

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

WEST SPRINGFIELD, MASSACHUSETTS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



**Lower Pioneer Valley
Educational Collaborative**

West Springfield, Massachusetts

**Comprehensive Annual
Financial Report**

For the Fiscal Year
July 1, 2012 through June 30, 2013



Prepared by the Finance Department

LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2013

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Introductory Section



Students of the Collaborative's Information Support Services and Networking Program.

Introductory Section

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Letter of Transmittal

November 20, 2013

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 Comprehensive Annual Financial Report (CAFR) of the Lower Pioneer Valley Educational Collaborative, for the fiscal year ending June 30, 2013 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 raters as well as residents of the Collaborative's member school districts.

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

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

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

The Lower Pioneer Valley Educational Collaborative's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Lower Pioneer Valley Educational Collaborative for the fiscal year ended June 30, 2013, 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 fiscal year ended June 30, 2013, 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 provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of

transmittal is designed to complement the MD&A where the financial analysis is presented. The Collaborative's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC.

PROFILE OF THE COLLABORATIVE

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

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

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

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

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

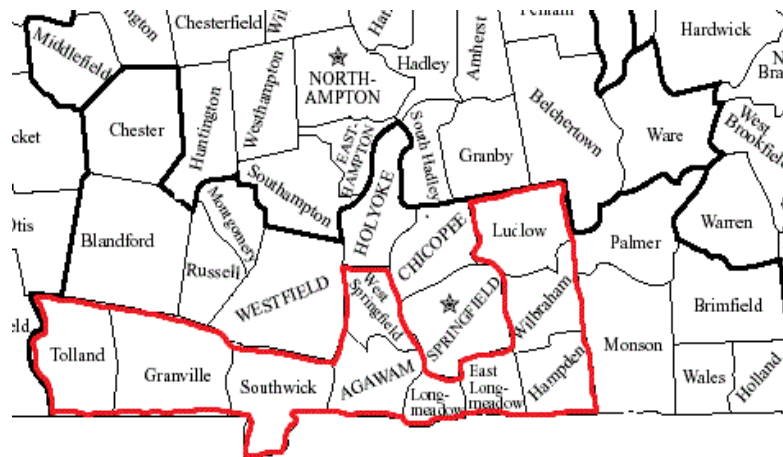
Level of Education Provided

The Collaborative serves a general population of 21,636 students in seven member communities. Enrollment in Career and Technical Education (CTEC) programs at the secondary level has remained constant at 477 from fiscal 2010 to fiscal 2013. Enrollment in special education programs for students in elementary, secondary, and transition programs is 131. 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 Education. The Career and Technical Education Center offers Chapter 74 approved career and technical education programs including a cooperative education program. Special education programs include program for students with various learning differences including students on the Autism spectrum, students with multiple and significant disabilities, student with specific learning disabilities, and students with emotional and behavior disorders. The special education department also provides nursing services and adaptive physical education services. Within its special education department, the Collaborative administers an Innovation School – the 21st Century Skills Academy – on behalf of West Springfield. Career and technical programs and the 21st Century Skills Academy are located at the Career and Technical Education Center in West Springfield. The special education programs reside in various schools and buildings throughout its member communities.

Geographic Area Served

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

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



Member Communities:

Agawam: K-12 district serving 4,113 students

East Longmeadow: PreK-12 district serving 2,734 students

Hampden-Wilbraham Regional School District: PreK-12 district serving 3,404 students

Longmeadow: PreK-12 district serving 2,868 students

Ludlow: PreK-12 district serving 2,874 students

Southwick-Tolland-Granville Regional School District: PreK-12 district serving 1,761 students

West Springfield: PreK-12 district serving 3,882 students

Collaborative Programs

The Collaborative offers programs and services in the following general areas:

Career and Technical Education Program – The Lower Pioneer Valley Career and Technical Education Center (LPV CTEC), located in West Springfield, MA, is an extension of the seven member high schools served by the Collaborative providing career/vocational technical education programs for students. LPV 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, LPV CTEC has a long tradition of partnering with local businesses and industry to ensure that students receive rigorous and relevant training aligned with the Massachusetts Department of Elementary & Secondary Education's (DESE) Vocational Technical Education Frameworks, industry standards, and regional employment needs. Since 2006, LPV CTEC has operated out of its new facility in West Springfield, with state-of-the-art equipment and technology that meets or exceeds industry and OSHA standards.

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

- **Automotive Technology:** Automotive Technology is a Chapter 74 approved program certified by the National Automotive Technicians Education Foundation (NATEF) in the following areas: brakes, electrical/electronic systems, engine performance and suspension and steering. Students are assessed on competencies aligned with the Massachusetts Department of Education Vocational Technical Education Framework – Transportation Cluster – Automotive Technology and the National Institute for Automotive Service Excellence (ASE). The NATEF curriculum prepares students to meet national automotive industry standards and requires students to become proficient in a multitude of automotive procedures and diagnostic techniques.
- **Carpentry:** The Carpentry program is a Chapter 74 approved course of study offering a comprehensive competency based on curriculum aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Construction Cluster – Carpentry. First year students focus in the classroom and shop developing basic carpentry-related skills.
- **Cosmetology:** Cosmetology, a Chapter 74 approved program, is a comprehensive competency based three-year program designed to develop skills used by cosmetologists. The Cosmetology program is certified by the Commonwealth of Massachusetts Board of Registration of Cosmetologists.
- **Culinary Arts:** The Culinary Arts program is a competency based Chapter 74 approved program certified by the American Culinary Federation (ACF) and is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Hospitality and Tourism Cluster – Culinary Arts, which prepares students for careers in hotels, restaurants, resorts, institutions, and corporations.
- **Design and Visual Communications:** The Design and Visual Communications program is a Chapter 74 approved program that is competency based and prepares students for the visual design field and is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Arts and Communication Service Cluster – Design and Visual Communications.
- **Facilities Management:** Facilities Management, a Chapter 74 approved program, is a competency based program designed to introduce students to the many facets of facilities maintenance: interior, exterior, and seasonal grounds and lawn care. The curriculum is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Construction Cluster – Facilities Management.
- **Fashion Technology:** The Fashion Technology program is a competency based Chapter 74 approved program aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Business and Consumer Services Cluster – Fashion Technology.
- **Graphic Communication:** The Graphic Communications program is a competency based Chapter 74 approved program aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Arts and Communication Services Cluster – Graphic Communication that prepares students for a wide range of career opportunities in the graphic arts and communications industry. The program is certified by PrintED®, a national accreditation program.
- **Health Assisting:** The Health Assisting program is a comprehensive competency based program aligned with the Massachusetts Department of Education Vocational Technical Education Framework – Health Services Cluster – Health Assisting.
- **Information Support Services and Networking:** The Information Support Services and Networking program, a Chapter 74 approved program, is a competency based program designed to provide students with entry level skills in personal computer maintenance and repair, data communications and networking. The curriculum is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks – Information Technology Services Cluster – Information Support Services and Networking.

- **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 landscaping maintenance, construction and design, greenhouse production, nursery production, floriculture, and retail garden center operations.
- **Technical Career Exploratory:** The Technical Career Exploratory is an introductory program designed to introduce ninth grade students to the career/vocational technical educational options available at the Lower Pioneer Valley Career and Technical Education Center (Career TEC).
- **Cooperative Education Program:** The Cooperation Education (CO-OP) Program at LPV Career TEC is designed to give second year students the opportunity to extend their learning experiences into the world of work, whereby students are placed into a paid position during shop hours.

Special Education Program - The LPVEC provides services to students aged 5 to 22 years who demonstrate a wide variety of exceptional learning needs including adjustment and behavioral problems, learning disabilities, Autism, Pervasive Developmental Disabilities, Asperger's Syndrome, and developmental disabilities. Students are referred to the LPVEC for services when they present needs for specially designed instruction that cannot be delivered effectively within the traditional classroom. On October 1, 2012, there were 131 special needs students in LPVEC Special Education programs. The Twain Alternative High School, Transitional Alternative Program, and Transitional Services Program, by design, are located in separate buildings. All other LPVEC special education programs are appropriately located within the public schools of the member school districts.

Supplemental Services – In addition to education programs, the Collaborative offers and coordinates a variety of education related services including:

- **School Transportation Services:** The LPVEC has provided school transportation services to all of its member school districts. These services include both regular as well as special needs transportation. The LPVEC employs and manages approximately 224 drivers and monitors and operates 212 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.
- **Staff/Professional Development:** The LPVEC is committed to providing ongoing professional development services to its staff. Through annual "in service" days, the LPVEC provides resources necessary for individual, as well as small group investigation and research projects. In addition, the LPVEC is also committed to broadening the availability of professional development services to the member school districts. LPVEC coordinates professional development for its member districts on several topics including sheltered English immersion instruction, integrating technology and curriculum, new literacies, Common Core standards, social cognition training, Indicator 13 training and transition services, creating formative and summative assessments using Assistments, learning walk-throughs, implementing the Massachusetts new educator evaluation regulations, and Lindamood Bell training. In FY13, the LPVEC placed a special emphasis on professional development to assist districts with the implementation of Race to the Top initiatives. Race to the Top has placed a significant focus on educator evaluation and adoption of Common Core State Standards. Consequently, the LPVEC will provide numerous workshops on these topics and will begin a mentoring program for new administrators focused on the Massachusetts Model Educator Evaluation System. During the 2009-2010 school year, the LPVEC created the Institute for Research and Innovative Education (IRIE) within its Staff and Professional Development Center. Funded primarily through federal and state grants, IRIE assists school districts with school improvement planning, the strategic use of assessment and non-assessment data, program evaluation, and development of electronic storage systems for student assessment data. In FY2013, IRIE focused on providing technical assistance to local school districts receiving Race to the Top funding and the

development and implementation of online learning opportunities for students in alternative education settings. The Staff and Professional Development Program including the IRIE component is a cost center within the function of Contracted Services in the budget.

- **Municipal Medicaid Reimbursement:** The LPVEC Medicaid Reimbursement Program currently provides electronic billing services to 45 area school districts and municipalities. This project typically generates an annual revenue approaching \$6 million of federal Medicaid funds to the participating districts. Due to the level of non-member participation, the cost of these services is significantly less to the LPVEC member districts.
- **Energy Management Services:** The LPVEC Energy Management Program currently provides for the aggregate bidding and purchasing of a variety of energy-related utilities; including electricity, natural gas, fuel oil, diesel fuel and gasoline. Through joint purchasing, the participating municipalities and school districts are able to lock in fixed prices which usually save from 5 to 15% of their current cost for utilities and offer fiscal certainty in a volatile energy price environment. There are currently 69 school districts and municipalities participating in this project.

Total energy purchases in FY2013 were approximately \$30.3 million.

- **Grant Writing and Special Projects:** The Collaborative remains committed to assisting its member school districts in whatever way practical. As such, the Collaborative routinely applies for and conducts special projects for its member school districts and municipalities. In FY2013, the Collaborative pursued grants to support program expansion in special education and vocational-technical education.

INFORMATION USEFUL IN ASSESSING THE COLLABORATIVE'S ECONOMIC CONDITION

The mission of the Lower Pioneer Valley Educational Collaborative is to improve efficiency, effectiveness, and equity in public education. Although the Collaborative is an independent entity, it is governed by its members. Consequently, the Collaborative staff defines its purpose as providing programs, activities, or services that help school districts in the region to be more effective. Its mission is to serve the educational needs of students throughout the region, not just in its programs. To that end, much of the LPVEC's work supports the work of the school districts in the region.

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

In FY12, the Collaborative purchased approximately \$2.1 million of passenger buses to be used for transportation for its enrolled students. The purchase was paid for out of the Collaborative's transportation enterprise fund. The Collaborative anticipates a useful life on the assets of approximately 10 years.

The fiscal year 2013 budget adopted by the Board of Directors was \$21,435,770. This amount represents a \$547,277, or 2.62%, increase from the FY12 adopted budget. The most substantial increases occurred in administration, transportation services, vocational-technical education, and special education coordination. The administrative budget increased by 6.26% which reflects increases in fringe benefit costs and additional salary expenses for accounting positions. The professional expense of new hires in accounting in FY12 required adjustments to compensation in FY13. The costs associated with providing regular needs transportation increased by \$201,756. Special needs transportation increased by \$202,333. The increase in both regular and special needs transportation was the direct result of increases in fuel costs and costs associated with debt

service. Due to fluctuations in markets and political instability in oil producing regions, projected fuel costs for FY13 increased by approximately \$250,000. Increases in debt service reflect payments for vehicles purchased in FY10. In FY10, the LPVEC replaced thirty vehicles in its regular needs and special needs fleet. In accordance with recommendations from the Board and the Superintendents, LPVEC subsidized debt service from Fund Balance for FY10, FY11, and FY12. The fund balance subsidy was taken from the transportation enterprise fund balance. In FY13, expenses associated with debt service were included in the operating budget contributing to the overall 3.69% increase in transportation. Additional increases in transportation costs reflected an increase in demand for summer transportation, field trip transportation, transportation to the career center, and transportation to extra-curricular activities. The budget for vocational-technical education in FY13 increased by 3.86%. This increase was due primarily to increases in costs associated with fringe benefits. Special education coordination reflected an increase of 13.37% in FY13. In FY13, the budget showed retiree healthcare benefits in the actual cost center in which the employee worked. In previous years, all retiree healthcare benefits were shown as expenses in administration. Contracted services, specifically IRIE (Institute for Research and Innovation in Education), decreased by 19.23%. The decrease did not represent an actual decrease in expenses but rather reflected more accurate forecasting. IRIE was a new program in FY12. The budget in FY12 reflected projected expenses but did not reflect any grant allocations. FY13 took into consideration approved grant allocations in the IRIE cost center. The decrease did not represent any changes to personnel or full time equivalents.

Providing high quality educational programs and services, as well as technical support and assistance to member districts, requires a highly skilled labor force. The costs associated with recruiting and retaining qualified personnel are reflected in the budget. Personnel decisions reflect staffing policies and guidelines set forth by the Board of Directors on the basis of state requirements, program reviews, student enrollment, and curriculum requirements. Salary costs and increases are based on the average salaries and increases in LPVEC member districts. The Executive Director collects information on projected increases throughout the year. Once member districts finalize salaries and increases, the LPVEC adjusts staff salaries as necessary, issues retroactive pay, and amends the budget. For the 2012-2013 fiscal year, salaries and fringe benefits were budgeted to consume 71% of expenditures in the General Fund. The increase in personnel costs from FY2012 to FY2013 was .015%. Salaries for FY13 have been budgeted assuming a 1.82% increase.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the Collaborative for its budget document for the fiscal year beginning July 1, 2011. In order to receive this award, a government unit must publish a budget document of the very highest quality that reflects both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting. The Collaborative has also submitted its budget document for the fiscal year beginning July 1, 2012 for consideration of this award. This will be the fifth year that the Collaborative has received this award.

The Association of School Business Officials International awarded a Meritorious Budget Award to the Collaborative for its Annual Budget beginning July 1, 2012. The Meritorious Budget Awards Program encourages and recognizes excellence in school system budgeting. The Collaborative has also submitted its budget document for the fiscal year beginning July 1, 2013 for consideration of this award.

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

Respectfully submitted,

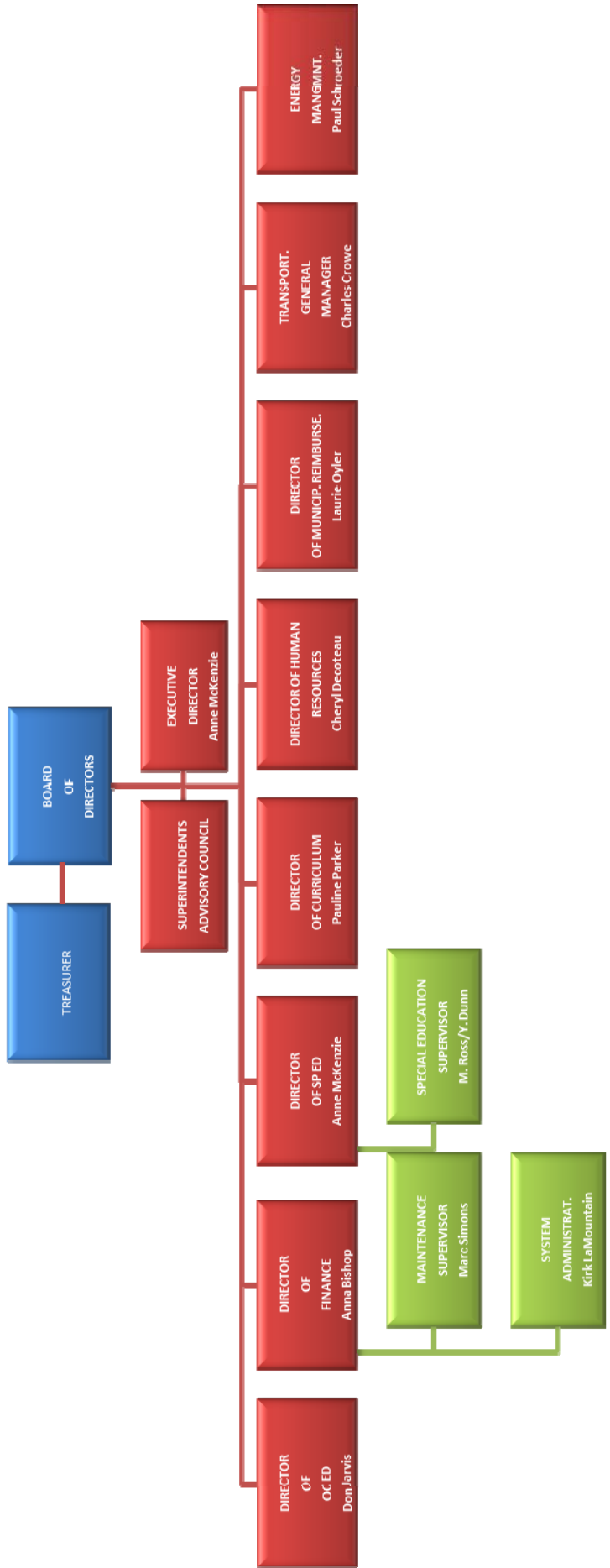


Dr. Anne S. McKenzie
Executive Director/Director of Special Education



Anna M. Bishop
Director of Finance and Operation

ORGANIZATIONAL CHART FY2013





Principal Executive Officers

Dr. Anne S. McKenzie, Executive Director/Director of Special Education

Anna M. Bishop, Director of Finance and Operation

Donald Jarvis, Director of Occupational Education

Board of Directors

Agawam: Shelly Reed

East Longmeadow: William Fonseca

Hampden-Wilbraham Regional: Michelle Emirzian

Longmeadow: John J. Fitzgerald

Ludlow: Jacob Oliveira

Southwick-Tolland-Granville Regional: James Vincent

West Springfield: Dr. Joseph Foresi, Jr.



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

Mission

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

Vision

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

Values

The Collaborative values:

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Lower Pioneer Valley Educational Collaborative
Massachusetts**

For the Fiscal Year Beginning

July 1, 2011

Christopher P. Morrill *Jeffrey R. Egan*

President

Executive Director

Association of School Business Officials International®



This Meritorious Budget Award is presented to

Lower Pioneer Valley Educational Collaborative

For excellence in the preparation and issuance
of its school system budget
for the Fiscal Year 2011-2012.

The budget is judged to conform
to the principles and standards of the
ASBO International® Meritorious Budget Awards Program.

A handwritten signature in blue ink that reads "Bill Nsee".

President

A handwritten signature in blue ink that reads "John D. Musso".

Executive Director

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Financial Section



Students of the Collaborative's Health Assisting Program.

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Pioneer Valley Educational Collaborative (Collaborative), as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Collaborative, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013 on our consideration of the Collaborative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Powers & Sullivan LLC

November 20, 2013

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 fiscal year ended June 30, 2013. 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 liabilities, with the difference between the two 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 fiscal 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 fiscal periods (e.g., uncollected revenues and earned but unused sick leave).

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

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Collaborative's governmental assets exceeded liabilities by \$6.4 million at the close of fiscal year 2013. This represents an overall increase in net position of \$589,000.

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

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Assets:			
Current assets.....	\$ 9,449,038	\$ 8,016,802	\$ 1,432,236
Capital assets.....	<u>16,717,008</u>	<u>17,405,785</u>	<u>(688,777)</u>
Total assets.....	<u>26,166,046</u>	<u>25,422,587</u>	<u>743,459</u>
Liabilities:			
Current liabilities (excluding debt).....	1,949,505	2,223,354	(273,849)
Noncurrent liabilities (excluding debt).....	5,300,534	4,198,302	1,102,232
Current debt.....	702,376	654,333	48,043
Noncurrent debt.....	<u>11,849,096</u>	<u>12,551,244</u>	<u>(702,148)</u>
Total liabilities.....	<u>19,801,511</u>	<u>19,627,233</u>	<u>174,278</u>
Net Position:			
Net investment in capital assets.....	4,165,536	3,963,084	202,452
Restricted.....	258,144	178,162	79,982
Unrestricted.....	<u>1,940,855</u>	<u>1,634,266</u>	<u>306,589</u>
Total net position.....	<u>\$ 6,364,535</u>	<u>\$ 5,775,512</u>	<u>\$ 589,023</u>
Program revenues:			
Charges for services.....	\$ 1,469,636	\$ 1,458,084	\$ 11,552
Operating grants and contributions.....	1,067,811	939,901	127,910
General revenues:			
Member district assessments.....	9,968,721	9,367,822	600,899
Unrestricted investment income.....	6,164	10,587	(4,423)
Miscellaneous.....	<u>206,227</u>	<u>287,355</u>	<u>(81,128)</u>
Total revenues.....	<u>12,718,559</u>	<u>12,063,749</u>	<u>654,810</u>
Expenses:			
Administration.....	408,610	994,074	(585,464)
Special Education.....	4,438,334	4,166,537	271,797
Occupational Education.....	4,139,596	4,058,627	80,969
Supplemental Services.....	2,091,291	1,946,926	144,365
Professional Development.....	5,380	73,580	(68,200)
Unallocated Depreciation.....	706,876	645,345	61,531
Interest.....	<u>339,449</u>	<u>337,620</u>	<u>1,829</u>
Total expenses.....	<u>12,129,536</u>	<u>12,222,709</u>	<u>(93,173)</u>
Change in net position.....	589,023	(158,960)	<u>\$ 747,983</u>
Beginning net position.....	<u>5,775,512</u>	<u>5,934,472</u>	
Ending net position.....	<u>\$ 6,364,535</u>	<u>\$ 5,775,512</u>	

Net position of approximately \$4.2 million reflects the Collaborative's investment in capital assets (e.g., machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Collaborative uses these capital assets to provide services; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the

resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 4% of the Collaborative's net position, \$258,000, represents resources that are subject to external restrictions on how they may be used (restricted for grants). The remaining balance represents the Collaborative's unrestricted net position, which reports a year-end balance of approximately \$1.9 million. The small increase in unrestricted net position is the result of increased revenue netted against the Collaborative's accrual of other postemployment benefit obligations (OPEB). General fund operations increased by approximately \$1.5 million in fiscal year 2013, and the Collaborative's OPEB liability increased by \$1.1 million during fiscal year 2013. Included within the governmental activities is the blended Lower Pioneer Valley Educational Corporation component unit.

Total revenues increased by \$655,000 from the prior year. The majority of this increase was related to an increase in member district assessments within the general fund. Total Collaborative expenses decreased from the prior year by approximately \$93,000. The decrease in administrative expenses is largely attributable to the Corporation's purchase of the Agawam garage property in the prior year.

Business-type Activities

For the Collaborative's business-type activities, liabilities exceeded assets by \$5.4 million at the close of fiscal year 2013. Key components of the Collaborative's business-type financial position are listed as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Assets:			
Current assets.....	\$ 239,610	\$ 653,038	\$ (413,428)
Capital assets.....	5,367,258	6,240,652	(873,394)
Total assets.....	5,606,868	6,893,690	(1,286,822)
Liabilities:			
Current liabilities (excluding debt).....	109,197	146,336	(37,139)
Noncurrent liabilities (excluding debt).....	8,480,961	6,724,116	1,756,845
Current debt.....	1,212,320	1,575,522	(363,202)
Noncurrent debt.....	1,246,459	2,458,780	(1,212,321)
Total liabilities.....	11,048,937	10,904,754	144,183
Net Position:			
Net investment in capital assets.....	2,908,479	2,206,350	702,129
Unrestricted.....	(8,350,548)	(6,217,414)	(2,133,134)
Total net position.....	\$ (5,442,069)	\$ (4,011,064)	\$ (1,431,005)

Program revenues:			
Charges for services.....	\$ 11,140,048	\$ 10,646,896	\$ 493,152
Expenses:			
Transportation.....	<u>12,571,053</u>	<u>12,816,989</u>	<u>(245,936)</u>
Change in net position.....	(1,431,005)	(2,170,093)	\$ <u>739,088</u>
Beginning net position.....	<u>(4,011,064)</u>	<u>(1,840,971)</u>	
Ending net position.....	\$ <u>(5,442,069)</u>	\$ <u>(4,011,064)</u>	

Business type net position of \$2.9 million represents net investment in capital assets. The remaining deficit balance of unrestricted net position is largely due to the recognition of the \$6.4 million liability associated with GASB Statement #45 (OPEB).

The Transportation enterprise fund reported a \$1.4 million decrease in net position, which was largely due to the recognition of an additional \$1.4 million in OPEB expenses. Additionally, the Transportation enterprise fund is retiring debt related to the school buses over a five year period and has increased its fees to recover these costs over a 10 year period to reduce the impact on the users. This policy has had the effect of reducing the net position over the short term while the debt is repaid at a higher rate than the reimbursements are collected. It is anticipated that the opposite will begin to occur in years six through ten when the debt is paid-off and the fees are still being assessed and collected.

The Cooperative purchasing enterprise fund reported a deficit balance of \$11,000 at fiscal year end. There was no activity in this fund during fiscal year 2013.

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 fiscal year.

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$6.3 million, a net increase of approximately \$1.6 million from the prior year. The general fund increased by approximately \$1.5 while the nonmajor governmental funds increased by approximately \$88,000.

The *General Fund* is the Collaborative's chief operating fund. At year end, unassigned fund balance of the general fund totaled \$2 million while total fund balance equaled \$6 million. Assigned fund balance consists of amounts the Collaborative has assigned for future expenditures, capital projects, and other postemployment liabilities. 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 21% of total general fund expenditures, while total fund balance represents 61% of that same amount.

General Fund Budgetary Highlights

The Collaborative's fiscal year 2013 operating budget consisted of approximately \$10.5 million in current appropriations and anticipated assessments. The Collaborative's budget also consisted of the use of available fund balance totaling approximately \$477,000 which has been recorded as a revenue source in the budget to actual schedule. Revenues came in approximately \$372,000 higher than budgeted and expenditures were approximately \$1.1 million lower than budgeted, resulting in a \$1.5 million net increase in the general fund.

Other Postemployment Benefits

As of June 30, 2013, the Collaborative has recognized a liability for other postemployment liabilities based on its Annual Required Contribution (ARC) totaling \$11.6 million which was reported in both the governmental and business-type activities. Please refer to Note 13 in the basic financial statements for further discussion on the Collaborative's OPEB liability.

Capital Asset and Debt Administration

The Collaborative's capital assets totaled \$22.1 million as of June 30, 2013 which includes over \$16 million in assets of the Lower Pioneer Valley Educational Corporation blended component unit. The Collaborative acquired approximately \$8,700 in capital assets in fiscal year 2013. This consisted primarily of equipment acquired in the general fund.

The Collaborative reported \$12.6 million in long-term bonds payable which all related to debt held by the blended Corporation component unit. The corporation did not issue any new debt in fiscal year 2013 and retired approximately \$654,000 in outstanding debt.

The Collaborative has purchased machinery and equipment and vehicles through capital leases with remaining outstanding balances totaling approximately \$2.5 million as of June 30, 2013.

Please refer to Note 4, 6, 7 and 8 in the basic financial statements for further discussion of the capital asset and debt activity.

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2013

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 6,602,105	\$ -	\$ 6,602,105
Receivables, net of allowance for uncollectibles:			
Grants receivable.....	54,450	-	54,450
Departmental and other.....	15,463	-	15,463
Intergovernmental.....	718,453	185,079	903,532
Internal balances.....	2,039,354	(2,039,354)	-
Inventory.....	-	54,531	54,531
Prepaid expenses.....	19,213	-	19,213
NONCURRENT:			
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	1,871,588	-	1,871,588
Depreciable.....	14,845,420	5,367,258	20,212,678
TOTAL ASSETS.....	26,166,046	3,567,514	29,733,560
LIABILITIES			
CURRENT:			
Warrants payable.....	362,966	18,281	381,247
Advances and credits.....	788,263	-	788,263
Accrued interest.....	11,431	-	11,431
Accrued payroll.....	603,830	24,995	628,825
Payroll withholdings.....	100,523	-	100,523
Other liabilities.....	1,874	34,890	36,764
Capital lease obligations.....	-	1,212,320	1,212,320
Compensated absences.....	80,618	31,031	111,649
Bonds payable.....	702,376	-	702,376
NONCURRENT:			
Capital lease obligations.....	-	1,246,459	1,246,459
Compensated absences.....	143,156	13,931	157,087
Other postemployment benefits.....	5,157,378	6,427,676	11,585,054
Bonds payable.....	11,849,096	-	11,849,096
TOTAL LIABILITIES.....	19,801,511	9,009,583	28,811,094
NET POSITION			
Net investment in capital assets.....	4,165,536	2,908,479	7,074,015
Restricted for:			
Grants.....	258,144	-	258,144
Unrestricted.....	1,940,855	(8,350,548)	(6,409,693)
TOTAL NET POSITION.....	\$ 6,364,535	\$ (5,442,069)	\$ 922,466

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
<i>Governmental Activities:</i>				
Administration.....	\$ 408,610	\$ 17,064	\$ -	\$ (391,546)
Special education.....	4,438,334	152,137	246,129	(4,040,068)
Occupational education.....	4,139,596	640,123	466,416	(3,033,057)
Supplemental services.....	2,091,291	660,312	348,166	(1,082,813)
Professional development.....	5,380	-	7,100	1,720
Unallocated depreciation.....	706,876	-	-	(706,876)
Interest expense.....	339,449	-	-	(339,449)
Total Governmental Activities.....	12,129,536	1,469,636	1,067,811	(9,592,089)
<i>Business-Type Activities:</i>				
Transportation.....	12,571,053	11,140,048	-	(1,431,005)
Total Business-Type Activities.....	12,571,053	11,140,048	-	(1,431,005)
Total Primary Government.....	\$ 24,700,589	\$ 12,609,684	\$ 1,067,811	\$ (11,023,094)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (9,592,089)	\$ (1,431,005)	\$ (11,023,094)
<i>General revenues:</i>			
Member District Assessments.....	9,968,721	-	9,968,721
Unrestricted investment income.....	6,164	-	6,164
Miscellaneous.....	206,227	-	206,227
Total general revenues and transfers.....	<u>10,181,112</u>	<u>-</u>	<u>10,181,112</u>
Change in net position.....	589,023	(1,431,005)	(841,982)
<i>Net Position:</i>			
Beginning of year.....	<u>5,775,512</u>	<u>(4,011,064)</u>	<u>1,764,448</u>
End of year.....	\$ <u><u>6,364,535</u></u>	\$ <u><u>(5,442,069)</u></u>	\$ <u><u>922,466</u></u>

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2013

ASSETS	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 5,109,162	\$ 200,920	\$ 5,310,082
Receivables, net of allowance for uncollectibles:			
Grants receivable.....	-	54,450	54,450
Departmental and other.....	-	15,463	15,463
Intergovernmental.....	718,453	-	718,453
Due from other funds.....	2,038,229	2,142	2,040,371
Prepaid expenses.....	19,213	-	19,213
TOTAL ASSETS.....	<u>\$ 7,885,057</u>	<u>\$ 272,975</u>	<u>\$ 8,158,032</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable.....	\$ 346,762	\$ 11,675	\$ 358,437
Other accrued expenses.....	602,830	1,000	603,830
Payroll withholdings.....	100,523	-	100,523
Other liabilities.....	1,860	14	1,874
Deferred revenues.....	-	46,872	46,872
Due to other funds.....	8,601	2,142	10,743
Advances and credits.....	788,263	-	788,263
TOTAL LIABILITIES.....	<u>1,848,839</u>	<u>61,703</u>	<u>1,910,542</u>
 FUND BALANCES:			
Restricted.....	-	213,414	213,414
Assigned.....	4,008,699	-	4,008,699
Unassigned.....	2,027,519	(2,142)	2,025,377
TOTAL FUND BALANCES.....	<u>6,036,218</u>	<u>211,272</u>	<u>6,247,490</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 7,885,057</u>	<u>\$ 272,975</u>	<u>\$ 8,158,032</u>

See notes to basic financial statements.

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

JUNE 30, 2013

Total governmental fund balances.....		\$ 6,247,490
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		16,717,008
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		46,872
Net effect of blending the component unit.....		1,297,220
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(11,431)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable.....	(12,551,472)	
Other postemployment benefits.....	(5,157,378)	
Compensated absences.....	<u>(223,774)</u>	
Net effect of reporting long-term liabilities.....		<u>(17,932,624)</u>
Net position of governmental activities.....		<u>\$ 6,364,535</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Member district assessments.....	\$ 9,968,721	\$ 17,064	\$ 9,985,785
Nonmember assessments.....	1,336,709	-	1,336,709
Intergovernmental.....	582,823	492,799	1,075,622
Investment income.....	5,200	-	5,200
Departmental and other.....	2,022	115,863	117,885
TOTAL REVENUES.....	11,895,475	625,726	12,521,201
EXPENDITURES:			
Current:			
Administration.....	222,069	-	222,069
Special education.....	4,051,319	2,740	4,054,059
Occupational education.....	4,327,942	216,857	4,544,799
Supplemental services.....	1,814,116	311,236	2,125,352
Professional development.....	-	7,100	7,100
TOTAL EXPENDITURES.....	10,415,446	537,933	10,953,379
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,480,029	87,793	1,567,822
FUND BALANCES AT BEGINNING OF YEAR.....	4,556,189	123,479	4,679,668
FUND BALANCES AT END OF YEAR.....	\$ 6,036,218	\$ 211,272	\$ 6,247,490

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**

FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds.....		\$ 1,567,822
<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.....	18,099	
Depreciation expense.....	<u>(706,876)</u>	
Net effect of reporting capital assets.....		(688,777)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(7,811)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Debt principal payments.....	<u>654,105</u>	
Net effect of reporting long-term debt.....		654,105
<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 and other accrued liabilities.....	(16,657)	
Net change in other postemployment benefits accrual.....	<u>(1,092,387)</u>	
Net effect of recording long-term liabilities.....		(1,109,044)
Net effect of blending component unit.....		<u>172,728</u>
Change in net position of governmental activities.....		<u>\$ 589,023</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Transportation	Cooperative Purchasing	Total
ASSETS			
CURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	\$ 185,079	\$ -	\$ 185,079
Inventory.....	54,531	-	54,531
Total current assets.....	<u>239,610</u>	<u>-</u>	<u>239,610</u>
NONCURRENT:			
Capital assets:			
Depreciable.....	5,367,258	-	5,367,258
TOTAL ASSETS.....	<u>5,606,868</u>	<u>-</u>	<u>5,606,868</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	18,281	-	18,281
Due to Lower Pioneer Valley Educational Corporation...	1,125	-	1,125
Accrued liabilities.....	34,890	-	34,890
Accrued payroll.....	24,995	-	24,995
Due to other funds.....	2,026,988	11,241	2,038,229
Capital lease obligations.....	1,212,320	-	1,212,320
Compensated absences.....	31,031	-	31,031
Total current liabilities.....	<u>3,349,630</u>	<u>11,241</u>	<u>3,360,871</u>
NONCURRENT:			
Capital lease obligations.....	1,246,459	-	1,246,459
Compensated absences.....	13,931	-	13,931
Other postemployment benefits.....	6,427,676	-	6,427,676
Total noncurrent liabilities.....	<u>7,688,066</u>	<u>-</u>	<u>7,688,066</u>
TOTAL LIABILITIES.....	<u>11,037,696</u>	<u>11,241</u>	<u>11,048,937</u>
NET POSITION			
Net investment in capital assets.....	2,908,479	-	2,908,479
Unrestricted.....	<u>(8,339,307)</u>	<u>(11,241)</u>	<u>(8,350,548)</u>
TOTAL NET POSITION.....	<u>\$ (5,430,828)</u>	<u>\$ (11,241)</u>	<u>\$ (5,442,069)</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Transportation</u>	<u>Cooperative Purchasing</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
School year transportation	\$ 9,413,383	\$ -	\$ 9,413,383
Vocational transportation	241,435	-	241,435
Bus monitors	755,814	-	755,814
Field trip transportation.....	202,681	-	202,681
Summer school transportation.....	526,735	-	526,735
TOTAL OPERATING REVENUES	11,140,048	-	11,140,048
<u>OPERATING EXPENSES:</u>			
Wages and fringe benefits	9,055,890	-	9,055,890
Fuel.....	1,100,265	-	1,100,265
Repairs and maintenance.....	245,500	-	245,500
Overhead and operating expenses.....	842,673	-	842,673
Insurance.....	402,790	-	402,790
Depreciation.....	849,873	-	849,873
TOTAL OPERATING EXPENSES	12,496,991	-	12,496,991
OPERATING INCOME (LOSS).....	(1,356,943)	-	(1,356,943)
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest expense.....	(74,062)	-	(74,062)
CHANGE IN NET POSITION.....	(1,431,005)	-	(1,431,005)
NET POSITION AT BEGINNING OF YEAR.....	(3,999,823)	(11,241)	(4,011,064)
NET POSITION AT END OF YEAR.....	\$ (5,430,828)	\$ (11,241)	\$ (5,442,069)

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Transportation	Cooperative Purchasing	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 11,184,729	\$ -	\$ 11,184,729
Payments to vendors.....	(2,278,932)	-	(2,278,932)
Payments to employees.....	(7,688,831)	-	(7,688,831)
NET CASH FROM (USED FOR) OPERATING ACTIVITIES.....	1,216,966	-	1,216,966
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advances from other funds.....	409,098	-	409,098
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets.....	(1,552,002)	-	(1,552,002)
Interest expense.....	(74,062)	-	(74,062)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,626,064)	-	(1,626,064)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	-	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (1,356,943)	\$ -	\$ (1,356,943)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	849,873	-	849,873
Changes in assets and liabilities:			
Departmental and other.....	5,667	-	5,667
Intergovernmental.....	18,416	-	18,416
Inventory.....	20,598	-	20,598
Prepaid expenses.....	368,747	-	368,747
Warrants payable.....	(22,746)	-	(22,746)
Due to Lower Pioneer Valley Educational Corporation.....	(7,272)	-	(7,272)
Accrued liabilities.....	(26,433)	-	(26,433)
Accrued payroll.....	8,837	-	8,837
Accrued compensated absences.....	(3,230)	-	(3,230)
Other postemployment benefits obligation.....	1,361,452	-	1,361,452
Total adjustments.....	2,573,909	-	2,573,909
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,216,966	\$ -	\$ 1,216,966

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents.....	\$ 46,073
LIABILITIES	
Warrants payable.....	379
Due to other governments.....	45,694
TOTAL LIABILITIES.....	\$ 46,073

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 fiscal 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 space available basis. Nonmembers pay a 16% charge to provide for administration costs incurred by the Collaborative.

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

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

A. Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities* are primarily supported by member assessments.

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of interfund activity has been removed from the government-wide financial statements.

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.

Investment income is susceptible to accrual. Other receipts and revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental fund is reported:

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

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

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

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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

The following major proprietary funds are reported:

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

The *cooperative purchasing enterprise fund* is used to account for the cooperative purchasing program with the member districts.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

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. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Departmental and Other

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

Grants

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

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

Intergovernmental

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

F. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, buildings and improvements, and machinery and equipment are reported in the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

I. Interfund Receivables and Payables

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

Fund Financial Statements

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been “restricted for” the following:

“Grants”, which represents restrictions placed on assets from granting agencies.

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 of the government’s highest level of decision-making authority.

“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.

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

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

L. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. 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).

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. 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 fiscal year. Actual results could vary from estimates that were used.

P. 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.

Q. Individual Fund Deficits

Several individual fund deficits exist within the special revenue funds. These deficits are anticipated to be funded through available fund balance and grant proceeds during fiscal year 2014.

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 fiscal year-end, the carrying amount of deposits totaled \$5,356,155 and the bank balance totaled \$4,342,111. Of the bank balance, \$250,000 was covered by Federal Depository Insurance, and \$4,092,111 was fully collateralized.

The Corporation maintains its cash deposits in one checking account. At June 30, 2013, the Corporation's carrying balance for deposits totaled \$1,292,023 and the bank balance totaled \$1,307,613. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and the remaining balance of \$1,057,613 was fully collateralized.

Investments

As of June 30, 2013 the Collaborative has no investments.

NOTE 3 – RECEIVABLES

At June 30, 2013, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Grants.....	\$ 54,450	\$ -	\$ 54,450
Departmental and other.....	15,463	-	15,463
Intergovernmental.....	<u>718,453</u>	-	<u>718,453</u>
 Total.....	 <u>\$ 788,366</u>	 <u>\$ -</u>	 <u>\$ 788,366</u>

At June 30, 2013, receivables for the enterprise funds consist of the following:

	<u>Gross Amount</u>	<u>for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Grants.....	\$ <u>185,079</u>	\$ -	\$ <u>185,079</u>

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

	<u>Other Governmental Funds</u>
<u>Receivable type:</u>	
Grants.....	\$ <u>46,872</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the Collaborative for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
<i>Collaborative:</i>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 2,088,461	\$ 8,748	\$ -	\$ 2,097,209
Vehicles.....	52,330	-	-	52,330
Total capital assets being depreciated.....	<u>2,140,791</u>	<u>8,748</u>	<u>-</u>	<u>2,149,539</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,672,481)	(94,862)	-	(1,767,343)
Vehicles.....	(2,617)	(5,233)	-	(7,850)
Total accumulated depreciation.....	<u>(1,675,098)</u>	<u>(100,095)</u>	<u>-</u>	<u>(1,775,193)</u>
Total Collaborative governmental activities capital assets, net... \$	<u>465,693</u>	<u>(91,347)</u>	<u>-</u>	<u>\$ 374,346</u>
<i>Corporation blended component unit:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,871,588	\$ -	\$ -	\$ 1,871,588
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	19,217,009	9,351	-	19,226,360
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(4,148,505)	(606,781)	-	(4,755,286)
Total Corporation capital assets being depreciated, net.....	<u>15,068,504</u>	<u>(597,430)</u>	<u>-</u>	<u>14,471,074</u>
Total Corporation capital assets, net..... \$	<u>16,940,092</u>	<u>(597,430)</u>	<u>-</u>	<u>\$ 16,342,662</u>
Total Governmental Activities capital assets, net..... \$	<u>17,405,785</u>	<u>(688,777)</u>	<u>-</u>	<u>\$ 16,717,008</u>
Business-Type Activities:				
Machinery and equipment.....	\$ 165,358	\$ -	\$ -	\$ 165,358
Vehicles.....	11,343,795	-	(69,375)	11,274,420
Total capital assets being depreciated.....	<u>11,509,153</u>	<u>-</u>	<u>(69,375)</u>	<u>11,439,778</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(146,259)	(10,502)	-	(156,761)
Vehicles.....	(5,122,242)	(839,371)	45,854	(5,915,759)
Total accumulated depreciation.....	<u>(5,268,501)</u>	<u>(849,873)</u>	<u>45,854</u>	<u>(6,072,520)</u>
Total business-type activities capital assets, net..... \$	<u>6,240,652</u>	<u>(849,873)</u>	<u>(23,521)</u>	<u>\$ 5,367,258</u>

Depreciation expense for governmental activities totaled \$706,876 and was unallocated.

NOTE 5 – INTERFUND PAYABLES

The Collaborative has an interfund receivable/payable balance of \$2,039,354 at June 30, 2013. Of this amount, \$2,028,113, and \$11,241 exists between the general fund and the transportation and cooperative purchasing enterprise funds, respectively. Their purpose is to cover short-term cash needs that will be funded by future proceeds.

Receivable:	Payable:			Total
	Nonmajor Governmental Funds	Transportation Enterprise Fund	Cooperative Purchasing Enterprise Fund	
General Fund.....	\$ -	\$ 2,028,113	\$ 11,241	\$ 2,039,354
Nonmajor Governmental Funds.....	2,142	-	-	2,142
Total.....	\$ 2,142	\$ 2,028,113	\$ 11,241	\$ 2,041,496

NOTE 6 – CAPITAL LEASES

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

The Governmental leases relate to equipment and technology leased from the Corporation which has been removed as the Corporation has been blended with the governmental activities. The Corporation purchased the equipment and technology through long-term notes and is leasing the assets back to the Collaborative through a capital lease.

Fiscal Years Ending June 30	Governmental Activities Prior to Blending	Net effect of Blending Corporation	Governmental Activities as Reported
2014.....	\$ 68,902	\$ (68,902)	\$ -
2015.....	68,903	(68,903)	-
2016.....	68,903	(68,903)	-
Total minimum lease payments.....	206,708	(206,708)	-
Less: amounts representing interest.....	(23,548)	23,548	-
Present value of minimum lease payments.....	\$ 183,160	\$ (183,160)	\$ -

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

The remaining net value of assets acquired through capital leases totaled \$5,325,783.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2013 are listed below:

Fiscal Years Ending June 30	Business-Type Activities
2014.....	\$ 1,269,264
2015.....	855,095
2016.....	<u>425,608</u>
Total minimum lease payments.....	2,549,967
Less: amounts representing interest.....	<u>(91,188)</u>
Present value of minimum lease payments.....	<u>\$ 2,458,779</u>

NOTE 7 – SHORT-TERM FINANCING

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

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

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

The Collaborative had no short-term financing for fiscal year 2013.

NOTE 8 – LONG-TERM DEBT

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

The Collaborative had no long-term financing for fiscal year 2013.

The Corporation had the following long-term financing activity during fiscal year 2013:

- The Corporation has a \$17,500,000 bond, through the Massachusetts Development Finance Agency, with a variable interest rate based on the adjusted LIBOR rate, ranging from 2.5% to 5.0%. Monthly principal and interest payments range from \$42,055 to \$72,335. The bond matures in July 2029 and is

collateralized by all business assets of the Corporation. The outstanding loan balance totaled \$11,813,179 at June 30, 2013.

- Effective June 2006, the bond agreement through the Massachusetts Development Finance Agency was amended adding \$348,418 to the amount borrowed. Monthly principal payments of \$2,903 are required through May 2016. The bond amendment is collateralized by all business assets of the Corporation. The outstanding loan balance for the amendment totaled \$104,566 at June 30, 2013.
- The Corporation has a \$500,000 note payable bearing interest at 6.3%. Monthly principal payments of \$50,000 plus interest are required through October 2015. The note is collateralized by all business assets of the Corporation. The outstanding loan balance totaled \$150,000 at June 30, 2013.
- The Corporation has a \$500,000 note payable bearing interest at 4.09%. Monthly principal payments range from \$16,501 to \$35,845. The bond matures in 2032 and is collateralized by all business assets of the Corporation. The outstanding loan balance totaled \$483,727 at June 30, 2013.

Project	Interest Rate (%)	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Massachusetts Development Bond.....	variable	\$ 12,366,175	\$ -	\$ 552,996	\$ 11,813,179
Amendment to Massachusetts Development Bond....	variable	139,402	-	34,836	104,566
Equipment Note.....	6.30%	200,000	-	50,000	150,000
Agawam Garage Note.....	4.09%	500,000	-	16,273	483,727
Total bonds payable.....		\$ 13,205,577	\$ -	\$ 654,105	\$ 12,551,472

Fiscal Year	Principal	Interest (a)	Total
2014.....	\$ 702,376	\$ 324,234	\$ 1,026,610
2015.....	707,397	305,360	1,012,757
2016.....	708,201	286,347	994,548
Thereafter.....	10,433,498	1,832,174	12,265,672
Total.....	\$ 12,551,472	\$ 2,748,115	\$ 15,299,587

(a) Estimated interest subject to change for the variable rate bonds.

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2013, the following changes occurred in long-term liabilities:

	Balance June 30, 2012	Additions	Retirements and Other	Balance June 30, 2013	Current Portion
<u>Governmental Activities</u>					
Bonds Payable.....	\$ 13,205,577	\$ -	\$ (654,105)	\$ 12,551,472	\$ 702,376
Compensated Absences.....	207,117	90,463	(73,806)	223,774	80,618
Other Postemployment Benefits....	4,064,991	1,092,387	-	5,157,378	-
Total.....	<u>\$ 4,272,108</u>	<u>\$ 1,182,850</u>	<u>\$ (73,806)</u>	<u>\$ 17,932,624</u>	<u>\$ 782,994</u>
<u>Business-Type Activities</u>					
Compensated Absences.....	\$ 48,192	\$ 16,201	\$ (19,431)	\$ 44,962	\$ 31,031
Capital Lease Obligations.....	4,034,302	-	(1,575,523)	2,458,779	1,212,320
Other Postemployment Benefits....	5,066,224	1,361,452	-	6,427,676	-
Total.....	<u>\$ 9,148,718</u>	<u>\$ 1,377,653</u>	<u>\$ (1,594,954)</u>	<u>\$ 8,931,417</u>	<u>\$ 1,243,351</u>

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

As of June 30, 2013, the governmental fund balances consisted of the following:

	GOVERNMENTAL FUNDS		
	General	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Restricted for:			
Other special revenues.....	\$ -	\$ 213,414	\$ 213,414
Assigned to:			
Subsequent year expenditures.....	553,395	-	553,395
Capital projects.....	300,000	-	300,000
Other postemployment obligations.....	3,155,304	-	3,155,304
Unassigned.....	<u>2,027,519</u>	<u>(2,142)</u>	<u>2,025,377</u>
TOTAL FUND BALANCES.....	<u>\$ 6,036,218</u>	<u>\$ 211,272</u>	<u>\$ 6,247,490</u>

NOTE 10 – ADVANCES AND CREDITS

To provide cash flow in lieu of borrowing, the Collaborative routinely bills and accepts payments in advance of services from its member Districts. Periodically, the Collaborative may return a portion of fund balance to a member school district which is then credited to the advances and credits account. The account is reduced as amounts are applied to actual billings for services.

The composition of advances and credits of governmental activities as of June 30, 2013 are shown below:

<u>Member Districts</u>	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Town of East Longmeadow.....	\$ 93,005	\$ (48,042)	\$ 44,963
Hampden-Wilbraham Regional School District.....	57,792	67,191	124,983
Town of Ludlow.....	119,730	(37,249)	82,481
Town of Agawam.....	3,467	88,723	92,190
Town of Longmeadow.....	116,852	38,637	155,489
Town of West Springfield.....	136,325	50,965	187,290
Southwick-Tolland-Granville Regional School District.....	<u>60,260</u>	<u>40,607</u>	<u>100,867</u>
Total.....	<u>\$ 587,431</u>	<u>\$ 200,832</u>	<u>\$ 788,263</u>

NOTE 11 – RISK FINANCING

Scantic Valley Regional Health Trust

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

The Collaborative pays monthly premiums to the Trust. These payments are funded in part from the Collaborative, and payroll withholdings from active employees, or direct payments from retired employees. In

general, the Collaborative pays 70% of the cost of insurance for active employees and 50% of the cost of insurance for retired and other past employees who may be eligible to participate in the plan.

In accordance with the agreement between the Collaborative and the Trust, the Collaborative makes payments to the Trust in the form of monthly premiums based upon actual employee enrollment. The Trust makes payment, through a third-party administrator for actual health claims incurred for the entire Trust. At the end of the Trust's fiscal 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 \$5,427,309 as of June 30, 2012, (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 fiscal years.

NOTE 12 – PENSION PLAN

Plan Description – The Collaborative contributes to the Commonwealth of Massachusetts' plan for retirement, a contributory defined benefit plan administered by the Massachusetts Retirement Board. The Retirement System provides retirement, disability, and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. Substantially all employees are members of the System, except teaching staff who participate in the Massachusetts Teachers' Retirement System, a contributory defined benefit plan administered by the Massachusetts Retirement Board. The Collaborative does not contribute to the teacher's retirement plan; however, the State contributed \$582,823 into the system for the benefit of the Collaborative's employees. The Collaborative reports these "on-behalf" contributions as both revenues and expenditures in a special revenue revolving fund.

Funding Policy – MGL Chapter 32 prescribes the formula for computing retirement allowances and presently does not permit funding of accrued pension liabilities actuarially. Employee contributions and the Collaborative's required contributions are paid to the State on a pay-as-you-go basis as directed by the State Division of Insurance through the Commonwealth of Massachusetts Retirement Board. Total payments during the years ended June 30, 2013, 2012 and 2011 for the Collaborative's share of pension costs were \$410,772, \$554,498, and \$552,290, respectively.

Memberships in the plans are mandatory immediately upon the commencement of employment for all employees employed more than half time.

The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents the Collaborative's share of the plan's annual contributions.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy – The required contribution is based on a pay-as-you-go financing requirement. The Collaborative contributes 70 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 30 percent of their premium costs. For fiscal year 2013, the Collaborative contributed approximately \$161,000 to the plan for retirees.

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

Annual Required Contribution (ARC).....	\$	2,112,822
Interest on net OPEB obligation.....		388,347
Adjustment to ARC.....		<u>114,073</u>
Annual OPEB cost (expense).....		2,615,242
Contributions made.....		<u>(161,403)</u>
Increase in net OPEB obligation.....		2,453,839
Net OPEB obligation - beginning of year.....		<u>9,131,215</u>
Net OPEB obligation - end of year.....	\$	<u><u>11,585,054</u></u>

The Collaborative’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 2,615,242	6.2%	\$ 11,585,054
6/30/2012	2,936,603	7.2%	9,131,215
6/30/2011	2,713,769	7.6%	6,405,520

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits totaled \$23,376,661, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) totaled \$8,995,595, and the ratio of the UAAL to the covered payroll was 259.9 percent.

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

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

In the July 1, 2011, actuarial valuation, actuarial liabilities were determined using the entry age normal method. The actuarial assumptions included a 5% investment return assumption, which is based on the expected yield on the assets of the Collaborative, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 9% initially, graded to 5% over 5 years. The UAAL is being amortized over a 30 year period, as a level percentage of payroll. The remaining amortization period at June 30, 2013 is 25 years.

NOTE 14 – CONTINGENCIES

Various legal actions and claims are pending against the Collaborative. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2013 cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013.

NOTE 15 – BLENDED COMPONENT UNIT TRANSACTIONS

The Collaborative leases various facilities from the Corporation under operating lease agreements for use in their programs. Rental payments made to the Corporation during 2013 totaled approximately \$1,171,000.

During 2013, the Collaborative also remitted reimbursements and lease finance payments to the Corporation totaling \$68,903. The Collaborative also contributed for expenditures related to the Agawam garage property and the Vocational Tech building for \$2,919 and \$9,986, respectively.

The Collaborative has restructured the current operating leases with the Corporation, effective July 1, 2013. Under the new terms, all of the operating leases will expire on June 30, 2017, with various options for extensions.

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

Fiscal Years Ending June 30	Governmental Activities	Business-Type Activities	Total
2014.....	\$ 915,000	\$ 215,000	\$ 1,130,000
2015.....	915,000	215,000	1,130,000
2016.....	915,000	215,000	1,130,000
2017.....	915,000	215,000	1,130,000
Total lease payments.....	<u>\$ 3,660,000</u>	<u>\$ 860,000</u>	<u>\$ 4,520,000</u>

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

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2013, the following GASB pronouncements were implemented:

- GASB Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*. The implementation of this pronouncement did not impact the basic financial statements.
- GASB Statement #61, *The Financial Reporting Entity: Omnibus*. The financial statements have been modified to comply with the requirements of this pronouncement.
- GASB Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Financial statement changes include net assets changing to net position and invested in capital assets, net of related debt changing to net investment in capital assets. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future fiscal years:

- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2014.

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

Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2013

	Revenues and Other Financing Sources				
	Budgeted Amounts			Actual Budgetary Amounts	Variance to Final Budget
	Original Budget	Budget Adjustments	Final Budget		
Administration:					
General Administration:					
Use of Unreserved Fund Balance..... \$	-	\$ 477,344	\$ 477,344	\$ -	\$(477,344)
Interest and other miscellaneous.....	-	-	-	7,222	7,222
Administration Coordination.....	981,646	70,200	1,051,846	1,101,719	49,873
Fringe Benefits.....	-	-	-	-	-
Administration Costs Applied to Other Programs.....	-	-	-	-	-
Total Administration, Net.....	981,646	547,544	1,529,190	1,108,941	(420,249)
Special Education:					
Grouped Programs:					
Blended Tuitions.....	2,375,813	-	2,375,813	2,422,857	47,044
Alternative High School.....	-	-	-	-	-
Elementary Secondary.....	-	-	-	-	-
Career Skills.....	-	-	-	-	-
Elementary Development.....	-	-	-	-	-
Prevocational Preparation.....	-	-	-	-	-
Secondary Development.....	-	-	-	-	-
Secondary Skills Program.....	-	-	-	-	-
Summer School - Career Preparation.....	-	-	-	-	-
Twain Alternative High School.....	-	-	-	-	-
Vocational Preparation.....	-	-	-	-	-
Total Grouped Programs.....	2,375,813	-	2,375,813	2,422,857	47,044
Individual Programs:					
Asperger.....	354,001	-	354,001	354,004	3
Autism.....	177,065	-	177,065	177,068	3
Integrated Occupational Preparation.....	554,069	-	554,069	554,072	3
Transitional Alternative.....	149,167	-	149,167	128,500	(20,667)
Brush Hill Academy.....	367,540	-	367,540	427,355	59,815
Total Individual Programs.....	1,601,842	-	1,601,842	1,640,999	39,157
Shared Services:					
Coordination.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Coordination, Net.....	-	-	-	-	-
Nurses.....	-	-	-	66,386	66,386
Costs Applied to Other Programs.....	-	-	-	-	-
Nurses, Net.....	-	-	-	66,386	66,386
Adaptive Physical Education.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Adaptive Physical Education, Net.....	-	-	-	-	-
Total Shared Services.....	-	-	-	66,386	66,386
Total Special Education.....	3,977,655	-	3,977,655	4,130,242	152,587

Expenditures and Other Financing Uses

Budgeted Amounts

Original Budget	Budget Adjustments	Final Budget	Actual Budgetary Amounts	Variance to Final Budget	Actual Net Changes in Fund Balance
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	7,222
1,138,426	70,200	1,208,626	1,165,564	43,062	(63,845)
3,530,735	-	3,530,735	2,704,087	826,648	(2,704,087)
<u>(3,687,515)</u>	<u>-</u>	<u>(3,687,515)</u>	<u>(3,647,582)</u>	<u>(39,933)</u>	<u>3,647,582</u>
<u>981,646</u>	<u>70,200</u>	<u>1,051,846</u>	<u>222,069</u>	<u>829,777</u>	<u>886,872</u>
-	200,000	200,000	200,000	-	2,222,857
157,701	-	157,701	152,381	5,320	(152,381)
135,632	-	135,632	114,805	20,827	(114,805)
190,931	-	190,931	189,302	1,629	(189,302)
154,347	-	154,347	111,343	43,004	(111,343)
332,425	-	332,425	229,027	103,398	(229,027)
201,431	-	201,431	195,229	6,202	(195,229)
206,207	-	206,207	191,746	14,461	(191,746)
202,314	-	202,314	197,719	4,595	(197,719)
417,345	-	417,345	389,196	28,149	(389,196)
<u>377,480</u>	<u>-</u>	<u>377,480</u>	<u>372,192</u>	<u>5,288</u>	<u>(372,192)</u>
<u>2,375,813</u>	<u>200,000</u>	<u>2,575,813</u>	<u>2,342,940</u>	<u>232,873</u>	<u>79,917</u>
354,001	-	354,001	331,955	22,046	22,049
177,065	-	177,065	159,429	17,636	17,639
554,069	-	554,069	532,569	21,500	21,503
149,167	-	149,167	141,282	7,885	(12,782)
<u>367,540</u>	<u>-</u>	<u>367,540</u>	<u>403,084</u>	<u>(35,544)</u>	<u>24,271</u>
<u>1,601,842</u>	<u>-</u>	<u>1,601,842</u>	<u>1,568,319</u>	<u>33,523</u>	<u>72,680</u>
749,802	-	749,802	732,059	17,743	(732,059)
<u>(749,802)</u>	<u>-</u>	<u>(749,802)</u>	<u>(749,800)</u>	<u>(2)</u>	<u>749,800</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,741)</u>	<u>17,741</u>	<u>17,741</u>
117,930	-	117,930	157,049	(39,119)	(90,663)
<u>(117,930)</u>	<u>-</u>	<u>(117,930)</u>	<u>(117,930)</u>	<u>-</u>	<u>117,930</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,119</u>	<u>(39,119)</u>	<u>27,267</u>
254,317	-	254,317	207,702	46,615	(207,702)
<u>(254,317)</u>	<u>-</u>	<u>(254,317)</u>	<u>(266,023)</u>	<u>11,706</u>	<u>266,023</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,321)</u>	<u>58,321</u>	<u>58,321</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,943)</u>	<u>36,943</u>	<u>103,329</u>
<u>3,977,655</u>	<u>200,000</u>	<u>4,177,655</u>	<u>3,874,316</u>	<u>303,339</u>	<u>255,926</u>

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2013

	Revenues and Other Financing Sources				
	Budgeted Amounts			Actual Budgetary Amounts	Variance to Final Budget
	Original Budget	Budget Adjustments	Final Budget		
Occupational Education:					
Tuition Allocated to Occupational Education Programs.....	4,018,575	-	4,018,575	4,278,202	259,627
Coordination.....	-	-	-	-	-
Nursing.....	-	-	-	-	-
Allied Health.....	-	-	-	-	-
Automotive.....	-	-	-	-	-
Building Trades.....	-	-	-	-	-
Information Services Systems.....	-	-	-	-	-
Design and Visual Communications.....	-	-	-	-	-
Fashion Design.....	-	-	-	-	-
Food Services.....	-	-	-	-	-
Graphic Arts.....	-	-	-	-	-
Landscaping and Horticultural.....	-	-	-	-	-
Building and Grounds Maintenance.....	-	-	-	-	-
Technical Exploratory.....	-	-	-	-	-
Vocational Guidance.....	-	-	-	-	-
Cosmetology.....	-	-	-	-	-
Cooperative Education.....	-	-	-	-	-
Total Occupational Education.....	4,018,575	-	4,018,575	4,278,202	259,627
Supplemental Services:					
Individual Aides.....	215,750	-	215,750	284,474	68,724
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	5,400	(600)
Medicaid.....	418,598	-	418,598	489,203	70,605
Summer Developmental.....	99,177	-	99,177	99,175	(2)
Maintenance.....	-	-	-	-	-
Maintenance Applied to Other Programs.....	-	-	-	-	-
Technical Support.....	-	-	-	-	-
Technical Support Applied to Other Programs.....	-	-	-	-	-
Contracted Therapy Services.....	407,761	-	407,761	321,173	(86,588)
Supplemental Services.....	40,000	-	40,000	147,962	107,962
SBC.....	-	-	-	243,013	243,013
Energy Management.....	92,951	-	92,951	90,417	(2,534)
Innovative Research in Education.....	201,286	-	201,286	180,836	(20,450)
Total Supplemental Services, Net.....	1,481,523	-	1,481,523	1,861,653	380,130
Professional Development:					
General Operations.....	-	-	-	-	-
Professional Development Applied to Other Programs.....	-	-	-	-	-
Total Professional Development, Net.....	-	-	-	-	-
NET CHANGE IN FUND BALANCE.....	\$ 10,459,399	\$ 547,544	\$ 11,006,943	\$ 11,379,038	\$ 372,095

See notes to required supplementary information.

Expenditures and Other Financing Uses

Budgeted Amounts

Original Budget	Budget Adjustments	Final Budget	Actual Budgetary Amounts	Variance to Final Budget	Actual Net Changes in Fund Balance
-	200,000	200,000	200,000	-	4,078,202
1,858,745	-	1,858,745	1,772,549	86,196	(1,772,549)
55,833	-	55,833	50,729	5,104	(50,729)
269,572	-	269,572	264,312	5,260	(264,312)
198,195	-	198,195	196,465	1,730	(196,465)
165,057	-	165,057	161,202	3,855	(161,202)
164,954	-	164,954	161,859	3,095	(161,859)
74,800	-	74,800	72,730	2,070	(72,730)
110,162	-	110,162	109,199	963	(109,199)
240,370	-	240,370	231,283	9,087	(231,283)
162,508	-	162,508	160,604	1,904	(160,604)
178,694	-	178,694	167,892	10,802	(167,892)
107,010	-	107,010	105,668	1,342	(105,668)
28,895	-	28,895	28,119	776	(28,119)
167,809	-	167,809	168,660	(851)	(168,660)
205,578	-	205,578	205,234	344	(205,234)
30,393	-	30,393	27,984	2,409	(27,984)
<u>4,018,575</u>	<u>200,000</u>	<u>4,218,575</u>	<u>4,084,489</u>	<u>134,086</u>	<u>193,713</u>
215,750	-	215,750	278,635	(62,885)	5,839
6,000	-	6,000	4,251	1,749	1,149
418,598	-	418,598	374,702	43,896	114,501
99,177	-	99,177	77,665	21,512	21,510
161,151	-	161,151	146,104	15,047	(146,104)
(161,151)	-	(161,151)	(161,151)	-	161,151
144,747	-	144,747	97,528	47,219	(97,528)
(144,747)	-	(144,747)	(144,216)	(531)	144,216
407,761	-	407,761	312,945	94,816	8,228
40,000	-	40,000	128,080	(88,080)	19,882
-	-	-	237,453	(237,453)	5,560
92,951	-	92,951	90,098	2,853	319
201,286	77,344	278,630	281,467	(2,837)	(100,631)
<u>1,481,523</u>	<u>77,344</u>	<u>1,558,867</u>	<u>1,723,561</u>	<u>(164,694)</u>	<u>138,092</u>
88,265	-	88,265	82,839	5,426	(82,839)
(88,265)	-	(88,265)	(88,265)	-	88,265
-	-	-	(5,426)	5,426	5,426
<u>\$ 10,459,399</u>	<u>\$ 547,544</u>	<u>\$ 11,006,943</u>	<u>\$ 9,899,009</u>	<u>\$ 1,107,934</u>	<u>\$ 1,480,029</u>

(concluded)

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of planned assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for the Collaborative's proportionate share of the plan's annual contributions.

STATE EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/12	\$ 20,507,644	\$ 27,784,731	\$ 7,277,087	73.8%	\$ 4,922,388	147.8%
01/01/11	21,244,900	26,224,776	4,979,876	81.0%	4,808,250	103.6%
01/01/10	19,019,062	24,862,421	5,843,359	76.5%	4,711,563	124.0%
01/01/09	16,992,214	23,723,240	6,731,026	71.6%	4,712,655	142.8%
01/01/08	20,400,656	22,820,502	2,419,846	89.4%	4,574,233	52.9%
01/01/07	18,445,225	21,670,810	3,225,585	85.1%	4,391,891	73.4%
01/01/06	16,638,043	20,406,926	3,768,883	81.5%	4,200,577	89.7%
01/01/05	16,211,000	19,575,000	3,364,000	82.8%	3,967,000	84.8%

The Collaborative's share of the UAAL, as of January 1, 2012, is estimated to be less than 0.2%.

See notes to required supplementary information.

STATE EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

**Lower Pioneer Valley
Educational Collaborative**

Fiscal Year Ended June 30	Actual Contributions	Percentage of Required Contributions
2013	\$ 410,772	100%
2012	554,498	100%
2011	552,290	100%
2010	544,378	100%
2009	534,660	100%
2008	504,317	100%
2007	514,107	100%

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2011	\$ -	\$ 23,376,661	\$ 23,376,661	0%	\$ 8,995,595	259.9%
12/31/2009	-	21,395,988	21,395,988	0%	11,620,462	184.1%
12/31/2007	-	17,871,412	17,871,412	0%	10,720,941	166.7%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2013	\$ 2,112,822	\$ 161,403	7.6%
6/30/2012	2,866,823	210,908	7.4%
6/30/2011	2,671,298	206,839	7.7%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	July 1, 2011
Actuarial cost method.....	Costs are based on the entry age normal method.
Amortization method.....	Amortization is based on payments increasing at 4%
Remaining amortization period.....	25 years, open
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	5.00%
Medical/drug cost trend rate.....	9.0% decreasing to an ultimate level of 5% per year.

Plan Membership:

Current retirees, beneficiaries, and dependents....	33
Current active members.....	<u>227</u>
Total.....	<u><u>260</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYA. 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 fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

The Collaborative adopts an annual budget for the General Fund in conformity with the guidelines described above. The original fiscal year 2013 approved budget for the General Fund authorized approximately \$10,529,600 in appropriations. The available budget also included the use of approximately \$200,000 of free cash.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, a budgetary basis of accounting is followed, which differs from the GAAP basis of accounting. For the fiscal year ended June 30, 2013, there were no net differences between the budgetary and GAAP basis of accounting for the Collaborative.

NOTE B – PENSION PLAN

The Collaborative contributes to the Commonwealth's plan for retirement. The Retirement System provides retirement, disability, and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. Plan members are required to contribute to the Retirement System 7.5% of annual covered compensation. The Collaborative is required to pay into the Retirement System its share of the systemwide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information for required and actual contributions relating to the Collaborative's share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Collaborative.

The following actuarial methods and assumptions were used in the Retirement System's most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2013
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 5% in FY14, 6% in FY15, FY16, and FY17, beginning in FY18 the remaining Unfunded Actuarial Liability will be amortized on a 4% annually increasing basis to FY40.
Remaining Amortization Period.....	27 years remaining as of January 1, 2013
Asset Valuation Method.....	Assets are valued using a smoothing technique which spreads gains and losses over 5 years and and employs a "corridor" so that the actuarial value is within 10% of the market value of assets.

Actuarial Assumptions:

Investment rate of return.....	8.00%
Projected salary increases.....	4% to 9 %
Cost of living adjustments.....	3.00% per year (on the first \$13,000 of an allowance)

Plan Membership:

Active participants.....	87,175
Terminated participants with a vested right to a deferred or immediate benefit.....	4,067
Retired participants and beneficiaries receiving benefits.....	<u>55,383</u>
Total.....	<u><u>146,625</u></u>

NOTE C – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

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

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

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.

Required Disclosures for Massachusetts Educational Collaboratives

NOTE 1 – TRANSACTIONS BETWEEN RELATED ORGANIZATIONS

The Collaborative leases various facilities from the Corporation under operating lease agreements for use in their programs. Rental payments made to the Corporation during 2013 totaled \$1,171,000.

During 2013, the Collaborative also remitted reimbursements and lease finance payments to the Corporation totaling \$68,903. The Collaborative also contributed for expenditures related to the Agawam garage property and the Voc Tech building for \$2,919 and \$9,986, respectively.

Total payments from the Collaborative to the Corporation during fiscal year 2013 are as follows:

Purpose	Amount
Operating Leases.....	\$ 1,171,000
Capital Lease Principal.....	53,964
Capital Lease Interest.....	14,939
Agawam Garage Expenditures....	2,919
Voc Tech Building.....	9,986
Total.....	\$ 1,252,808

The Collaborative has restructured the current operating leases with the Corporation, effective July 1, 2013. Under the new terms, all of the operating leases will expire on June 30, 2017 with various options for extensions.

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

Fiscal Years Ending June 30	Governmental Activities	Business-Type Activities	Total
2014.....	\$ 915,000	\$ 215,000	\$ 1,130,000
2015.....	915,000	215,000	1,130,000
2016.....	915,000	215,000	1,130,000
2017.....	915,000	215,000	1,130,000
Total lease payments.....	\$ 3,660,000	\$ 860,000	\$ 4,520,000

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

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

The Governmental leases relate to equipment and technology leased from the Corporation. The Corporation purchased the equipment and technology through long-term notes and is leasing the assets back to the Collaborative through a capital lease.

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

The remaining net value of assets acquired through capital leases totaled \$5,325,783.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2013 are listed below:

Fiscal Years Ending June 30	Governmental Activities	Business-Type Activities
2014.....	\$ 68,902	\$ 1,269,264
2015.....	68,903	855,095
2016.....	<u>68,903</u>	<u>425,608</u>
Total minimum lease payments.....	206,708	2,549,967
Less: amounts representing interest.....	<u>(23,548)</u>	<u>(91,188)</u>
Present value of minimum lease payments.....	<u>\$ 183,160</u>	<u>\$ 2,458,779</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 fiscal year ended June 30, 2013:

Name	Position	Compensation					Total
		Salary	Annuities	Medical Buyback	Vacation Buyback	Stipends	
Anne McKenzie	Executive Director / Director of Special Education.....	\$ 127,622	\$ 2,500	\$ -	\$ -	\$ -	\$ 130,122
Anna Bishop	Director of Finance and Operations.....	95,636	1,500	158	3,678	-	100,972
Don Jarvis	Director of Occupational Education.....	93,776	-	145	-	502	94,423
Judy Kelliher	Special Education Program Supervisor.....	85,882	-	158	-	5,901	91,941
Kim Roberts-Morandi	Data Specialist.....	<u>89,889</u>	-	-	-	-	<u>89,889</u>
Total.....		<u>\$ 492,805</u>	<u>\$ 4,000</u>	<u>\$ 461</u>	<u>\$ 3,678</u>	<u>\$ 6,403</u>	<u>\$ 507,347</u>

NOTE 4 – ADMINISTRATION AND OVERHEAD

For fiscal year ended June 30, 2013, the Collaborative expended approximately \$2,439,058 for amounts related to administration and overhead.

NOTE 5 – STUDENT ACTIVITY ACCOUNTS

At June 30, 2013, 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 fiscal year 2013, the Collaborative did not provide services for individuals over the age of 22.

Other Supplementary Information

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.

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.

Cosmetology – The Collaborative’s cosmetology program is a comprehensive competency based three year program designed to develop skills used by cosmetologists. This fund is used to account for rental revenue received for leasing space for the administration of the Board of Registration of Cosmetologists license exam.

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.

Grants – This fund is used to account for the educational programs specifically financed by federal, state, and other grants which are designed for specific programs.

Other – This fund is used to account for other non-recurring special revenue funds.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2013

	Special Revenue Funds			
	Brush Hill Bistro	Landscaping	Cosmetology	School Lunch
ASSETS				
Cash and cash equivalents.....	\$ 9,510	\$ 18,147	\$ 68,502	\$ -
Receivables, net of allowance for uncollectibles:				
Grants receivable.....	-	-	-	-
Departmental and other.....	-	55	6,000	-
Due from other funds.....	-	-	-	-
TOTAL ASSETS.....	\$ 9,510	\$ 18,202	\$ 74,502	\$ -
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable.....	\$ -	\$ -	\$ 1,564	\$ -
Other accrued expenses.....	-	-	-	-
Other liabilities.....	14	-	-	-
Deferred revenues.....	-	-	-	-
Due to other funds.....	-	-	-	2,142
TOTAL LIABILITIES.....	14	-	1,564	2,142
FUND BALANCES:				
Restricted.....	9,496	18,202	72,938	-
Unassigned.....	-	-	-	(2,142)
TOTAL FUND BALANCES.....	9,496	18,202	72,938	(2,142)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 9,510	\$ 18,202	\$ 74,502	\$ -

(continued)

Special Revenue Funds						Total Nonmajor Governmental Funds
School Store	Building Rental	Graphic Communication	Grants	Other		
\$ 4,096	\$ 23,610	\$ 4,781	\$ 2,256	\$ 70,018	\$ 200,920	
-	-	-	54,450	-	54,450	
-	-	-	-	9,408	15,463	
-	-	-	-	2,142	2,142	
<u>\$ 4,096</u>	<u>\$ 23,610</u>	<u>\$ 4,781</u>	<u>\$ 56,706</u>	<u>\$ 81,568</u>	<u>\$ 272,975</u>	
\$ -	\$ 230	\$ -	\$ 9,834	\$ 47	\$ 11,675	
-	-	-	-	1,000	1,000	
-	-	-	-	-	14	
-	-	-	46,872	-	46,872	
-	-	-	-	-	2,142	
<u>-</u>	<u>230</u>	<u>-</u>	<u>56,706</u>	<u>1,047</u>	<u>61,703</u>	
4,096	23,380	4,781	-	80,521	213,414	
-	-	-	-	-	(2,142)	
<u>4,096</u>	<u>23,380</u>	<u>4,781</u>	<u>-</u>	<u>80,521</u>	<u>211,272</u>	
<u>\$ 4,096</u>	<u>\$ 23,610</u>	<u>\$ 4,781</u>	<u>\$ 56,706</u>	<u>\$ 81,568</u>	<u>\$ 272,975</u>	

(concluded)

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2013

	<i>Special Revenue Funds</i>			
	Brush Hill Bistro	Landscaping	Cosmetology	School Lunch
REVENUES:				
Member district assessments.....	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	-	-
Departmental and other.....	14,274	13,230	26,534	4,844
TOTAL REVENUES.....	14,274	13,230	26,534	4,844
EXPENDITURES:				
Current:				
Special education.....	-	-	-	-
Occupational education.....	-	-	-	-
Supplemental services.....	11,556	10,273	33,773	5,642
Professional development.....	-	-	-	-
TOTAL EXPENDITURES.....	11,556	10,273	33,773	5,642
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	2,718	2,957	(7,239)	(798)
FUND BALANCES AT BEGINNING OF YEAR.....	6,778	15,245	80,177	(1,344)
FUND BALANCES AT END OF YEAR.....	\$ 9,496	\$ 18,202	\$ 72,938	\$ (2,142)

(continued)

Special Revenue Funds						Total Nonmajor Governmental Funds
School Store	Building Rental	Graphic Communication	Grants	Other		
\$ -	\$ 16,824	\$ -	\$ -	\$ 240	\$ 17,064	
-	-	-	492,799	-	492,799	
<u>7,536</u>	<u>-</u>	<u>5,155</u>	<u>-</u>	<u>44,290</u>	<u>115,863</u>	
<u>7,536</u>	<u>16,824</u>	<u>5,155</u>	<u>492,799</u>	<u>44,530</u>	<u>625,726</u>	
-	-	-	2,740	-	2,740	
-	-	-	216,857	-	216,857	
6,700	14,569	5,170	211,999	11,554	311,236	
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,100</u>	<u>-</u>	<u>7,100</u>	
<u>6,700</u>	<u>14,569</u>	<u>5,170</u>	<u>438,696</u>	<u>11,554</u>	<u>537,933</u>	
<u>836</u>	<u>2,255</u>	<u>(15)</u>	<u>54,103</u>	<u>32,976</u>	<u>87,793</u>	
<u>3,260</u>	<u>21,125</u>	<u>4,796</u>	<u>(54,103)</u>	<u>47,545</u>	<u>123,479</u>	
<u>\$ 4,096</u>	<u>\$ 23,380</u>	<u>\$ 4,781</u>	<u>\$ -</u>	<u>\$ 80,521</u>	<u>\$ 211,272</u>	

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Statistical Section



Students of the Collaborative's Automotive Technology Program.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets.....	\$ 111,405	\$ 354,597	\$ 429,914	\$ 256,065	\$ 75,752	\$ 9,859	\$ 73,187	\$ 192,518	\$ 3,963,084	\$ 4,165,536
Restricted.....	329,050	23,241	12,603	13,376	13,376	11,116	-	316,105	178,162	258,144
Unrestricted.....	722,250	1,638,757	1,333,711	1,704,038	2,136,364	1,943,710	2,808,404	1,306,625	1,634,266	1,940,855
Total governmental activities net position.....	\$ 1,162,705	\$ 2,016,595	\$ 1,776,228	\$ 1,973,479	\$ 2,225,492	\$ 1,964,685	\$ 2,881,591	\$ 1,815,248	\$ 5,775,512	\$ 6,364,535
Business-type activities										
Net investment in capital assets.....	\$ 1,957,849	\$ 2,022,634	\$ 1,711,773	\$ 2,010,778	\$ 1,233,771	\$ 1,085,902	\$ 1,219,653	\$ 1,554,475	\$ 2,206,350	\$ 2,908,479
Restricted.....	-	-	-	-	300,000	300,000	300,000	-	-	-
Unrestricted.....	(740,990)	(959,542)	(110,123)	(132,653)	558,267	(250,907)	(273,692)	(3,395,446)	(6,217,414)	(8,350,548)
Total business-type activities net position.....	\$ 1,216,859	\$ 1,063,092	\$ 1,601,650	\$ 1,878,125	\$ 2,092,038	\$ 1,134,995	\$ 1,245,961	\$ (1,840,971)	\$ (4,011,064)	\$ (5,442,069)
Primary government										
Net investment in capital assets.....	\$ 2,069,254	\$ 2,377,231	\$ 2,141,687	\$ 2,266,843	\$ 1,309,523	\$ 1,095,761	\$ 1,292,840	\$ 1,746,993	\$ 6,169,434	\$ 7,074,015
Restricted.....	329,050	23,241	12,603	13,376	313,376	311,116	300,000	316,105	178,162	258,144
Unrestricted.....	(18,740)	679,215	1,223,588	1,571,385	2,694,631	1,692,803	2,534,712	(2,088,821)	(4,583,148)	(6,409,693)
Total primary government net position.....	\$ 2,379,564	\$ 3,079,687	\$ 3,377,878	\$ 3,851,604	\$ 4,317,530	\$ 3,099,680	\$ 4,127,552	\$ (25,723)	\$ 1,764,448	\$ 922,466

a: Prior to fiscal year 2012, the Corporation was reported as a discretely presented component unit.

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Administration.....	\$ 444,748	\$ 1,177,891	\$ 1,303,700	\$ 1,092,270	\$ 1,288,749	\$ 1,563,743	\$ 903,423	\$ 1,979,641	\$ 994,074	\$ 408,610
Special education.....	3,463,265	4,127,887	4,135,928	4,011,308	4,173,854	4,312,604	4,024,707	4,326,385	4,166,537	4,438,334
Occupational education.....	3,157,006	2,811,869	3,337,702	3,817,717	3,822,074	4,005,363	3,924,582	4,341,067	4,058,627	4,139,596
Supplemental services.....	915,900	894,671	1,074,930	882,052	762,542	1,241,868	1,227,919	1,607,836	1,946,926	2,091,291
Professional development.....	81,542	169,176	202,775	136,510	131,747	100,407	153,443	189,064	73,580	5,380
Unallocated depreciation.....	41,536	60,221	188,053	296,361	287,675	250,276	191,240	136,263	645,345	706,876
Cooperative purchasing.....	330,950	289,050	-	-	-	-	-	-	-	-
Interest expense.....	-	-	-	-	-	-	-	-	337,620	339,449
Other financing uses.....	-	-	-	-	-	-	200,000	-	-	-
Total government activities expenses.....	8,434,947	9,530,765	10,243,088	10,236,218	10,466,641	11,474,261	10,625,314	12,580,256	12,222,709	12,129,536
Business-type activities:										
Transportation.....	8,833,794	9,723,887	9,572,925	9,832,486	9,822,661	11,210,104	10,386,757	11,942,954	12,816,989	12,571,053
Cooperative purchasing.....	-	153,765	37,504	21,513	15,801	10,439	5,178	-	-	-
Other enterprise funds.....	-	-	-	-	4,724	19,577	243,444	-	-	-
Total business-type activities expenses.....	8,833,794	9,877,652	9,610,429	9,853,999	9,843,186	11,240,120	10,635,379	11,942,954	12,816,989	12,571,053
Total primary government expenses.....	\$ 17,268,741	\$ 19,408,417	\$ 19,853,517	\$ 20,090,217	\$ 20,309,827	\$ 22,714,381	\$ 21,260,693	\$ 24,523,210	\$ 25,039,698	\$ 24,700,589
Program Revenues										
Governmental activities:										
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,450,692	\$ 1,458,084	\$ 1,469,636
Operating grants and contributions.....	404,574	456,824	558,270	853,583	965,597	891,731	813,602	1,439,189	939,901	1,067,811
Obligations transferred to enterprise fund.....	-	620,000	-	-	-	-	-	-	-	-
Total government activities program revenues.....	404,574	1,076,824	558,270	853,583	965,597	891,731	813,602	2,889,881	2,397,985	2,537,447
Business-type activities:										
Charges for services.....	\$ 9,260,844	\$ 9,723,885	\$ 10,148,987	\$ 10,130,474	\$ 10,057,099	\$ 10,283,077	\$ 10,746,344	\$ 10,128,575	\$ 10,646,896	\$ 11,140,048
Total primary government program revenues.....	\$ 9,665,418	\$ 10,800,709	\$ 10,707,257	\$ 10,984,057	\$ 11,022,696	\$ 11,174,808	\$ 11,559,946	\$ 13,018,456	\$ 13,044,881	\$ 13,677,495
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (8,030,373)	\$ (8,453,941)	\$ (9,684,818)	\$ (9,382,635)	\$ (9,501,044)	\$ (10,582,530)	\$ (9,811,712)	\$ (9,690,375)	\$ (9,824,724)	\$ (9,592,089)
Business-type activities.....	427,050	(153,767)	538,558	276,475	213,913	(957,043)	110,965	(1,814,379)	(2,170,093)	(1,431,005)
Total primary government net (expense)/program revenue.....	\$ (7,603,323)	\$ (8,607,708)	\$ (9,146,260)	\$ (9,106,160)	\$ (9,287,131)	\$ (11,539,573)	\$ (9,700,747)	\$ (11,504,754)	\$ (11,994,817)	\$ (11,023,094)
General Revenues and other Changes in Net Position										
Governmental activities:										
Member district assessments.....	\$ 8,570,295	\$ 9,299,597	\$ 9,421,556	\$ 9,558,156	\$ 9,714,860	\$ 10,291,165	\$ 10,705,106	\$ 9,418,562	\$ 9,367,822	\$ 9,968,721
Unrestricted investment income.....	11,261	8,234	22,895	21,730	38,196	30,558	23,512	15,363	10,587	6,164
Miscellaneous.....	-	-	-	-	-	-	-	-	287,355	206,227
Total governmental activities.....	8,581,556	9,307,831	9,444,451	9,579,886	9,753,056	10,321,723	10,728,618	9,433,925	9,665,764	10,181,112
Total primary government general revenues and other changes in net position.....	\$ 8,581,556	\$ 9,307,831	\$ 9,444,451	\$ 9,579,886	\$ 9,753,056	\$ 10,321,723	\$ 10,728,618	\$ 9,433,925	\$ 9,665,764	\$ 10,181,112
Changes in Net Position										
Governmental activities.....	\$ 551,183	\$ 853,890	\$ (240,367)	\$ 197,251	\$ 252,012	\$ (260,807)	\$ 916,906	\$ (256,450)	\$ (158,960)	\$ 589,023
Business-type activities.....	427,050	(153,767)	538,558	276,475	213,913	(957,043)	110,965	(1,814,379)	(2,170,093)	(1,431,005)
Total primary government changes in net position.....	\$ 978,233	\$ 700,123	\$ 298,191	\$ 473,726	\$ 465,925	\$ (1,217,850)	\$ 1,027,871	\$ (2,070,829)	\$ (2,329,053)	\$ (841,982)

During 2005, the Collaborative reclassified Cooperative purchasing to a business-type activity.
 Prior to fiscal year 2012, the Corporation was reported as a discretely presented component unit.
 Prior to fiscal year 2011, the Collaborative allocated assessments by program.

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved.....	\$ 1,004,227	\$ 1,204,227	\$ 521,467	\$ 640,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	523,599	644,624	1,077,878	1,107,052	2,189,383	2,965,972	3,844,257	-	-	-
Assigned.....	-	-	-	-	-	-	-	3,722,455	2,988,011	4,008,699
Unassigned.....	-	-	-	-	-	-	-	462,253	1,568,178	2,027,519
Total general fund.....	\$ 1,527,826	\$ 1,848,851	\$ 1,599,345	\$ 1,747,519	\$ 2,189,383	\$ 2,965,972	\$ 3,844,257	\$ 4,184,708	\$ 4,556,189	\$ 6,036,218
All Other Governmental Funds										
Reserved.....	\$ 329,050	\$ 23,241	\$ 12,603	\$ 13,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	-	-	-	-	12,115	4,857	(1,480)	-	-	-
Restricted.....	-	-	-	-	-	-	-	178,106	123,479	213,414
Total all other governmental funds.....	\$ 329,050	\$ 23,241	\$ 12,603	\$ 13,376	\$ 12,115	\$ 4,857	\$ (1,480)	\$ 178,106	\$ 123,479	\$ 213,414

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

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Member district assessments.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,418,562	\$ 9,448,683	\$ 9,985,785
Nonmember assessments.....	-	-	-	-	-	-	-	1,377,014	1,241,503	1,336,709
Intergovernmental.....	404,574	-	558,270	853,583	965,597	891,731	1,049,061	1,151,087	1,175,245	1,075,622
Investment income.....	11,261	8,234	22,895	21,730	38,196	30,558	23,512	15,363	9,941	5,200
Departmental and other.....	-	456,824	-	-	-	-	-	73,678	87,262	117,885
Administration.....	900,231	963,896	994,632	1,050,983	996,068	1,062,436	1,016,949	-	-	-
Special education.....	3,517,072	4,307,032	4,301,547	4,145,599	4,316,183	3,898,856	3,997,756	-	-	-
Occupational education.....	3,181,629	2,767,046	3,026,149	3,355,283	3,497,142	3,737,802	3,946,830	-	-	-
Supplemental services.....	885,925	1,169,904	1,028,945	876,351	790,789	1,495,509	1,432,580	-	-	-
Professional development.....	85,438	91,719	70,283	129,940	114,678	96,563	71,907	-	-	-
Total Revenue.....	8,986,130	9,764,655	10,002,721	10,433,469	10,718,653	11,213,455	11,538,595	12,035,704	11,962,634	\$ 12,521,201
Expenditures:										
Administration.....	450,278	1,191,479	1,243,016	1,314,423	1,280,471	1,400,480	1,014,248	1,550,540	2,457,132	222,069
Special education.....	3,463,265	4,127,887	4,135,928	4,011,308	4,173,854	3,744,499	3,903,183	3,836,614	3,476,969	4,054,059
Occupational education.....	3,263,512	3,077,176	4,456,216	3,932,979	3,938,236	3,873,352	4,130,792	4,084,085	4,193,891	4,544,799
Supplemental services.....	915,900	894,671	1,074,930	889,302	761,842	1,335,422	1,349,737	1,605,547	1,443,365	2,125,352
Professional development.....	81,542	169,176	202,775	136,510	123,647	90,371	68,688	186,229	74,423	7,100
Coop purchase of text books.....	330,950	-	-	-	-	-	-	-	-	-
State and county charges.....	-	289,050	-	-	-	-	-	-	-	-
Total Expenditures.....	8,505,447	9,749,439	11,112,865	10,284,522	10,278,050	10,444,124	10,466,648	11,263,015	11,645,780	10,953,379
Excess of revenues over (under) expenditures.....	480,683	15,216	(1,110,144)	148,947	440,603	769,331	1,071,947	772,689	316,854	1,567,822
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	620,000	-	-	-	-	-	-	-	-	-
Refunds to member districts.....	-	-	-	-	-	-	-	(350,000)	-	-
Capital lease financing.....	-	-	850,000	-	-	-	-	-	-	-
Transfers in.....	132,258	113,634	-	-	-	-	-	-	-	-
Transfers out.....	(132,258)	(113,634)	-	-	-	-	(200,000)	-	-	-
Total other financing sources (uses).....	620,000	-	850,000	-	-	-	(200,000)	(350,000)	-	-
Net change in fund balance.....	\$ 1,100,683	\$ 15,216	\$ (260,144)	\$ 148,947	\$ 440,603	\$ 769,331	\$ 871,947	\$ 422,689	\$ 316,854	\$ 1,567,822

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

Revenue by Member Communities

Current Year and Nine Years Ago

Name	2013	2004
	Percentage of Total Revenue	Percentage of Total Revenue
Special Education		
Agawam	23%	17%
East Longmeadow	16%	14%
Hampden-Wilbraham	25%	16%
Longmeadow	11%	14%
Ludlow	12%	16%
Southwick Tolland Granville	3%	1%
West Springfield	7%	7%
Out of District	3%	16%
Total Special Education	100%	100%
Occupational Education		
Agawam	27%	31%
East Longmeadow	6%	7%
Hampden-Wilbraham	6%	7%
Longmeadow	5%	4%
Ludlow	11%	17%
Southwick Tolland Granville	16%	10%
West Springfield	22%	20%
Out of District	6%	3%
Total Occupational Education	100%	100%
Supplemental Services		
Agawam	12%	20%
East Longmeadow	9%	10%
Hampden-Wilbraham	10%	7%
Longmeadow	3%	6%
Ludlow	5%	12%
Southwick Tolland Granville	2%	4%
West Springfield	8%	19%
Out of District	51%	22%
Total Supplemental Services	100%	100%
Transportation Services		
Agawam	18%	21%
East Longmeadow	5%	5%
Hampden-Wilbraham	27%	31%
Longmeadow	10%	5%
Ludlow	14%	17%
Southwick Tolland Granville	0%	1%
West Springfield	26%	21%
Out of District	0%	0%
Total Transportation Services	100%	100%

Source: Collaborative finance department

Hampden County Principal Employers

Current Year and Nine Years Ago

<u>Name</u>	<u>Nature of Business</u>	<u>City/Town</u>	<u>2013</u>	<u>2004</u>
			<u>Rank</u>	<u>Rank</u>
Bay State Health	Health Care	Springfield	1	1
Hampden County House of Corrections	Correctional Facility	Ludlow	2	
Holyoke Medical Center	Medical Building	Holyoke	3	5
Holyoke High School	Education	Holyoke	4	
Mass Mutual	Financial Services	Springfield	5	3
Mercy Medical Center	Medical Building	Springfield	6	2
OMG	Manufacturer	Agawam	7	
Sisters of Providence Health	Medical Building	Holyoke	8	
Center for Human Development	Human Services	Springfield	9	8
U.S. Post Office Bulk Mail Center	Postal Services	Springfield	10	
Milton Bradley Company (Hasbro)	Manufacturer	East Longmeadow		4
Springfield College	Education	Springfield		6
Westover Air Reserve Base	Military	Chicopee		7
Top Flight Golf	Manufacturer	Chicopee		9
Peter Pan Bus Lines	Transportation Services	Springfield		10

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

Source: Collaborative finance department

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government		
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Major Program Enrollment	Debt per Capita
2004	\$ 620,000	\$ 78,893	\$ -	\$ 1,618,595	\$ 2,317,488	487	0.021%
2005	\$ -	\$ 40,787	\$ 781,000	\$ 537,589	\$ 1,359,376	473	0.035%
2006	\$ -	\$ 834,001	\$ 650,000	\$ 439,335	\$ 1,923,336	556	0.029%
2007	\$ -	\$ 718,739	\$ 519,000	\$ 778,314	\$ 2,016,053	562	0.028%
2008	\$ -	\$ 611,377	\$ 388,000	\$ 592,956	\$ 1,592,333	535	0.034%
2009	\$ -	\$ 497,185	\$ 258,000	\$ 1,531,628	\$ 2,286,813	598	0.026%
2010	\$ -	\$ 375,729	\$ 128,000	\$ 2,734,348	\$ 3,238,077	626	0.019%
2011	\$ -	\$ 287,890	\$ -	\$ 3,561,361	\$ 3,849,251	632	0.016%
2012	\$ 13,205,577	\$ -	\$ -	\$ 4,034,302	\$ 17,239,879	619	0.004%
2013	\$ 12,551,472	\$ -	\$ -	\$ 2,458,779	\$ 15,010,251	605	0.004%

Note: Prior to fiscal year 2012, the Corporation was reported as a discretely presented component unit. The effects of blending the Corporation with the primary government have not been presented prior to fiscal year 2012.
 Source: Audited Financial Statements, Collaborative finance department

Demographic and Economic Statistics

Last Ten Calendar Years

	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Demographic and Economic Statistics										
Agawam:										
Population.....	28,812	28,780	28,717	28,757	28,289	28,485	28,438	28,438	28,438	28,438
Labor force.....	16,014	16,016	16,083	15,979	15,843	15,774	15,828	15,480	15,399	15,224
Unemployed.....	786	737	748	696	826	1,241	1,282	1,080	990	1,089
Unemployment rate.....	4.9%	4.6%	4.7%	4.4%	5.2%	7.9%	8.1%	7.0%	6.4%	7.2%
West Springfield:										
Population.....	28,520	28,503	28,476	28,501	27,982	28,137	28,391	28,391	28,391	28,391
Labor force.....	14,628	14,639	14,613	14,507	14,497	14,587	14,820	14,500	14,427	14,178
Unemployed.....	792	779	728	706	891	1,281	1,359	1,173	1,092	1,097
Unemployment rate.....	5.4%	5.3%	5.0%	4.9%	6.1%	8.8%	9.2%	8.1%	7.6%	7.7%
Hampden-Wilbraham Regional:										
Enrollment.....	3,723	3,694	3,661	3,626	3,514	3,440	3,396	3,545	3,420	3,356
Labor force.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployed.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment rate.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ludlow:										
Population.....	21,209	21,209	21,209	21,209	21,209	21,209	21,103	21,103	21,103	21,103
Labor force.....	11,180	11,187	11,311	11,325	11,541	11,207	10,740	10,633	10,525	10,413
Unemployed.....	683	645	694	625	769	1,039	1,034	1,025	911	982
Unemployment rate.....	6.1%	5.8%	6.1%	5.5%	6.7%	9.3%	9.6%	9.6%	8.7%	9.4%
East Longmeadow:										
Population.....	14,100	14,100	14,100	14,100	14,100	14,100	15,720	15,720	15,720	15,720
Labor force.....	7,692	7,749	7,797	7,982	8,019	8,100	8,078	7,921	7,909	7,793
Unemployed.....	334	325	297	318	367	523	572	489	472	498
Unemployment rate.....	4.3%	4.2%	3.8%	4.0%	4.6%	6.5%	7.1%	6.2%	6.0%	6.4%
Southwick-Tolland-Granville Regional:										
Enrollment.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Labor force.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployed.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment rate.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Longmeadow:										
Population.....	15,633	15,633	15,633	15,633	15,633	15,633	15,633	15,784	15,784	15,784
Labor force.....	7,879	7,868	7,883	7,801	7,771	7,668	7,841	7,690	7,675	7,579
Unemployed.....	281	271	277	255	286	444	466	389	369	413
Unemployment rate.....	3.6%	3.4%	3.5%	3.3%	3.7%	5.8%	5.9%	5.1%	4.8%	5.4%

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 Fiscal Years

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Full-Time Equivalents</u>										
Administration.....	15	16	18	17	16	17	21	23	23	21
Special Education.....	85	80	82	85	74	76	76	76	74	80
Occupational Education.....	38	37	36	35	37	36	38	39	39	39
Supplemental Services.....	4	6	6	6	6	5	5	5	5	6
Transportation.....	<u>238</u>	<u>239</u>	<u>243</u>	<u>236</u>	<u>237</u>	<u>242</u>	<u>248</u>	<u>247</u>	<u>236</u>	<u>264</u>
Total	<u>380</u>	<u>378</u>	<u>385</u>	<u>379</u>	<u>370</u>	<u>376</u>	<u>388</u>	<u>390</u>	<u>377</u>	<u>410</u>

Source: Collaborative finance department

Capital Asset Statistics

	<u>Town/Location</u>	<u>Year Acquired</u>	<u>Square Footage</u>	<u>% Occupied</u>
Buildings (1):				
Career and Technical Education Center and Administration Building.....	West Springfield	2005	106,029	100%
Twain school.....	West Springfield	1992	3,348	100%
Modular Buildings (1):				
Clark Modulares in Agawam.....	Agawam	2003	NA	100%
Cambridge Glenbrook Modular in Longmeadow..	Longmeadow	2006	NA	100%
Mt. View Modular in East Longmeadow.....	East Longmeadow	1999	NA	100%
Mapleshade Modular in East Longmeadow.....	East Longmeadow	1999	NA	100%
Transportation Facilities (2):				
Denslow Road Garage.....	East Longmeadow	2004	5,184	100%
Dollar Avenue Garage.....	Wilbraham	2001	2,773	100%
Carmelina Circle Garage.....	Ludlow	2001	4,320	100%
Shoemaker Lane Garage.....	Agawam	2012	13,100	100%

NA - Information not available

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

Source: Finance Department

Operating Indicators

Last Six Fiscal Years

<u>Enrollment</u>	Fiscal Year					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Occupational Education Enrollment by District:						
Agawam.....	65	73	92	116	123	102
East Longmeadow.....	20	21	26	20	23	20
Hampden/Wilbraham.....	24	32	29	25	19	16
Longmeadow.....	22	31	27	26	15	14
Ludlow.....	44	52	51	50	40	45
Southwick/Tolland.....	58	51	64	67	69	70
West Springfield.....	80	78	93	88	98	125
Non Member Communities.....	73	93	92	84	87	85
Total Occupational Educational Enrollment.....	386	431	474	476	474	477
Special Education Enrollment by Program:						
Alternative High School I.....	9	7	5	6	8	6
Alternative High School II "Brush Hill Academy"....	5	6	6	10	16	10
Autism High Program.....	5	5	4	5	5	5
Asperger Compass Middle School.....	4	5	5	8	6	6
Asperger Compass High School.....	6	5	5	6	8	8
Career Prep Program.....	8	9	8	8	6	10
Career Skills Program.....	11	12	12	11	10	11
Elementary Developmental Classroom.....	5	4	4	5	5	5
Elementary and Secondary Transitional I.....	4	5	6	6	4	6
Elementary and Secondary Transitional II.....	6	6	6	5	4	4
Integrated Occupational Preparation.....	43	56	52	37	28	20
Prevocational Preparation.....	6	6	4	4	6	5
Secondary Developmental.....	7	8	8	7	6	4
Twain High School.....	10	12	11	12	12	14
Vocational Preparation I.....	9	11	9	9	6	8
Vocational Preparation II.....	11	10	7	10	8	-
Transitions Program.....	-	-	-	7	7	6
Total Special Education Enrollment.....	149	167	152	156	145	128
Total Enrollment.....	535	598	626	632	619	605
<u>Staffing Levels</u>						
Teachers and Instructional Staff.....	121	104	101	101	103	109
Administration.....	23	18	18	18	17	21
Classified Employees:						
Clerical Staff.....	7	9	9	9	10	10
Maintenance.....	2	2	2	2	3	2
IT Staff.....	3	2	5	5	4	5
Transportation Services.....	277	251	247	247	239	237
Total Regular Staff.....	433	386	382	382	376	384

NA - Information not available
 Information prior to 2008 was not available.

Source: Finance Department