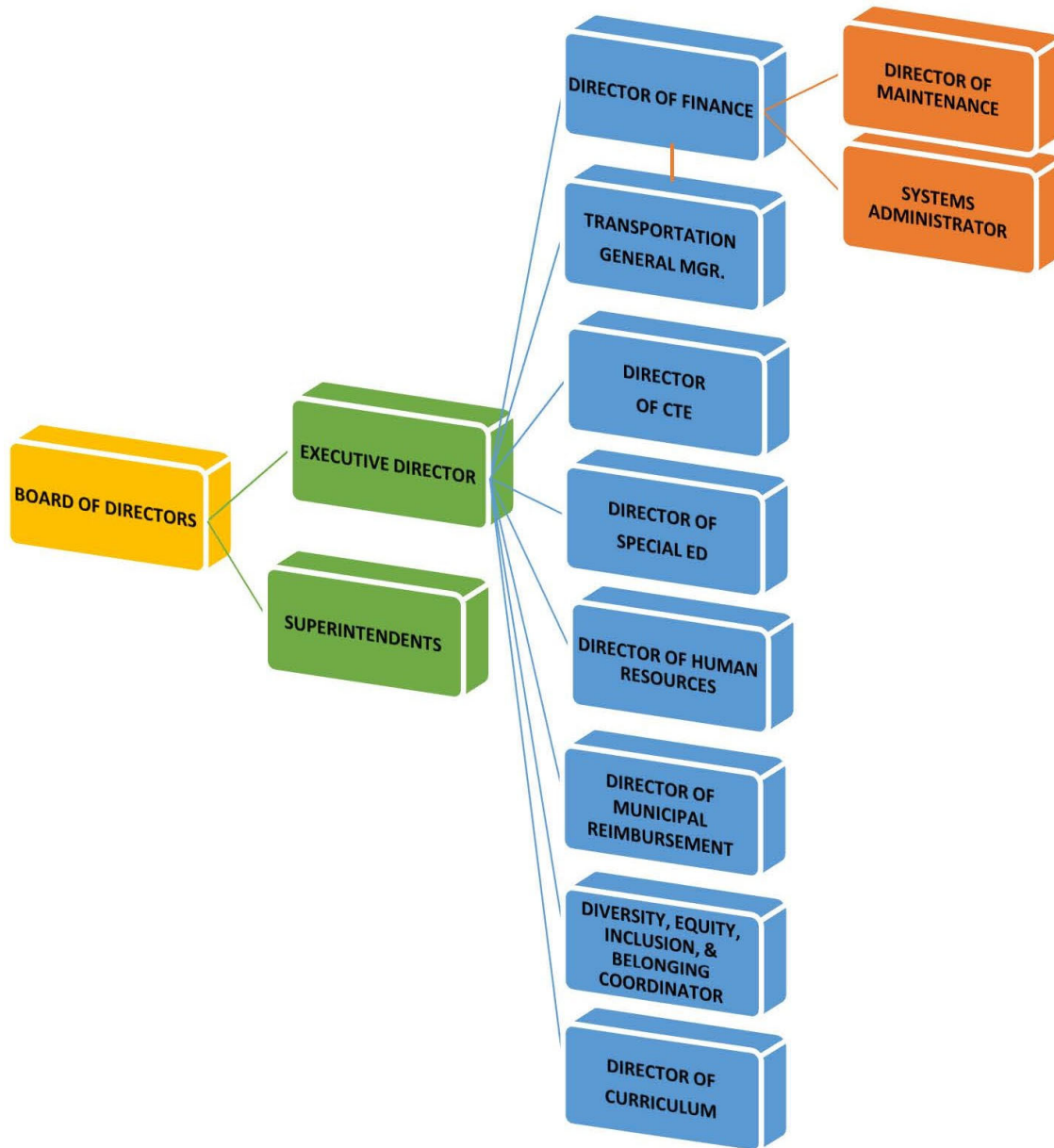
Alvin M. Morton  
Executive Director



Anna M. Bishop  
Director of Finance and Operations

# LPVEC ORGANIZATIONAL CHART

## FY2023







**(As of June 30, 2023)**

**Principal Executive Officers**

Roland R. Joyal Jr., Executive Director  
Alvin W. Morton, Executive Director (July 1, 2023)

Anna M. Bishop, Director of Finance and Operations

Donald Jarvis, Director of Occupational Education

Amy Drake, Director of Special and Alternative Education

**Board of Directors**

Agawam: Mr. A.J. Christopher

East Longmeadow: Ms. Aimee Dalenta

Hampden-Wilbraham Regional: Ms. Lisa Murray

Longmeadow: Ms. Mary Keane

Ludlow: Mr. Jeffrey Laing

Southwick-Tolland-Granville Regional: Ms. Erika Emmelmann

West Springfield: Ms. Diana Coyne



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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Lower Pioneer Valley Educational Collaborative  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO

## ***Financial Section***



Lower Pioneer Valley Educational Collaborative cafeteria for the Culinary Arts 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 Audit of the Financial Statements**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lower Pioneer Valley Educational Collaborative, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lower Pioneer Valley Educational Collaboratives' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lower Pioneer Valley Educational Collaborative, as of June 30, 2023 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.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Pioneer Valley Educational Collaboratives' basic financial statements. The accompanying combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory, statistical sections, schedule of cumulative surplus and the required disclosures for Massachusetts Educational Collaboratives but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Lower Pioneer Valley Educational Collaboratives' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lower Pioneer Valley Educational Collaboratives' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lower Pioneer Valley Educational Collaboratives' internal control over financial reporting and compliance.



November 15, 2023

# ***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, 2023. 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).

The government-wide financial statements distinguish functions that are principally supported by assessments to member and non-member districts, intergovernmental revenues, and user fees and charges. The governmental activities include administration, special education, occupational education, supplemental services, transportation, unallocated depreciation, and interest expense. These services are funded primarily by assessments, user charges 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.

**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 two categories: governmental 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.

**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* consisting of the combining schedules; 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 \$3.3 million at the close of fiscal year 2023. This represents an overall increase in net position of \$3.8 million. This includes the activity of the Corporation, which is blended with the Collaborative in the Statements of Net Position and Activities.

The \$3.8 million increase in net position was the result of a decrease in the Collaborative's net other postemployment liability, net of related deferred outflows/(inflows) of resources totaling \$1.3 million in addition to positive budgetary operations. Furthermore, included within the governmental activities is the blended Lower Pioneer Valley Educational Corporation component unit which reported an increase in net position of approximately \$143,000.

Net position of approximately \$10.1 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 \$6.7 million.



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

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 15,373,380	\$ 14,112,199
Capital assets, nondepreciable.....	3,032,923	3,032,923
Capital assets, net of accumulated depreciation....	18,432,382	17,916,495
<b>Total assets.....</b>	<b>36,838,685</b>	<b>35,061,617</b>
<b>Deferred outflows of resources.....</b>	<b>255,018</b>	<b>1,404,709</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	1,058,890	2,090,926
Noncurrent liabilities (excluding debt).....	17,192,890	16,265,150
Current debt.....	1,686,178	1,314,149
Noncurrent debt.....	9,718,986	9,723,881
<b>Total liabilities.....</b>	<b>29,656,944</b>	<b>29,394,106</b>
<b>Deferred inflows of resources.....</b>	<b>4,106,627</b>	<b>7,542,117</b>
<b>Net position:</b>		
Net investment in capital assets.....	10,060,141	9,911,388
Unrestricted.....	(6,730,009)	(10,381,285)
<b>Total net position.....</b>	<b>\$ 3,330,132</b>	<b>\$ (469,897)</b>
	2023	2022
<b>Program Revenues:</b>		
Charges for services.....	\$ 19,800,330	\$ 18,557,588
Operating grants and contributions.....	3,718,237	3,061,986
<b>General Revenues:</b>		
Member district assessments.....	8,150,572	8,061,502
Unrestricted investment income.....	79,243	2,965
Miscellaneous.....	18,800	116,389
<b>Total revenues.....</b>	<b>31,767,182</b>	<b>29,800,430</b>
<b>Expenses:</b>		
Administration.....	1,607,531	778,362
Special Education.....	3,116,089	2,926,289
Occupational Education.....	5,650,256	5,455,981
Transportation.....	12,864,628	12,062,915
Supplemental Services.....	2,363,230	2,603,609
Unallocated Depreciation.....	1,989,315	1,824,481
Interest.....	376,104	370,276
<b>Total expenses.....</b>	<b>27,967,153</b>	<b>26,021,913</b>
<b>Excess (Deficiency) before special item.....</b>	<b>3,800,029</b>	<b>3,778,517</b>
<b>Special item - Refunds to member districts.....</b>	<b>-</b>	<b>(600,000)</b>
<b>Change in net position.....</b>	<b>3,800,029</b>	<b>3,178,517</b>
<b>Net position, beginning of year.....</b>	<b>(469,897)</b>	<b>(3,648,414)</b>
<b>Net position, end of year.....</b>	<b>\$ 3,330,132</b>	<b>\$ (469,897)</b>

Operating grants and contributions increased by \$656,000 (21.4%), which mainly related to an \$870,000 and \$195,000 increase in the required recognition of revenue for payments made by the state retirement system and

Massachusetts teacher's retirement system on behalf of the Collaborative, respectively. These were offset by decreases in the District and School Assistance grants. Expenses increased by approximately \$1.9 million, which was mainly related to a large increase in administration, totaling \$829,000. This was mainly attributable to an \$870,000 increase for payments made by the state retirement system on behalf of the Collaborative.

## ***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 \$14.4 million, a net increase of \$2.3 million from the prior year. The general fund increased by \$2.1 million; the grants fund decreased by \$37,000; the Lower Pioneer Valley Educational Corporation major fund increased by \$143,000; and the nonmajor governmental funds increased by \$80,000.

The *General Fund* is the Collaborative's chief operating fund and includes activities of the transportation program within the general fund. At year end, unassigned fund balance of the general fund totaled \$5.1 million while total fund balance equaled \$11.1 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 17% of total general fund expenditures, while total fund balance represents 37% of that same amount. The general fund increased by approximately \$2.1 million in 2023, which was mainly related to the budgetary results of the transportation operations which had an operating surplus of \$1.3 million. The budgetary operations of supplemental services, occupational education, and special education services also contributed to the increase by \$229,000, \$479,000, and \$220,000, respectively.

The *Grant 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 \$38,000, which represents 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 \$143,000, which mainly represents the difference between \$1.0 million of rental payments received from the Collaborative, offset with debt service expenditures.

The *Nonmajor Funds* increased by approximately \$80,000 in the current year.

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

The Collaborative's 2023 original operating budget consisted of approximately \$31.6 million in current appropriations and anticipated assessments, including a \$4.2 million carryover from the prior year for the use of fund balance. During the year, appropriations were increased through an additional \$2.0 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 more than budgeted by \$74,000 and expenditures were under budget by \$2.2 million, and \$185,000 was

spent directly from amounts appropriated from fund balance. From the appropriated use of unreserved fund balance, \$6.0 million has been reserved for spending in fiscal year 2024.

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

The Collaborative's capital assets totaled \$21.5 million as of June 30, 2023, which includes \$16.8 million in assets of the Lower Pioneer Valley Educational Corporation blended component unit. Collectively the Collaborative acquired approximately \$2.5 million in capital assets in year 2023. This consisted primarily of machinery and equipment, and vehicles acquired in the general fund, and buildings acquired from the Corporation blended component unit.

The Collaborative reported \$8.2 million in long-term bonds payable which all related to debt held by the blended Corporation component unit. Capital financing long-term debt was reported in the current year totaling \$3.2 million. Collectively, the Collaborative has outstanding long-term debt totaling \$11.4 million at June 30, 2023.

Please refer to Note 4, 6, and 7 in the basic financial statements for further discussion of the capital asset and debt activity.

### ***Requests for Information***

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

***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2023

	<u>Primary Government</u>	
	<u>Governmental</u>	
	<u>Activities</u>	
<b>ASSETS</b>		
CURRENT:		
Cash and cash equivalents.....	\$	602,004
Investments.....		13,333,033
Receivables, net of allowance for uncollectibles:		
Departmental and other.....		16,138
Intergovernmental.....		1,346,152
Inventory.....		75,196
Other assets.....		857
		<u>15,373,380</u>
NONCURRENT:		
Capital assets, nondepreciable.....		3,032,923
Capital assets, net of accumulated depreciation.....		18,432,382
		<u>21,465,305</u>
TOTAL ASSETS.....		<u>36,838,685</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to other postemployment benefits....		255,018
		<u>255,018</u>
<b>LIABILITIES</b>		
CURRENT:		
Warrants payable.....		617,934
Accrued payroll.....		25,675
Accrued interest.....		25,869
Other liabilities.....		294,706
Compensated absences.....		94,706
Long-term debt.....		1,686,178
		<u>2,745,068</u>
NONCURRENT:		
Compensated absences.....		114,221
Net other postemployment benefits liability.....		17,078,669
Long-term debt.....		9,718,986
		<u>26,911,876</u>
TOTAL LIABILITIES.....		<u>29,656,944</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to other postemployment benefits.....		4,106,627
		<u>4,106,627</u>
<b>NET POSITION</b>		
Net investment in capital assets.....		10,060,141
Unrestricted.....		(6,730,009)
		<u>3,330,132</u>
TOTAL NET POSITION.....	\$	<u>3,330,132</u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
Administration.....	\$ 1,607,531	\$ 290,100	\$ 1,684,407	\$ -	\$ 366,976
Special education.....	3,116,089	816,669	318,473	-	(1,980,947)
Occupational education.....	5,650,256	1,066,037	896,311	-	(3,687,908)
Supplemental services.....	2,363,230	1,525,400	819,046	-	(18,784)
Transportation.....	12,864,628	16,102,124	-	-	3,237,496
Unallocated depreciation.....	1,989,315	-	-	-	(1,989,315)
Interest.....	376,104	-	-	-	(376,104)
Total Governmental Activities.....	\$ <u>27,967,153</u>	\$ <u>19,800,330</u>	\$ <u>3,718,237</u>	\$ <u>-</u>	\$ <u>(4,448,586)</u>

(Continued)

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

	Primary Government
	Governmental Activities
<b>Changes in net position:</b>	
Net (expense) revenue from previous page.....	\$ <b>(4,448,586)</b>
<i>General revenues:</i>	
Member district assessments.....	8,150,572
Unrestricted investment income.....	79,243
Miscellaneous.....	18,800
Total general revenues and special item.....	8,248,615
Change in net position.....	3,800,029
<i>Net position:</i>	
Beginning of year.....	(469,897)
End of year.....	\$ 3,330,132

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2023

	General	Grant Fund	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 125,123	\$ -	\$ 788	\$ 476,093	\$ 602,004
Investments.....	10,726,374	-	2,421,613	185,046	13,333,033
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	16,138	16,138
Intergovernmental.....	1,264,864	81,288	-	-	1,346,152
Due from other funds.....	37,668	-	167,678	-	205,346
Inventory.....	75,196	-	-	-	75,196
Other assets.....	857	-	-	-	857
<b>TOTAL ASSETS.....</b>	<b>\$ 12,230,082</b>	<b>\$ 81,288</b>	<b>\$ 2,590,079</b>	<b>\$ 677,277</b>	<b>\$ 15,578,726</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 611,771	\$ 5,558	\$ -	\$ 605	\$ 617,934
Accrued payroll.....	25,675	-	-	-	25,675
Due to other funds.....	167,678	37,668	-	-	205,346
Other liabilities.....	293,894	-	-	812	294,706
<b>TOTAL LIABILITIES.....</b>	<b>1,099,018</b>	<b>43,226</b>	<b>-</b>	<b>1,417</b>	<b>1,143,661</b>
<b>FUND BALANCES</b>					
Restricted.....	-	38,062	2,590,079	675,860	3,304,001
Assigned.....	6,015,733	-	-	-	6,015,733
Unassigned.....	5,115,331	-	-	-	5,115,331
<b>TOTAL FUND BALANCES.....</b>	<b>11,131,064</b>	<b>38,062</b>	<b>2,590,079</b>	<b>675,860</b>	<b>14,435,065</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 12,230,082</b>	<b>\$ 81,288</b>	<b>\$ 2,590,079</b>	<b>\$ 677,277</b>	<b>\$ 15,578,726</b>

See notes to basic financial statements.



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

JUNE 30, 2023

Total governmental fund balances.....		\$ 14,435,065
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		21,465,305
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.....		(3,851,609)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(25,869)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long-term debt.....	(11,405,164)	
Net other postemployment benefits liability.....	(17,078,669)	
Compensated absences.....	<u>(208,927)</u>	
Net effect of reporting long-term liabilities.....		<u>(28,692,760)</u>
Net position of governmental activities.....		<u>\$ 3,330,132</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Grant Fund	Lower Pioneer Valley Educational Corporation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Member district assessments.....	\$ 9,219,676	\$ -	\$ -	\$ -	\$ 9,219,676
Nonmember assessments.....	2,055,551	-	-	-	2,055,551
Transportation services.....	16,102,124	-	-	-	16,102,124
Intergovernmental - state funded pension benefits.....	2,696,307	-	-	-	2,696,307
Intergovernmental.....	-	1,021,930	-	-	1,021,930
Departmental and other.....	18,800	-	1,027,000	283,551	1,329,351
Investment income.....	62,943	-	16,300	-	79,243
<b>TOTAL REVENUES.....</b>	<b>30,155,401</b>	<b>1,021,930</b>	<b>1,043,300</b>	<b>283,551</b>	<b>32,504,182</b>
<b>EXPENDITURES:</b>					
Current:					
Administration.....	-	-	23,301	-	23,301
Special education.....	3,239,320	-	-	-	3,239,320
Occupational education.....	5,617,566	397,134	-	10,120	6,024,820
Supplemental services.....	1,473,510	661,576	-	192,964	2,328,050
Transportation services.....	15,696,013	-	-	-	15,696,013
State funded pension benefits.....	2,696,307	-	-	-	2,696,307
Capital outlay.....	201,167	-	-	-	201,167
Debt service:					
Principal.....	1,236,580	-	550,500	-	1,787,080
Interest.....	51,552	-	326,291	-	377,843
<b>TOTAL EXPENDITURES.....</b>	<b>30,212,015</b>	<b>1,058,710</b>	<b>900,092</b>	<b>203,084</b>	<b>32,373,901</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(56,614)</b>	<b>(36,780)</b>	<b>143,208</b>	<b>80,467</b>	<b>130,281</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital purchase financing.....	2,154,214	-	-	-	2,154,214
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2,097,600</b>	<b>(36,780)</b>	<b>143,208</b>	<b>80,467</b>	<b>2,284,495</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>9,033,464</b>	<b>74,842</b>	<b>2,446,871</b>	<b>595,393</b>	<b>12,150,570</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 11,131,064</b>	<b>\$ 38,062</b>	<b>\$ 2,590,079</b>	<b>\$ 675,860</b>	<b>\$ 14,435,065</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....		\$ 2,284,495
<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.....	2,505,202	
Depreciation expense.....	<u>(1,989,315)</u>	
Net effect of reporting capital assets.....		515,887
<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 on capital financing.....	1,236,580	
Capital purchase financing.....	<u>(2,154,214)</u>	
Debt service principal payments on the Massachusetts Development Bond.....	<u>550,500</u>	
Net effect of reporting long-term debt.....		(367,134)
<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.....	20,242	
Net change in accrued interest on long-term debt.....	1,739	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits..	2,285,799	
Net change in net other postemployment benefits liability.....	<u>(940,999)</u>	
Net effect of recording long-term liabilities.....		<u>1,366,781</u>
Change in net position of governmental activities.....		<u>\$ 3,800,029</u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

		Other Postemployment Benefit Trust Fund
<b>ASSETS</b>		
Investments:		
Pension Reserve Investment Trust.....	\$	453,885
<b>NET POSITION</b>		
Restricted for other postemployment benefits.....	\$	453,885

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Fund
<b><u>ADDITIONS:</u></b>	
Contributions:	
Employer contributions for other postemployment benefit payments.... \$	384,300
Net investment income:	
Investment income.....	26,735
Less: investment expense.....	(2,184)
Net investment income.....	24,551
TOTAL ADDITIONS.....	408,851
<b><u>DEDUCTIONS:</u></b>	
Other postemployment benefit payments.....	384,300
NET INCREASE (DECREASE) IN NET POSITION.....	24,551
NET POSITION AT BEGINNING OF YEAR.....	429,334
NET POSITION AT END OF YEAR..... \$	453,885

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 rental agreements 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 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 and user charges.

### *Fund Financial Statements*

Separate financial statements are provided for governmental 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 *grant 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, which is mainly funded from rental income.

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.

**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 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 treasures 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.....	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 assets 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 assets 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 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 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 \$601,216 and the bank balance totaled \$1,058,070. Of the bank balance, \$250,000 was covered by Federal Depository Insurance, and \$808,070 was fully collateralized.

The Corporation maintains its cash deposits in one checking account. At June 30, 2023, the Corporation's carrying balance for deposits and bank balance both totaled \$788, all of which was covered by Federal Depositors Insurance.

### Investments

As of June 30, 2023, the Collaborative had investments with a fair value of \$10,911,420 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, 2023, the carrying value of the REPO was \$10,911,420. The REPO is classified as an interest earning investment which is not subject to the fair value level disclosures.

As of June 30, 2023, the Collaborative had a balance of \$453,885 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 \$453,885. 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 1.98 to 14.64 years.

As of June 30, 2023, the Corporation had an investment of with a fair value of \$2,421,613 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, 2023, the carrying value of the REPO is \$2,421,613. 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, 2023, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 16,138	\$ -	\$ 16,138
Intergovernmental.....	1,346,152	-	1,346,152
Total.....	<u>\$ 1,362,290</u>	<u>\$ -</u>	<u>\$ 1,362,290</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the Collaborative for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<i>Collaborative:</i>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 3,077,016	\$ 196,597	\$ -	\$ 3,273,613
Vehicles.....	14,690,407	2,107,438	(2,295,889)	14,501,956
Total capital assets being depreciated.....	<u>17,767,423</u>	<u>2,304,035</u>	<u>(2,295,889)</u>	<u>17,775,569</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(2,576,186)	(195,891)	-	(2,772,077)
Vehicles.....	(11,669,900)	(1,012,076)	2,295,889	(10,386,087)
Total accumulated depreciation.....	<u>(14,246,086)</u>	<u>(1,207,967)</u>	<u>2,295,889</u>	<u>(13,158,164)</u>
Total Collaborative governmental activities capital assets, net..	<u>3,521,337</u>	<u>1,096,068</u>	<u>-</u>	<u>4,617,405</u>
<i>Corporation blended component unit:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	3,032,923	-	-	3,032,923
<u>Capital assets being depreciated:</u>				
Buildings.....	24,390,938	201,167	-	24,592,105
<u>Less accumulated depreciation for:</u>				
Buildings.....	(9,995,780)	(781,348)	-	(10,777,128)
Total capital assets being depreciated, net.....	<u>14,395,158</u>	<u>(580,181)</u>	<u>-</u>	<u>13,814,977</u>
Total Corporation capital assets, net.....	<u>17,428,081</u>	<u>(580,181)</u>	<u>-</u>	<u>16,847,900</u>
Total Governmental Activities capital assets, net.....	<u>\$ 20,949,418</u>	<u>\$ 515,887</u>	<u>\$ -</u>	<u>\$ 21,465,305</u>

Depreciation expense for governmental activities totaled \$1,989,315 and was unallocated.



**NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES**

The Collaborative had the following interfund receivables and payables at June 30, 2023.

Receivable Fund	Payable Fund	Amount	
General fund.....	Grant fund.....	\$ 37,668	(1)
Lower Pioneer Valley Educational Corporation.....	General fund.....	167,678	(2)
Total.....		\$ 205,346	

- 1) Represents a temporary cash borrowing.
- 2) Represents funds due to the Corporation component unit from the Collaborative.

**NOTE 6 – 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 2023.

**NOTE 7 – 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 the following long-term financing activity during fiscal year 2023:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Capital financing 2020.....	2024	\$ 1,316,403	4.14%	\$ 268,617
Capital financing 2021.....	2024	543,355	2.50%	69,375
Capital financing 2022.....	2026	1,574,992	6.01%	1,195,139
Capital financing 2023.....	2027	2,154,214	4.89%	<u>1,681,283</u>
Total.....				<u>\$ 3,214,414</u>

Debt service requirements for principal and interest for the Collaborative long-term financing payable in future years are as follows:

Years ending June 30:	Governmental Activities		
	Principal	Interest	Total
2024.....	\$ 1,117,678	\$ 117,255	\$ 1,234,933
2025.....	808,127	82,457	890,584
2026.....	837,726	52,857	890,583
2027.....	<u>450,883</u>	<u>31,837</u>	<u>482,720</u>
Total.....	<u>\$ 3,214,414</u>	<u>\$ 284,406</u>	<u>\$ 3,498,820</u>

The Corporation had the following long-term financing activity during fiscal year 2023:

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 2023, the Corporation had \$8,190,750 of outstanding debt related to this issuance.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Massachusetts Development Bond.....	2026	\$ <u>12,075,000</u>	3.79	\$ <u>8,190,750</u>

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

Year	Principal	Interest	Total
2024.....	\$ 568,500	\$ 301,476	\$ 869,976
2025.....	584,250	278,831	863,081
2026.....	7,038,000	66,770	7,104,770
Total.....	\$ 8,190,750	\$ 647,077	\$ 8,837,827

Changes in Long-term Liabilities

Long-term liabilities of the Corporation blended component unit are paid from the Corporation using the revenue paid from the Collaborative per established rental agreements. Other long-term liabilities related to the governmental activities are normally paid from the General Fund.

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Long-term Debt Issued	Long-term Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 8,741,250	\$ -	\$ (550,500)	\$ -	\$ -	\$ 8,190,750	\$ 568,500
Capital financing.....	2,296,780	2,154,214	(1,236,580)	-	-	3,214,414	1,117,678
Total long-term debt.....	11,038,030	2,154,214	(1,787,080)	-	-	11,405,164	1,686,178
Compensated absences.....	229,169	-	-	81,447	(101,689)	208,927	94,706
Net other postemployment benefits.....	16,137,670	-	-	1,649,251	(708,252)	17,078,669	-
Total governmental activity long-term liabilities.....	\$ 27,404,869	\$ 2,154,214	\$ (1,787,080)	\$ 1,730,698	\$ (809,941)	\$ 28,692,760	\$ 1,780,884

**NOTE 8 – 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, 2023, 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.....	\$ -	\$ 38,062	\$ -	\$ -	\$ 38,062
Lower Pioneer Valley Educational Corporation....	-	-	2,590,079	-	2,590,079
Brush Hill Bistro.....	-	-	-	34,092	34,092
Early Education and Care.....	-	-	-	121,487	121,487
Landscaping.....	-	-	-	32,310	32,310
School Lunch.....	-	-	-	67,348	67,348
School Store.....	-	-	-	61	61
Building Rental.....	-	-	-	202,385	202,385
Graphic Communications.....	-	-	-	5,459	5,459
Professional Development.....	-	-	-	122,038	122,038
Advanced Manufacturing Program.....	-	-	-	24,067	24,067
Curriculum Instruction and Assessment.....	-	-	-	6,995	6,995
Student Activities.....	-	-	-	59,618	59,618
Assigned to:					
Capital Projects.....	6,015,733	-	-	-	6,015,733
Unassigned.....	5,115,331	-	-	-	5,115,331
<b>Total Fund Balances.....</b>	<b>\$ 11,131,064</b>	<b>\$ 38,062</b>	<b>\$ 2,590,079</b>	<b>\$ 675,860</b>	<b>\$ 14,435,065</b>

**NOTE 9 – RISK FINANCING**

Scantic Valley Regional Health Trust

The Collaborative is a member of the Scantic Valley Regional Health Trust (Trust), a public entity risk pool, consisting of four other towns from neighboring geographic area, with whom the Collaborative shares the risk of providing health care to eligible active and former employees. The 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 \$6,977,708 as of June 30, 2022, (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 10 – 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 <https://www.macomptroller.org/gasb-68-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 <https://mtrs.state.ma.us/service/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, 2022. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$1,011,900 is reported in the general fund as intergovernmental revenue and pension expense in the current

fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is \$12,301,279 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, 2022, was \$632,753, 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, 2022. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of \$1,684,407 is reported as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is \$21,429,377 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 11 – 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 2023, the Collaborative contributed \$384,300 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 2023, 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, 2023, the net position of the OPEB trust fund totaled \$453,885.

*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, 2021:

Active members.....	164
Retirees.....	<u>84</u>
Total.....	<u><u>248</u></u>

*Components of OPEB Liability*

The following table represents the components of the Plan’s OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$ 17,532,554
Less: OPEB plan’s fiduciary net position.....	<u>(453,885)</u>
Net OPEB liability.....	<u><u>\$ 17,078,669</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	2.59%

*Significant Actuarial Methods and Assumptions*

The total OPEB liability in the July 1, 2021, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2023, to be in accordance with GASB Statement #74 and #75:

Valuation date.....	7/1/2021; updated to June 30, 2023.
Actuarial cost method.....	Entry Age Actuarial Cost Method.
Health care trend rates.....	6.50% decreasing to 5.00%.
Actuarial value of assets.....	Fair value.
Discount rate.....	3.66%. The discount rate was based on the Bond Buyer's 20 year 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-2021 on a generational basis.

*Rate of Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.72%. 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, 2023, are summarized in the table below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity.....	37.30%	4.07%
Core fixed income.....	14.50%	4.58%
Value added fixed income.....	6.80%	5.30%
Private equity.....	18.40%	14.24%
Real estate.....	10.60%	5.16%
Timberland.....	3.20%	6.10%
Portfolio completion strategies.....	8.60%	2.09%
Overlay.....	0.60%	2.03%
Total.....	100.00%	

*Discount Rate*

The discount rate used to measure the total OPEB liability was 3.66% as of June 30, 2023, and 3.55% as of June 30, 2022. 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, 2023. 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 3.66% 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, 2022.....	\$ 16,567,004	\$ 429,334	\$ 16,137,670
Changes for the year:			
Service cost.....	1,031,274	-	1,031,274
Interest.....	617,977	-	617,977
Net investment income.....	-	24,551	(24,551)
Changes in assumptions.....	(299,401)	-	(299,401)
Employer contributions.....	-	384,300	(384,300)
Benefit payments.....	(384,300)	(384,300)	-
Net change.....	965,550	24,551	940,999
Balances at June 30, 2023.....	\$ 17,532,554	\$ 453,885	\$ 17,078,669

*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 3.66%, 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 (2.66%) or 1-percentage-point higher (4.66%) than the current rate.

	1% Decrease (2.66%)	Current Discount Rate (3.66%)	1% Increase (4.66%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB liability.....	\$ 20,086,507	\$ 17,078,669	\$ 14,658,641

*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.....	\$ 14,239,722	\$ 17,078,669	\$ 20,728,850

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

For the year ended June 30, 2023, the GASB Statement #75 measurement date, the Collaborative recognized OPEB expense of (\$960,502). At June 30, 2023, the Collaborative reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ -	\$ (1,959,438)	\$ (1,959,438)
Difference between projected and actual earnings, net.....	-	(27,906)	(27,906)
Changes in assumptions.....	<u>255,018</u>	<u>(2,119,283)</u>	<u>(1,864,265)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 255,018</u>	<u>\$ (4,106,627)</u>	<u>\$ (3,851,609)</u>

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:

2024.....	\$	(2,477,834)
2025.....		(1,358,440)
2026.....		(13,473)
2027.....		<u>(1,862)</u>
Total.....	\$	<u><u>(3,851,609)</u></u>

*Changes of Assumptions*

The discount rate increased to 3.66% in 2023 from 3.55% in 2022.

*Changes in Plan Provisions*

None.

**NOTE 12 – 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, 2023, 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 13 – COMMITMENTS**

Environmental Protection Agency’s 2022 Clean School Bus Rebates

The Collaborative was selected to participate in the United States Environmental Protection Agency’s (EPA) Clean School Bus Rebate Program. This program, which was a part of the Infrastructure Law of 2021, authorizes the EPA to offer rebates to replace existing school buses with clean and zero-emission models to reduce harmful emissions that are produced from older buses. The Collaborative was approved for funding under this program up to \$9,875,000, of which \$9,375,000 related to 25 electric buses, and \$500,000 related to eligible charging infrastructure.

A detailed close out form must be submitted to the EPA by October 31, 2024, that demonstrates that the new buses were delivered, and eligible charging infrastructure was delivered and installed. This form must also document the disposal of old diesel fueled buses as required by the program.

The Collaborative is currently working with National Grid and the Towns in which the garage sites are located to ensure all required infrastructure is in place before taking ownership of the buses.

The following was completed for the Lower Pioneer Valley Educational Corporation. The costs associated with the project were funded through the resources of the Lower Pioneer Valley Educational Collaborative:

#### Brush Hill Roofing and Parking Lot Replacement Project

In 2023, the Collaborative's board voted to approve the use of fund balance in the amount of \$550,000 to fund costs associated with the Brush Hill Roofing and Parking Lot Replacement Project. As of June 30, 2023, the Corporation incurred costs of \$115,000 related to this project.

#### Transportation Projects

In 2022, the Collaborative's board voted to approve the use of fund balance in the amount of \$2.5 million to fund costs associated with upgrades to the Agawam garage and Wilbraham transportation facility. As of June 30, 2023, the Corporation incurred costs of \$86,200 related to these projects.

### **NOTE 14 – BLENDED COMPONENT UNIT TRANSACTIONS**

The Collaborative entered into rental agreements with the Corporation for the use of various facilities in their programs. Payments made to the Corporation during 2023 totaled \$1,027,000, and these agreements are through June 30, 2025, with annual payments totaling \$1,027,000. In accordance with GASB Statement #87, *Leases* paragraph 88, when a lessee or lessor is included as a blended component unit of the primary government, the reporting requirements of this Statement do not apply.

During 2023, the Collaborative contributed for expenditures related to the Brush Hill Roofing and Parking Lot Replacement Project totaling \$114,967, as well as transportation related projects totaling \$86,200 which has been included 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 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 15, 2023, which is the date the financial statements were available to be issued.

### **NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the Annual Comprehensive Financial Report.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the Annual Comprehensive Financial Report.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the Annual Comprehensive Financial Report.

- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the Annual Comprehensive Financial Report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

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

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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, 2023

	Revenues and Other Financing Sources				
	Budgeted Amounts			Actual Budgetary Amounts	Variance to Final Budget
	Original Budget	Budget Adjustments	Final Budget		
<b>Administration:</b>					
<b>General Administration:</b>					
Use of Unreserved Fund Balance.....	\$ 4,235,343	\$ 1,965,000	\$ 6,200,343	\$ -	\$ (6,200,343)
Interest and other miscellaneous.....	-	-	-	18,800	18,800
Administration Coordination.....	-	-	-	62,943	62,943
Fringe Benefits.....	-	-	-	-	-
Administration Costs Applied to Other Programs.....	-	-	-	-	-
<b>Total Administration, Net.....</b>	<b>4,235,343</b>	<b>1,965,000</b>	<b>6,200,343</b>	<b>81,743</b>	<b>(6,118,600)</b>
<b>Special Education:</b>					
<b>Programs:</b>					
Crest.....	29,932	-	29,932	-	(29,932)
Steps Program.....	82,714	-	82,714	177,286	94,572
Twain Program.....	705,709	-	705,709	980,705	274,996
Steps II Vocational Preparation.....	103,522	-	103,522	159,449	55,927
Compass Program.....	564,966	-	564,966	1,256,555	691,589
Integrated Occupational Preparation.....	497,019	-	497,019	799,882	302,863
Transitional Alternative.....	131,207	-	131,207	92,615	(38,592)
<b>Total Programs.....</b>	<b>2,115,069</b>	<b>-</b>	<b>2,115,069</b>	<b>3,466,492</b>	<b>1,351,423</b>
<b>Shared Services:</b>					
Coordination.....	1,293,327	-	1,293,327	-	(1,293,327)
Nurses.....	83,696	-	83,696	-	(83,696)
Adaptive Physical Education.....	115,615	-	115,615	-	(115,615)
<b>Total Shared Services.....</b>	<b>1,492,638</b>	<b>-</b>	<b>1,492,638</b>	<b>-</b>	<b>(1,492,638)</b>
<b>Total Special Education.....</b>	<b>3,607,707</b>	<b>-</b>	<b>3,607,707</b>	<b>3,466,492</b>	<b>(141,215)</b>
<b>Occupational Education:</b>					
Tuition Allocated to Occupational Education Programs.....	6,108,192	-	6,108,192	6,096,713	(11,479)
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.....	-	-	-	-	-
Cosmetology.....	-	-	-	-	-
Cooperative Education/Student Support Services.....	-	-	-	-	-
Machine Technology Program Certified Personnel.....	-	-	-	-	-
<b>Total Occupational Education.....</b>	<b>6,108,192</b>	<b>-</b>	<b>6,108,192</b>	<b>6,096,713</b>	<b>(11,479)</b>



**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			
<b>Administration:</b>						
General Administration:						
Use of Unreserved Fund Balance.....	\$ 4,235,343	\$ 1,965,000	\$ 6,200,343	\$ 184,610	\$ 6,015,733	\$ (184,610)
Interest and other miscellaneous.....	-	-	-	-	-	18,800
Administration Coordination.....	1,411,094	-	1,411,094	1,297,779	113,315	(1,234,836)
Fringe Benefits.....	4,352,371	-	4,352,371	3,642,313	710,058	(3,642,313)
Administration Costs Applied to Other Programs.....	(5,763,465)	-	(5,763,465)	(4,940,092)	(823,373)	4,940,092
<b>Total Administration, Net.....</b>	<b>4,235,343</b>	<b>1,965,000</b>	<b>6,200,343</b>	<b>184,610</b>	<b>6,015,733</b>	<b>(102,867)</b>
<b>Special Education:</b>						
Programs:						
Crest.....	29,932	-	29,932	-	29,932	-
Steps Program.....	82,714	-	82,714	72,477	10,237	104,809
Twain Program.....	705,709	-	705,709	614,196	91,513	366,509
Steps II Vocational Preparation.....	103,522	-	103,522	92,688	10,834	66,761
Compass Program.....	564,966	-	564,966	493,646	71,320	762,909
Integrated Occupational Preparation.....	497,019	-	497,019	449,935	47,084	349,947
Transitional Alternative.....	131,207	-	131,207	82,766	48,441	9,849
<b>Total Programs.....</b>	<b>2,115,069</b>	<b>-</b>	<b>2,115,069</b>	<b>1,805,708</b>	<b>309,361</b>	<b>1,660,784</b>
Shared Services:						
Coordination.....	1,293,327	-	1,293,327	1,258,767	34,560	(1,258,767)
Nurses.....	83,696	-	83,696	72,277	11,419	(72,277)
Adaptive Physical Education.....	115,615	-	115,615	109,635	5,980	(109,635)
<b>Total Shared Services.....</b>	<b>1,492,638</b>	<b>-</b>	<b>1,492,638</b>	<b>1,440,679</b>	<b>51,959</b>	<b>(1,440,679)</b>
<b>Total Special Education.....</b>	<b>3,607,707</b>	<b>-</b>	<b>3,607,707</b>	<b>3,246,387</b>	<b>361,320</b>	<b>220,105</b>
<b>Occupational Education:</b>						
Tuition Allocated to Occupational Education Programs.....	-	-	-	-	-	6,096,713
Coordination.....	2,990,456	-	2,990,456	2,924,600	65,856	(2,924,600)
Nursing.....	64,581	-	64,581	52,465	12,116	(52,465)
Allied Health.....	219,035	-	219,035	151,192	67,843	(151,192)
Automotive.....	255,030	-	255,030	215,969	39,061	(215,969)
Building Trades.....	249,921	-	249,921	165,303	84,618	(165,303)
Information Services Systems.....	180,005	-	180,005	174,124	5,881	(174,124)
Design and Visual Communications.....	220,304	-	220,304	214,687	5,617	(214,687)
Early Education.....	260,501	-	260,501	217,738	42,763	(217,738)
Food Services.....	209,164	-	209,164	197,460	11,704	(197,460)
Landscaping and Horticultural.....	201,100	-	201,100	161,000	40,100	(161,000)
Building and Grounds Maintenance.....	106,536	-	106,536	100,415	6,121	(100,415)
Technical Exploratory.....	29,782	-	29,782	28,893	889	(28,893)
Cosmetology.....	315,611	-	315,611	303,879	11,732	(303,879)
Cooperative Education/Student Support Services.....	525,343	-	525,343	447,740	77,603	(447,740)
Machine Technology Program Certified Personnel.....	280,823	-	280,823	262,101	18,722	(262,101)
<b>Total Occupational Education.....</b>	<b>6,108,192</b>	<b>-</b>	<b>6,108,192</b>	<b>5,617,566</b>	<b>490,626</b>	<b>479,147</b>

(continued)

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

YEAR ENDED JUNE 30, 2023

Revenues and Other Financing Sources					
Budgeted Amounts					
	Original Budget	Budget Adjustments	Final Budget	Actual Budgetary Amounts	Variance to Final Budget
<b>Supplemental Services:</b>					
Individual Aides.....	567,966	-	567,966	841,104	273,138
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	-	(6,000)
Medicaid.....	475,136	-	475,136	384,756	(90,380)
Summer Developmental.....	83,038	-	83,038	80,150	(2,888)
Maintenance.....	-	-	-	-	-
Maintenance Applied to Other Programs.....	-	-	-	-	-
Technical Support.....	-	-	-	-	-
Technical Support Applied to Other Programs.....	-	-	-	-	-
Contracted Therapy Services.....	145,199	-	145,199	34,905	(110,294)
Supplemental Services.....	40,000	-	40,000	32,250	(7,750)
Diversity.....	100,000	-	100,000	43,148	(56,852)
Southern Berkshire Collaborative.....	274,384	-	274,384	277,114	2,730
Energy Management.....	28,062	-	28,062	18,595	(9,467)
<b>Total Supplemental Services.....</b>	<b>1,719,785</b>	<b>-</b>	<b>1,719,785</b>	<b>1,712,022</b>	<b>(7,763)</b>
Transportation.....	15,949,217	-	15,949,217	16,102,124	152,907
<b>Professional Development:</b>					
General Operations.....	-	-	-	-	-
Professional Development Applied to Other Programs.....	-	-	-	-	-
<b>Total Professional Development, Net.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ 31,620,244</b>	<b>\$ -</b>	<b>\$ 33,585,244</b>	<b>\$ 27,459,094</b>	<b>\$ (6,126,150)</b>
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.....	567,966	-	567,966	629,214	(61,248)	211,890
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	-	6,000	-
Medicaid.....	475,136	-	475,136	413,117	62,019	(28,361)
Summer Developmental.....	83,038	-	83,038	55,844	27,194	24,306
Maintenance.....	232,372	-	232,372	228,909	3,463	(228,909)
Maintenance Applied to Other Programs.....	(232,372)	-	(232,372)	(228,565)	(3,807)	228,565
Technical Support.....	226,968	-	226,968	252,545	(25,577)	(252,545)
Technical Support Applied to Other Programs.....	(226,968)	-	(226,968)	(258,221)	31,253	258,221
Contracted Therapy Services.....	145,199	-	145,199	32,237	112,962	2,668
Supplemental Services.....	40,000	-	40,000	31,350	8,650	900
Diversity.....	100,000	-	100,000	43,138	56,862	10
Southern Berkshire Collaborative.....	274,384	-	274,384	266,937	7,447	10,177
Energy Management.....	28,062	-	28,062	16,495	11,567	2,100
<b>Total Supplemental Services.....</b>	<b>1,719,785</b>	<b>-</b>	<b>1,719,785</b>	<b>1,483,000</b>	<b>236,785</b>	<b>229,022</b>
Transportation.....	15,949,217	-	15,949,217	14,829,931	1,119,286	1,272,193
Professional Development:						
General Operations.....	121,222	-	121,222	100,757	20,465	(100,757)
Professional Development Applied to Other Programs.....	(121,222)	-	(121,222)	(100,757)	(20,465)	100,757
<b>Total Professional Development, Net.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCE.....	\$ 31,620,244	\$ -	\$ 33,585,244	\$ 25,361,494	\$ 8,223,750	2,097,600
BUDGETARY FUND BALANCE, Beginning of year.....						9,033,464
BUDGETARY FUND BALANCE, End of year.....						\$ 11,131,064
See notes to required supplementary information.						(concluded)

# ***Collaborative Pension Plan Schedules***

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.

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.

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**

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A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by PERAC, currently 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
2023.....	\$ 632,753	\$ 10,373,000	6.10%
2022.....	484,580	7,943,934	6.10%
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
2023.....	\$ 21,429,377	\$ 1,684,407	71.05%
2022.....	14,278,290	814,053	77.54%
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
2023.....	\$ 12,301,279	\$ 1,011,900	57.75%
2022.....	10,178,288	816,764	62.03%
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	June 30, 2022	June 30, 2023
<b>Total OPEB Liability</b>							
Service Cost.....	\$ 1,133,379	\$ 1,299,777	\$ 1,091,780	\$ 1,286,828	\$ 1,872,283	\$ 1,431,175	\$ 1,031,274
Interest.....	609,448	605,526	712,494	575,453	504,971	449,020	617,977
Differences between expected and actual experience.....	-	(118,623)	-	(4,780,685)	-	(3,809,295)	-
Changes of assumptions.....	-	(2,374,871)	1,224,643	4,033,098	(41,521)	(4,378,726)	(299,401)
Benefit payments.....	(238,707)	(217,446)	(298,971)	(196,343)	(277,927)	(298,247)	(384,300)
Net change in total OPEB liability.....	1,504,120	(805,637)	2,729,946	918,351	2,057,806	(6,606,073)	965,550
Total OPEB liability - beginning.....	16,768,491	18,272,611	17,466,974	20,196,920	21,115,271	23,173,077	16,567,004
Total OPEB liability - ending (a).....	\$ 18,272,611	\$ 17,466,974	\$ 20,196,920	\$ 21,115,271	\$ 23,173,077	\$ 16,567,004	\$ 17,532,554
<b>Plan fiduciary net position</b>							
Employer contributions for OPEB payments.....	\$ 238,707	\$ 217,446	\$ 298,971	\$ 196,343	\$ 277,927	\$ 298,247	\$ 384,300
Net investment income (loss).....	33,136	27,832	18,100	6,651	101,361	(16,770)	24,551
Benefit payments.....	(238,707)	(217,446)	(298,971)	(196,343)	(277,927)	(298,247)	(384,300)
Net change in plan fiduciary net position.....	33,136	27,832	18,100	6,651	101,361	(16,770)	24,551
Plan fiduciary net position - beginning of year.....	259,024	292,160	319,992	338,092	344,743	446,104	429,334
Plan fiduciary net position - end of year (b).....	\$ 292,160	\$ 319,992	\$ 338,092	\$ 344,743	\$ 446,104	\$ 429,334	\$ 453,885
<b>Net OPEB liability - ending (a)-(b).....</b>	<b>\$ 17,980,451</b>	<b>\$ 17,146,982</b>	<b>\$ 19,858,828</b>	<b>\$ 20,770,528</b>	<b>\$ 22,726,973</b>	<b>\$ 16,137,670</b>	<b>\$ 17,078,669</b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.60%	1.83%	1.67%	1.63%	1.93%	2.59%	2.59%
Covered-employee payroll.....	\$ 9,845,037	\$ 10,045,956	\$ 10,250,975	\$ 10,460,179	\$ 10,721,683	\$ 8,723,495	\$ 8,941,582
Net OPEB liability as a percentage of covered-employee payroll.....	182.63%	170.69%	193.73%	198.57%	211.97%	184.99%	191.00%

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, 2023.....	\$ 1,228,963	\$ (384,300)	\$ 844,663	\$ 8,941,582	4.30%
June 30, 2022.....	1,880,195	(298,247)	1,581,948	8,723,495	3.42%
June 30, 2021.....	2,377,254	(277,927)	2,099,327	10,721,683	2.59%
June 30, 2020.....	1,862,281	(196,343)	1,665,938	10,460,179	1.88%
June 30, 2019.....	1,804,274	(298,971)	1,505,303	10,250,975	2.92%
June 30, 2018.....	1,905,303	(217,446)	1,687,857	10,045,956	2.16%
June 30, 2017.....	1,742,827	(238,707)	1,504,120	9,845,037	2.42%

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, 2023.....	5.72%
June 30, 2022.....	-3.76%
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 2023 operating budget consisted of approximately \$31.6 million in current appropriations and anticipated assessments, including a \$4.2 million carryover from the prior year for the use of fund balance. During the year, appropriations were increased through an additional \$2.0 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 more than budgeted by \$74,000 and expenditures were under budget by a total of \$2.3 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, 2023, is presented below:

Net change in fund balance - budgetary basis.....	\$ 2,097,600
<u>Basis of accounting differences:</u>	
Recognition of capital financing payment.....	2,154,214
Recognition of capital financing receipt.....	(2,154,214)
Recognition of revenue for on-behalf payments.....	2,696,307
Recognition of expenditures for on-behalf payments.....	<u>(2,696,307)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 2,097,600</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.....	7/1/2021; updated to June 30, 2023.
Actuarial cost method.....	Entry Age Actuarial Cost Method.
Health care trend rates.....	6.50% decreasing to 5.00%.
Actuarial value of assets.....	Fair value.
Discount rate.....	3.66%. The discount rate was based on the Bond Buyer's 20 year 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-2021 on a generational basis.

E. Changes of Assumptions:

The discount rate increased to 3.66% in 2023 from 3.55% in 2022.

F. Changes in Provisions

None.

## ***Other Supplementary Information***

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## ***Combining 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, 2023

	Special Revenue Funds					
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store	Building Rental
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 34,139	\$ 24,841	\$ 32,310	\$ 56,699	\$ 61	\$ 109,862
Investments.....	-	92,523	-	-	-	92,523
Receivables, net of uncollectibles:						
Departmental and other.....	-	5,030	-	10,888	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 34,139</b>	<b>\$ 122,394</b>	<b>\$ 32,310</b>	<b>\$ 67,587</b>	<b>\$ 61</b>	<b>\$ 202,385</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 47	\$ 95	-	\$ 239	-	-
Other liabilities.....	-	812	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>47</b>	<b>907</b>	<b>-</b>	<b>239</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Restricted.....	34,092	121,487	32,310	67,348	61	202,385
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 34,139</b>	<b>\$ 122,394</b>	<b>\$ 32,310</b>	<b>\$ 67,587</b>	<b>\$ 61</b>	<b>\$ 202,385</b>

Special Revenue Funds						Total Nonmajor Governmental Funds
Graphic Communication	Professional Development	Advanced Manufacturing Program	Curriculum Instruction and Assessment	Student Activities		
\$ 5,259	\$ 122,038	\$ 24,067	\$ 6,995	\$ 59,822	\$	476,093
-	-	-	-	-		185,046
200	-	-	-	20		16,138
<u>\$ 5,459</u>	<u>\$ 122,038</u>	<u>\$ 24,067</u>	<u>\$ 6,995</u>	<u>\$ 59,842</u>	<u>\$</u>	<u>677,277</u>
\$ -	\$ -	\$ -	\$ -	\$ 224	\$	605
-	-	-	-	-		812
-	-	-	-	224		1,417
5,459	122,038	24,067	6,995	59,618		675,860
<u>\$ 5,459</u>	<u>\$ 122,038</u>	<u>\$ 24,067</u>	<u>\$ 6,995</u>	<u>\$ 59,842</u>	<u>\$</u>	<u>677,277</u>

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

YEAR ENDED JUNE 30, 2023

	Special Revenue Funds					
	Brush Hill Bistro	Early Education and Care	Landscaping	School Lunch	School Store	Building Rental
<b>REVENUES:</b>						
Departmental and other.....	\$ 6,193	\$ 182,595	\$ 15,001	\$ 54,409	\$ -	\$ 100
<b>EXPENDITURES:</b>						
Current:						
Occupational education.....	-	-	-	-	-	-
Supplemental services.....	3,887	124,775	7,063	44,318	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>3,887</b>	<b>124,775</b>	<b>7,063</b>	<b>44,318</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES.....	2,306	57,820	7,938	10,091	-	100
FUND BALANCES AT BEGINNING OF YEAR.....	31,786	63,667	24,372	57,257	61	202,285
FUND BALANCES AT END OF YEAR.....	<u>\$ 34,092</u>	<u>\$ 121,487</u>	<u>\$ 32,310</u>	<u>\$ 67,348</u>	<u>\$ 61</u>	<u>\$ 202,385</u>

Special Revenue Funds					
Graphic Communication	Professional Development	Advanced Manufacturing Program	Curriculum Instruction and Assessment	Student Activities	Total Nonmajor Governmental Funds
\$ 5,335	\$ 670	\$ 4,153	\$ 1,550	\$ 13,545	\$ 283,551
-	-	-	-	10,120	10,120
721	10,750	-	1,200	250	192,964
721	10,750	-	1,200	10,370	203,084
4,614	(10,080)	4,153	350	3,175	80,467
845	132,118	19,914	6,645	56,443	595,393
\$ 5,459	\$ 122,038	\$ 24,067	\$ 6,995	\$ 59,618	\$ 675,860

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## ***Statistical Section***



Lower Pioneer Valley Educational Collaborative Early Education and 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities										
Net investment in capital assets.....	\$ 7,666,459	\$ 8,035,615	\$ 9,922,738	\$ 10,266,033	\$ 9,811,946	\$ 9,837,892	\$ 10,336,458	\$ 10,199,944	\$ 9,911,388	\$ 10,060,141
Unrestricted.....	<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>	<u>(10,381,285)</u>	<u>(6,730,009)</u>
Total governmental activities net position.....	<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>	<u>\$ (469,897)</u>	<u>\$ 3,330,132</u>

Note 1: 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 2: GASB Statement No. 84 was implemented in 2021. This also required the revision of the ending net position in 2020.

Note 3: Effective for fiscal year 2022, the Collaborative considers the transportation program as general fund operations, prior years have been restated.

**Changes in Net Position**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
Administration.....	\$ 971,761	\$ 1,824,395	\$ 2,032,196	\$ 2,799,683	\$ 2,749,989	\$ 2,818,180	\$ 3,962,145	\$ 3,018,868	\$ 778,362	\$ 1,607,531
Special education.....	4,495,610	3,754,926	3,958,311	4,309,738	4,302,842	4,009,584	3,761,635	3,676,112	2,926,289	3,116,089
Occupational education.....	4,839,278	4,488,967	5,414,634	5,342,299	5,444,300	6,001,332	5,855,240	6,082,325	5,455,981	5,650,256
Supplemental services.....	2,201,398	2,279,491	2,935,937	2,816,339	2,845,307	2,548,280	3,107,404	3,002,932	2,603,609	2,363,230
Transportation.....	12,433,554	12,282,493	11,938,868	12,600,467	12,221,102	13,636,936	12,973,639	12,409,392	12,062,915	12,864,628
Professional development.....	3,596	44,043	18,312	-	2,842	-	-	-	-	-
Unallocated depreciation.....	652,293	655,988	924,437	900,217	893,821	910,555	1,042,751	1,070,306	1,824,481	1,989,315
Interest expense.....	320,095	290,465	453,084	441,185	423,164	404,537	386,406	365,625	370,276	376,104
<b>Total government activities expenses.....</b>	<b>\$ 25,917,585</b>	<b>\$ 25,620,768</b>	<b>\$ 27,675,779</b>	<b>\$ 29,209,928</b>	<b>\$ 28,883,367</b>	<b>\$ 30,329,404</b>	<b>\$ 31,089,220</b>	<b>\$ 29,625,560</b>	<b>\$ 26,021,913</b>	<b>\$ 27,967,153</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Occupational education.....	\$ 786,080	\$ 910,397	\$ 824,084	\$ 904,014	\$ 798,334	\$ 915,512	\$ 964,557	\$ 952,981	\$ 1,153,028	\$ 1,066,037
Supplemental services.....	644,772	664,116	856,094	1,260,896	1,251,675	1,191,109	879,559	818,047	1,330,314	1,525,400
Transportation services.....	11,526,706	11,823,271	11,987,052	12,164,006	11,590,185	12,758,825	13,248,160	14,099,050	15,255,574	16,102,124
Other charges for services.....	231,942	839,477	984,203	1,438,182	1,444,939	1,290,558	1,194,499	1,049,180	818,672	1,106,769
Operating grants and contributions.....	1,651,515	1,974,005	4,196,149	5,517,284	4,982,096	5,215,156	7,180,236	6,600,914	3,061,986	3,718,237
<b>Total government activities program revenues.....</b>	<b>\$ 14,841,015</b>	<b>\$ 16,211,266</b>	<b>\$ 18,847,582</b>	<b>\$ 21,284,382</b>	<b>\$ 20,067,229</b>	<b>\$ 21,371,160</b>	<b>\$ 23,467,011</b>	<b>\$ 23,520,172</b>	<b>\$ 21,619,574</b>	<b>\$ 23,518,567</b>
<b>Net (Expense)/Program Revenue</b>										
Governmental activities.....	\$ (11,076,570)	\$ (9,409,502)	\$ (8,828,197)	\$ (7,925,546)	\$ (8,816,138)	\$ (8,958,244)	\$ (7,622,209)	\$ (6,105,388)	\$ (4,402,339)	\$ (4,448,586)
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Member district assessments.....	\$ 9,509,825	\$ 8,186,225	\$ 8,739,328	\$ 7,526,039	\$ 7,885,799	\$ 7,747,853	\$ 7,332,825	\$ 7,228,255	\$ 8,061,502	\$ 8,150,572
Unrestricted investment income.....	2,542	2,307	1,759	2,585	3,634	13,373	11,622	4,986	2,965	79,243
Gain on sale of capital asset.....	-	-	393,761	-	-	-	-	-	-	-
Miscellaneous.....	440,851	450,598	171,245	1,725	17,157	5,463	7,006	12,753	116,389	18,800
<b>Total primary government general revenues and other changes in net position.....</b>	<b>\$ 9,953,218</b>	<b>\$ 8,639,130</b>	<b>\$ 9,306,093</b>	<b>\$ 7,530,349</b>	<b>\$ 7,906,590</b>	<b>\$ 7,766,689</b>	<b>\$ 7,351,453</b>	<b>\$ 7,245,994</b>	<b>\$ 8,180,856</b>	<b>\$ 8,248,615</b>
<b>Special Item - Refunds to member district</b>										
Governmental activities.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (700,000)	\$ (1,178,936)	\$ (600,000)	\$ -
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (1,123,352)	\$ (770,372)	\$ 477,896	\$ (395,197)	\$ (909,548)	\$ (1,191,555)	\$ (970,756)	\$ (38,330)	\$ 3,178,517	\$ 3,800,029

Note 1: Effective for fiscal year 2022, the Collaborative considers the transportation program as general fund operations, prior years have been restated.

**Fund Balances, Governmental Funds**

**Last Ten Years**

	<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>2022</u>	<u>2023</u>
<b>General Fund</b>										
Assigned.....	\$ 2,209,417	\$ 1,275,000	\$ 1,309,020	\$ 1,309,433	\$ 1,186,551	\$ 1,371,427	\$ 314,704	\$ 1,240,782	\$ 4,235,343	\$ 6,015,733
Unassigned.....	<u>1,699,757</u>	<u>3,082,008</u>	<u>2,982,904</u>	<u>2,794,898</u>	<u>4,253,832</u>	<u>3,924,139</u>	<u>4,671,852</u>	<u>5,324,559</u>	<u>4,798,121</u>	<u>5,115,331</u>
Total general fund.....	<u>\$ 3,909,174</u>	<u>\$ 4,357,008</u>	<u>\$ 4,291,924</u>	<u>\$ 4,104,331</u>	<u>\$ 5,440,383</u>	<u>\$ 5,295,566</u>	<u>\$ 4,986,556</u>	<u>\$ 6,565,341</u>	<u>\$ 9,033,464</u>	<u>\$ 11,131,064</u>
<b>All Other Governmental Funds</b>										
Restricted.....	\$ 265,562	\$ 297,053	\$ 350,992	\$ 2,558,362	\$ 2,628,125	\$ 2,936,098	\$ 3,030,357	\$ 3,199,665	\$ 3,117,106	\$ 3,304,001
Unassigned.....	<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>	<u>-</u>	<u>-</u>
Total all other governmental funds.....	<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>	<u>\$ 3,117,106</u>	<u>\$ 3,304,001</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.

Note: Effective for fiscal year 2022, the Collaborative considers the transportation program as general fund operations, prior years have been restated.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Member district assessments.....	\$ 9,512,718	\$ 8,992,559	\$ 9,656,387	\$ 9,245,954	\$ 9,575,848	\$ 9,177,729	\$ 8,575,751	\$ 8,145,467	\$ 8,965,657	\$ 9,219,676
Nonmember assessments.....	1,543,713	1,444,340	1,524,261	1,471,182	1,332,833	1,407,279	1,305,445	1,399,786	1,833,242	2,055,551
Transportation services.....	11,515,465	11,823,271	11,987,052	12,164,006	11,590,185	12,758,825	13,248,160	14,099,050	15,255,574	16,102,124
Intergovernmental.....	1,489,553	1,967,036	4,351,267	5,577,969	4,982,096	5,197,156	7,180,236	6,600,914	3,061,986	3,718,237
Investment income.....	2,034	1,650	1,088	2,585	3,634	13,373	11,622	4,986	2,965	79,243
Departmental and other.....	145,692	164,518	228,462	1,273,166	1,228,042	1,284,526	1,227,250	1,245,963	1,411,006	1,329,351
<b>Total Revenue.....</b>	<b>24,209,175</b>	<b>24,393,374</b>	<b>27,748,517</b>	<b>29,734,862</b>	<b>28,712,638</b>	<b>29,838,888</b>	<b>31,548,464</b>	<b>31,496,166</b>	<b>30,530,430</b>	<b>32,504,182</b>
<b>Expenditures:</b>										
Administration.....	902,659	925,568	2,340,727	766,962	1,054,817	967,310	1,013,356	236,631	42,114	23,301
Special education.....	4,202,158	3,355,204	3,390,573	3,494,006	3,599,449	3,287,940	2,968,447	2,778,533	3,070,892	3,239,320
Occupational education.....	5,299,337	4,713,423	5,328,892	4,762,146	4,523,984	5,159,710	5,000,074	5,065,392	5,763,862	6,024,820
Supplemental services.....	2,239,304	2,207,734	2,795,230	2,564,055	2,656,915	2,307,154	2,877,986	2,809,808	2,540,514	2,328,050
Transportation services.....	11,733,585	11,181,271	11,108,195	11,172,745	11,332,475	12,421,181	12,468,974	12,537,367	14,284,558	15,696,013
Professional development.....	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	1,630,817	2,696,307
Capital outlay.....	-	-	-	1,028,421	233,609	816,935	996,854	417,679	423,677	201,167
Debt service:										
Principal.....	-	-	-	465,000	477,000	450,000	547,500	519,000	1,061,456	1,787,080
Interest.....	-	-	-	442,654	424,662	372,345	421,758	367,264	371,960	377,843
<b>Total Expenditures.....</b>	<b>24,382,296</b>	<b>23,911,166</b>	<b>27,742,878</b>	<b>28,925,987</b>	<b>28,080,830</b>	<b>29,647,321</b>	<b>31,610,078</b>	<b>29,747,914</b>	<b>29,189,850</b>	<b>32,373,901</b>
Excess of revenues over (under) expenditures.....	(173,121)	482,208	5,639	808,875	631,808	191,567	(61,614)	1,748,252	1,340,580	130,281
<b>Other Financing Sources (Uses)</b>										
Capital purchase financing.....	-	-	-	-	-	-	-	-	1,574,992	2,154,214
Transfers in.....	-	158,779	-	-	-	-	-	-	-	-
Transfers out.....	-	(158,779)	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,574,992</b>	<b>2,154,214</b>
<b>Net change in fund balance.....</b>	<b>\$ (173,121)</b>	<b>\$ 482,208</b>	<b>\$ 5,639</b>	<b>\$ 808,875</b>	<b>\$ 631,808</b>	<b>\$ 191,567</b>	<b>\$ (61,614)</b>	<b>\$ 1,748,252</b>	<b>\$ 2,915,572</b>	<b>\$ 2,284,495</b>
Debt service as a percentage of noncapital expenditures.....	-	-	-	3.45%	3.36%	2.88%	3.38%	3.12%	5.28%	7.25%

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

Note: Effective for fiscal year 2022, the Collaborative considers the transportation program as general fund operations, prior years have been restated.

## Revenue by Member Communities

### Current Year and Nine Years Ago

Name	2023		2014	
	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue
<b>Special Education</b>				
Agawam	\$ 414,920	12%	\$ 743,484	20%
East Longmeadow	177,393	5%	552,236	15%
Hampden-Wilbraham Regional	250,448	7%	830,921	22%
Longmeadow	533,895	15%	325,250	9%
Ludlow	391,228	11%	345,967	9%
Southwick-Tolland-Granville Regional	116,774	3%	147,659	4%
West Springfield	522,456	15%	594,395	16%
Out of District	1,059,329	31%	253,877	7%
<b>Total Special Education</b>	<b>\$ 3,466,443</b>	<b>100%</b>	<b>\$ 3,793,789</b>	<b>100%</b>
<b>Occupational Education</b>				
Agawam	\$ 1,271,143	21%	\$ 1,073,140	25%
East Longmeadow	358,644	6%	198,264	5%
Hampden-Wilbraham Regional	381,343	6%	188,824	4%
Longmeadow	245,149	4%	173,088	4%
Ludlow	789,926	13%	424,848	10%
Southwick-Tolland-Granville Regional	871,642	14%	648,292	15%
West Springfield	1,126,374	18%	952,246	22%
Out of District	1,052,492	17%	677,303	16%
<b>Total Occupational Education</b>	<b>\$ 6,096,713</b>	<b>100%</b>	<b>\$ 4,336,004</b>	<b>100%</b>
<b>Supplemental Services</b>				
Agawam	\$ 37,879	2%	\$ 123,224	15%
East Longmeadow	12,284	1%	75,739	9%
Hampden-Wilbraham Regional	59,072	3%	96,451	11%
Longmeadow	256,056	15%	22,345	3%
Ludlow	82,639	5%	59,689	7%
Southwick-Tolland-Granville Regional	8,818	0.5%	18,018	2%
West Springfield	259,780	15%	42,739	5%
Out of District	995,497	58%	407,360	48%
<b>Total Supplemental Services</b>	<b>\$ 1,712,025</b>	<b>100%</b>	<b>\$ 845,565</b>	<b>100%</b>
<b>Transportation Services</b>				
Agawam	\$ 2,351,401	15%	\$ 2,016,387	18%
East Longmeadow	1,806,924	11%	525,826	5%
Hampden-Wilbraham Regional	3,587,841	22%	3,002,735	27%
Longmeadow	949,063	6%	1,087,139	10%
Ludlow	2,092,820	13%	1,622,849	15%
Southwick-Tolland-Granville Regional	1,935,549	12%	116,424	1%
West Springfield	3,080,670	19%	2,716,730	25%
LPVEC & Misc	224,166	1%	-	0%
<b>Total Transportation Services</b>	<b>\$ 16,028,433</b>	<b>100%</b>	<b>\$ 11,088,090</b>	<b>100%</b>

Source: Collaborative finance department

## Hampden County Principal Employers

### Current Year and Nine Years Ago

Name	Nature of Business	City/Town	2023	2014
			Rank	Rank
MassMutual Financial Services	Financial Services	Springfield	1	2
University of Massachusetts Amherst	State University	Amherst	2	-
Baystate Health System	Health Services	Springfield	3	1
Big Y Supermarkets	Retail	Springfield	4	3
Westover Air Reserve Base	Military	Chicopee	5	7
Berkshire Medical Center	Health Services	Pittsfield	6	-
Mercy Medical Center	Health Services	Springfield	7	-
Mestek Inc.	Manufacturing	Westfield	8	-
Smith & Wesson Inc.	Manufacturing	Springfield	9	5
Cooley Dickinson Hospital	Health Services	North Hampton	10	-
Yankee Candle	Retail	South Deerfield	11	-
General Dynamics Advanced Info. Systems	Defense Manufacturer	Pittsfield	12	-
Mercy Medical Center	Healthcare System	Springfield	13	-
Holyoke Medical Center	Medical Building	Holyoke	14	-
Center For Human Development	Human Social Services	Springfield	15	-

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	Total Primary Government				
	Long-term and short-term Debt	Leases	Total Debt Outstanding	Major Program Enrollment	Debt per Enrollment
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
2022	\$ 11,038,030	*	\$ 11,038,030	502	\$ 21,988
2023	\$ 11,405,164	*	\$ 11,405,164	541	\$ 21,082

Source: Audited Financial Statements, Collaborative finance department

\* = In 2022, the Collaborative implemented GASB Statement #87 - Leases. Previously reported leases have now been reclassified as capital financing long-term debt.

**Demographic and Economic Statistics**

**Last Ten Calendar Years**

	Calendar Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Demographic and Economic Statistics</b>										
<b>Agawam:</b>										
Population.....	27,438	27,438	28,438	28,438	28,438	28,438	28,438	28,373	28,253	28,393
Labor force.....	15,684	15,999	15,745	16,107	16,404	16,922	16,504	15,811	16,259	15,972
Unemployed.....	985	771	712	665	658	555	591	976	661	531
Unemployment rate.....	6.3%	4.8%	4.5%	4.1%	4.0%	3.3%	3.6%	6.2%	4.1%	3.3%
<b>West Springfield:</b>										
Population.....	28,391	28,391	28,137	28,391	28,391	28,391	28,391	28,273	28,151	28,501
Labor force.....	14,588	14,732	14,406	14,789	14,973	15,480	15,105	14,568	14,932	14,657
Unemployed.....	979	797	702	692	633	552	571	1,014	667	536
Unemployment rate.....	6.7%	5.4%	4.9%	4.7%	4.2%	3.6%	3.8%	7.0%	4.5%	3.7%
<b>Hampden-Wilbraham Regional:</b>										
Enrollment.....	3,356	3,356	3,138	3,107	3,061	3,057	3,005	2,865	2,890	2,859
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
<b>Ludlow:</b>										
Population.....	21,103	21,103	21,103	21,348	21,352	21,331	21,336	21,119	20,900	20,871
Labor force.....	10,680	11,025	10,837	11,064	11,283	11,622	11,422	10,838	11,153	10,914
Unemployed.....	889	706	684	644	635	563	684	859	672	538
Unemployment rate.....	8.3%	6.4%	6.3%	5.8%	5.6%	4.8%	6.0%	7.9%	6.0%	4.9%
<b>East Longmeadow:</b>										
Population.....	15,720	15,720	15,720	15,839	15,839	16,156	16,200	16,006	16,370	16,343
Labor force.....	8,052	8,672	8,564	8,786	8,984	9,300	9,069	8,650	8,933	8,798
Unemployed.....	427	353	331	314	303	251	270	431	299	251
Unemployment rate.....	5.3%	4.1%	3.9%	3.6%	3.4%	2.7%	3.0%	5.0%	3.3%	2.9%
<b>Southwick-Tolland-Granville Regional:</b>										
Enrollment.....	N/A	N/A	N/A	1,549	1,519	1,511	1,486	1,393	1,393	1,322
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
<b>Longmeadow:</b>										
Population.....	15,784	15,784	15,633	15,784	15,784	15,784	15,784	15,791	15,791	15,632
Labor force.....	7,796	8,147	7,995	8,186	8,337	8,614	8,353	7,985	8,214	8,125
Unemployed.....	365	287	267	261	236	202	194	374	211	204
Unemployment rate.....	4.7%	3.5%	3.3%	3.2%	2.8%	2.3%	2.3%	4.7%	2.6%	2.5%

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Full-Time Equivalents</u>										
Administration.....	21	21	21	11	11	13	12	12	12	11
Special Education.....	71	71	67	44	41	38	33	33	30	30
Occupational Education.....	44	50	44	46	46	46	44	42	43	46
Supplemental Services.....	4	7	7	25	24	24	28	25	23	34
Transportation.....	<u>272</u>	<u>238</u>	<u>239</u>	<u>259</u>	<u>228</u>	<u>251</u>	<u>249</u>	<u>266</u>	<u>244</u>	<u>252</u>
Total .....	<u>412</u>	<u>387</u>	<u>378</u>	<u>385</u>	<u>350</u>	<u>372</u>	<u>366</u>	<u>378</u>	<u>352</u>	<u>373</u>

Source: Collaborative finance department

**Operating Indicators**

Last Ten Years

<u><b>Enrollment</b></u>	Year									
	<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>2022</u>	<u>2023</u>
<b>Occupational Education Enrollment by District:</b>										
Agawam.....	102	114	113	114	107	91	78	73	93	114
East Longmeadow.....	20	28	28	23	24	26	21	23	27	29
Hampden-Wilbraham Regional.....	16	18	18	32	27	21	23	25	26	33
Longmeadow.....	14	15	15	15	17	16	16	17	18	19
Ludlow.....	45	42	42	52	54	45	55	58	60	56
Southwick-Tolland-Granville Regional.....	70	66	65	63	77	72	75	71	61	60
West Springfield.....	125	98	93	74	93	99	104	90	77	81
Non Member Communities.....	85	98	98	92	88	74	83	79	77	86
<b>Total Occupational Educational Enrollment.....</b>	<b>477</b>	<b>479</b>	<b>472</b>	<b>465</b>	<b>487</b>	<b>444</b>	<b>455</b>	<b>436</b>	<b>439</b>	<b>478</b>
<b>Special Education Enrollment by Program:</b>										
Alternative High School.....	6	5	*	*	*	*	*	*	*	*
Alternative High School "Brush Hill Academy".....	59	52	33	28	21	7	*	*	*	*
Autism Elementary Program.....	N/A	N/A	4	6	9	5	5	4	4	
Autism Middle Program.....	N/A	N/A	10	8	10	7	4	6	6	19
Autism High Program.....	5	6	5	5	6	8	6	3	2	
Asperger Compass Middle School.....	6	8	10	4	3	5	4	*	*	*
Asperger Compass High School.....	8	6	5	12	6	7	*	*	*	*
Career Prep Program.....	10	10	9	10	10	6	10	4	4	5
Career Skills Program.....	11	8	10	7	8	10	7	4	4	1
Elementary Developmental Classroom.....	5	-	*	*	*	*	*	*	*	*
Elementary and Secondary Transitional I.....	6	5	*	*	*	*	*	*	*	*
Elementary and Secondary Transitional II.....	4	-	*	*	*	*	*	*	*	*
Integrated Occupational Preparation.....	20	21	27	29	22	22	16	14	18	17
Prevocational Preparation.....	5	7	*	*	*	*	*	*	*	*
Secondary Developmental.....	4	7	6	*	*	*	*	*	*	*
Twain Elementary School.....	**	**	**	**	**	**	**	7	7	6
Twain High School.....	14	8	14	13	12	11	14	11	12	12
Vocational Preparation I.....	8	7	10	9	5	7	6	6	6	3
Vocational Preparation II.....	*	*	*	*	*	*	*	*	*	*
Transitions Program.....	6	5	4	*	*	*	*	*	*	*
<b>Total Special Education Enrollment.....</b>	<b>177</b>	<b>155</b>	<b>147</b>	<b>131</b>	<b>112</b>	<b>95</b>	<b>72</b>	<b>59</b>	<b>63</b>	<b>63</b>
<b>Total Enrollment.....</b>	<b>654</b>	<b>634</b>	<b>619</b>	<b>596</b>	<b>599</b>	<b>539</b>	<b>527</b>	<b>495</b>	<b>502</b>	<b>541</b>
<b>Staffing Levels</b>										
Teachers and Instructional Staff.....	109	109	110	108	104	80	77	75	77	89
Administration.....	21	24	24	24	30	36	34	30	24	25
<b>Classified Employees:</b>										
Clerical Staff.....	10	11	8	3	3	3	3	3	3	3
Maintenance.....	2	2	2	2	2	2	2	3	3	3
IT Staff.....	5	5	5	2	3	1	1	1	1	1
Transportation Services.....	237	243	238	239	243	228	249	266	244	252
<b>Total Regular Staff.....</b>	<b>384</b>	<b>394</b>	<b>387</b>	<b>378</b>	<b>385</b>	<b>350</b>	<b>366</b>	<b>378</b>	<b>352</b>	<b>373</b>

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%	4.57
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***

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**SCHEDULE OF CUMULATIVE SURPLUS**

YEAR ENDED JUNE 30, 2023

			Page(s) in financial statements
(A) Voted Cumulative Surplus as of June 30, 2022.....	\$ 4,798,121	(A)	2022 ACFR page 104
(B) Breakdown of uses of 2022 surplus:			
B1. Used to support the 2023 budget.....	\$ -		
B2. Issued as credits back to member districts.....	-		
B3. Issued as a check(s) to member district(s).....	-		
B4. Deposited into restricted accounts.....	\$ 1,780,390		2023 ACFR page 67
(B) Board voted uses of surplus funds during 2023.....	\$ 1,780,390	(B)	Totals from B1 to B4
(C) Unexpended FY2023 General Funds.....	2,097,600	(C)	2023 ACFR page 36
(D) Cumulative Surplus as of June 30, 2023.....	\$ 5,115,331	(D)	(A) - (B) + (C)
(E) Fiscal year 2023 General Fund Expenditures.....	<u>27,515,708</u>		*
(F) Cumulative Surplus Percentage.....	<u><b>18.59%</b></u>		
<b>Cumulative Surplus Reduction</b>			
<b>Allowable uses of surplus - in excess of the 25% limit</b>			
(G) Cumulative Surplus as of June 30, 2023.....	\$ 5,115,331		
25% Limit (Allowed).....	\$ 6,878,927		
(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, 2023 after reduction.....	<u><b>18.59%</b></u>		

\* The total General Fund expenditures are calculated as the total noted on page 36 of the 2023 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**

The Collaborative entered into rental agreements with the Corporation for the use of various facilities in their programs. Payments made to the Corporation during 2023 totaled \$1,027,000, and these agreements are through June 30, 2025, with annual payments totaling \$1,027,000.

During 2023, the Collaborative contributed for expenditures related to the Brush Hill Roofing and Parking Lot Replacement Project totaling \$114,967, as well as transportation related projects totaling \$86,200 which has been included as capital outlay.

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

The Collaborative entered into rental agreements with the Corporation for the use of various facilities in their programs. In accordance with GASB Statement #87, Leases paragraph 88, when a lessee or lessor is included as a blended component unit of the primary government, the reporting requirements of this Statement do not apply.

The Collaborative has entered into several agreements to finance the acquisition of vehicles and are recorded as capital financing long-term debt.

At the end of 2023, the Collaborative had \$3,214,414 of outstanding debt related to these purchases.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Capital financing 2020.....	2024	\$ 1,316,403	4.14%	\$ 268,617
Capital financing 2021.....	2024	543,355	2.50%	69,375
Capital financing 2022.....	2026	1,574,992	6.01%	1,195,139
Capital financing 2023.....	2027	2,154,214	4.89%	1,681,283
Total.....				\$ 3,214,414

Debt service requirements for principal and interest for the Collaborative long-term financing payable in future years are as follows:

Years Ending June 30	Principal	Interest	Total
2024.....	\$ 1,117,678	\$ 117,255	\$ 1,234,933
2025.....	808,127	82,457	890,584
2026.....	837,726	52,857	890,583
2027.....	450,883	31,837	482,720
Total.....	\$ <u>3,214,414</u>	\$ <u>284,406</u>	\$ <u>3,498,820</u>

**NOTE 3 – MOST HIGHLY COMPENSATED EMPLOYEES**

The following table presents the total compensation for the Collaborative’s five most highly compensated employees for the year ended December 31, 2022, as reported on IRS form W-2, Wage and Tax Statement:

Name	General Duties	Compensation
Roland Joyal.....	Executive Director.....	\$ 151,022
Anna Bishop.....	Director of Finance.....	133,369
April Rist.....	Data Specialist.....	120,385
Donald Jarvis.....	Director of Occupational Education.....	119,260
Martha Wiley.....	Data Specialist.....	117,216
Total.....		\$ <u>641,252</u>

**NOTE 4 – ADMINISTRATION AND OVERHEAD**

For year ended June 30, 2023, the Collaborative expended approximately \$1,313,334 for amounts related to administration and \$1,426,365 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, 2023, 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 2023, the Collaborative did not provide services for individuals age 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.

# ***Report on Internal Control over Financial Reporting and on Compliance***

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lower Pioneer Valley Educational Collaborative, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lower Pioneer Valley Educational Collaboratives' basic financial statements, and have issued our report thereon dated November 15, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Lower Pioneer Valley Educational Collaboratives' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lower Pioneer Valley Educational Collaboratives' internal control. Accordingly, we do not express an opinion on the effectiveness of the Lower Pioneer Valley Educational Collaboratives' internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lower Pioneer Valley Educational Collaboratives' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lower Pioneer Valley Educational Collaboratives' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Powers & Sullivan LLC*

November 15, 2023