



LPVEC
ANNUAL REPORT
2014
SY2013-2014

Lower Pioneer Valley Educational Collaborative
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TABLE OF CONTENTS

Letter from Executive Director	1
General Information	3
Mission and Purpose	3
Services	3
Geographic Area Served	4
Membership	4
Budget	5
Staffing	6
Governance and Leadership	7
Board of Directors (School Committee Representatives)	7
Changes in Governance and Leadership	7
Superintendents' Advisory Council	7
Organizational Chart	8
Programs and Services Provided	9
Special and Alternative Education	9
SPED Enrollment by District October 1, 2013	9
Special and Alternative Education – Program Descriptions	10
“Academic” Programs	10
“Transition” Programs	12
“Severe” Programs	13
Career and Technical Education	14
CTEC Enrollment by District October 1, 2013	15
Career and Technical Education – Program Descriptions	15
Transportation	20
Municipal Medicaid Reimbursement	20
Communities Served	21
Energy Management	21
Communities Served	21
Department of Curriculum, Instruction, and Assessment	22
Cost-Effectiveness	23
Special Education - Aggregate Cost Avoidance	23

TABLE OF CONTENTS

Career and Technical Education - Aggregate Cost Avoidance _____	23
Transportation Aggregate - COST Avoidance in RNT and SNT _____	23
Municipal Reimbursement Program - FY14 Receipts _____	24
Energy Management - Total FY14 Energy Bids and Collective Savings _____	25
Professional Development - Aggregate Cost Avoidance _____	25
Progress Toward Purposes & Objectives _____	27
Purpose and Objectives of LPVEC _____	27
Progress on Achieving Purpose _____	27
Progress on Achieving Objectives _____	28
Progress Indicators _____	28
Career TEC Perkins Indicators _____	29
Percentage of Students Passing National Certification Tests _____	29
Completion Rate _____	29
Rate of Positive Placement _____	30
Participation – Non-Traditional by Gender _____	30
Special Education Exit Indicators _____	31
Transportation, Municipal Reimbursement, and Energy Management Indicators _____	31
Curriculum, Instruction, and Assessment Indicators _____	31
Independent Auditor’s Report _____	33

LETTER FROM EXECUTIVE DIRECTOR

Letter from Executive Director

Dear LPVEC Communities:

For over 39 years, the Lower Pioneer Valley Educational Collaborative has been working as an extension of our seven member districts to save money, expand capacity, and provide quality programs and services. Our mission is to help school districts serve all of their students more effectively, efficiently, and equitably. And our primary purpose is to accomplish this mission in the member districts: Agawam, East Longmeadow, Hampden-Wilbraham Regional, Longmeadow, Southwick-Tolland-Granville Regional, and West Springfield.

This annual report is designed to provide a review of the programs and services provided by LPVEC in the 2013-2014 fiscal year. These programs and services included the following:

- Career and Technical Education;
- Special and Alternative Education;
- School Transportation Services;
- Municipal Medicaid Reimbursement;
- Energy Management;
- Job-Alike Groups; and
- Curriculum/Assessment and Other Educator Support Services

FY14 also saw the departure of our former Executive Director, Dr. Anne McKenzie, after eight years of service. As I joined LPVEC on July 1, 2014, all of the achievements in this report are a credit to Anne's leadership and to the knowledgeable, dedicated, and caring staff with whom I now have the privilege to work.

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

Sincerely,



Andrew M. Churchill
Executive Director



GENERAL INFORMATION

General Information

MISSION AND PURPOSE

The mission of the LPVEC is to help school districts serve all of their students more effectively, efficiently, and equitably. The primary purpose of LPVEC is to accomplish this mission in the member districts: Agawam, East Longmeadow, Hampden-Wilbraham Regional, Longmeadow, Ludlow, Southwick-Tolland-Granville Regional, and West Springfield.

SERVICES

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

- **Career and Technical Education (CTEC)** – A unique, half-day program which allows students to maintain membership in their home districts while gaining career/technical instruction in a state-of-the-art facility. 479 students in 12 shops in FY14.
- **Special and Alternative Education (SPED)** -- Services to students aged 5 to 22 years who demonstrate a wide variety of exceptional learning needs, including adjustment and behavioral problems, learning disabilities, Autism, Pervasive Developmental Disabilities, Asperger's Syndrome, and developmental disabilities. 116 students in 16 programs in FY14.
- **School Transportation Services** – Regular education transportation (RNT) for five member districts; special education transportation (SNT) for six member districts.
- **Municipal Medicaid Reimbursement** – Proprietary software and knowledgeable support helps communities receive federal reimbursement for health services delivered to Medicaid-eligible children with disabilities. Served 44 communities in FY14.
- **Energy Management Program** – Cooperative purchasing of a variety of energy-related utilities. Provided natural gas for 68 districts/municipalities and electricity for 35 districts/municipalities in FY14.
- **Job-Alike Groups** – Regular meetings of superintendents, curriculum directors, special education directors, and business managers.
- **Curriculum/Assessment and Other Educator Support Services** – Professional development, data analysis, communication/technical assistance regarding educational improvement initiatives, grant support, host state District & School Assistance Center (DSAC).

GENERAL INFORMATION

BUDGET

The chart below summarizes revenues and expenditures for LPVEC in fiscal year 2014. As the figures indicate, about half of the budget supports transportation operations, with Career TEC and Special Education programs making up the majority of the remainder.

	Total All Funds	Governmental	Proprietary Funds	
		Fund		Co-Op
		General	Transportation	Purchasing
Revenues:				
Tuition Fees and Assessments:				
Administration	1,072,032	1,072,032		
Special Education	3,847,963	3,847,963		
Occupational Education	4,128,694	4,128,694		
Supplemental /Contracted Services	1,916,849	1,916,849		
Transportation Revenues	11,050,816		11,050,816	
Co-op Purchasing Revenues	5,149			5,149
Total Revenues	22,021,504	10,965,538	11,050,816	5,149
Expenditures:				
Instruction	8,242,656	8,242,656		
Counseling and Child Accounting	86,547	86,547		
General School Administration	88,705	88,705		
Business Services	997,332	758,328	233,855	5,149
Operation and Maintenance of School Buildings	1,635,642	1,291,131	344,511	
Student Transportation	8,004,509	66,419	7,938,090	
Operation and Maintenance of Vehicles	2,561,360	27,000	2,534,360	
Personnel and Information Systems	323,402	323,402		
Debt Services	81,350	81,350		
Total Expenditures	22,021,504	10,965,538	11,050,816	5,149

GENERAL INFORMATION

STAFFING

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

EMPLOYEE AND STAFFING LEVELS FOR FISCAL YEARS 2011-2014

	FY2011	FY2012	FY2013	FY2014
<u>Teachers & Instructional Staff</u>				
Teachers	26	26	23	22
Instructors	24	24	25	24
Nurses	2	4	4	4
Guidance	3	3	3	3
Paraprofessionals	46	46	48	46
Itinerants	0	0	6	5
Sub Total	101	103	109	104
<u>Administration</u>				
Executive Director	1	1	1	1
Supervisors and Directors	10	9	11	10
Administrative Staff	6	6	8	12
Specialists	1	1	1	4
Sub Total	18	17	21	27
<u>Classified Employees</u>				
Clerical Staff	9	10	10	4
Maintenance	2	3	2	2
IT Staff	5	4	5	5
Transportation Services	247	239	237	246
Sub Total	263	256	254	257
Total Regular Staff	382	376	384	388

GOVERNANCE AND LEADERSHIP

Governance and Leadership

BOARD OF DIRECTORS (SCHOOL COMMITTEE REPRESENTATIVES)

Agawam: Roberta Doering
East Longmeadow: William Fonseca
Hampden-Wilbraham Regional: Michelle Emirzian
Longmeadow: Kathryn Girard
Ludlow: Jacob Oliveira
Southwick-Tolland-Granville Regional: James Vincent
West Springfield: Jose Irizarry

CHANGES IN GOVERNANCE AND LEADERSHIP

During 2014, Agawam Public Schools appointed Roberta Doering to replace Shelley Reed on LPVEC's Board of Directors. In addition, Longmeadow Public Schools appointed Kathryn Girard to replace John Fitzgerald.

SUPERINTENDENTS' ADVISORY COUNCIL

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

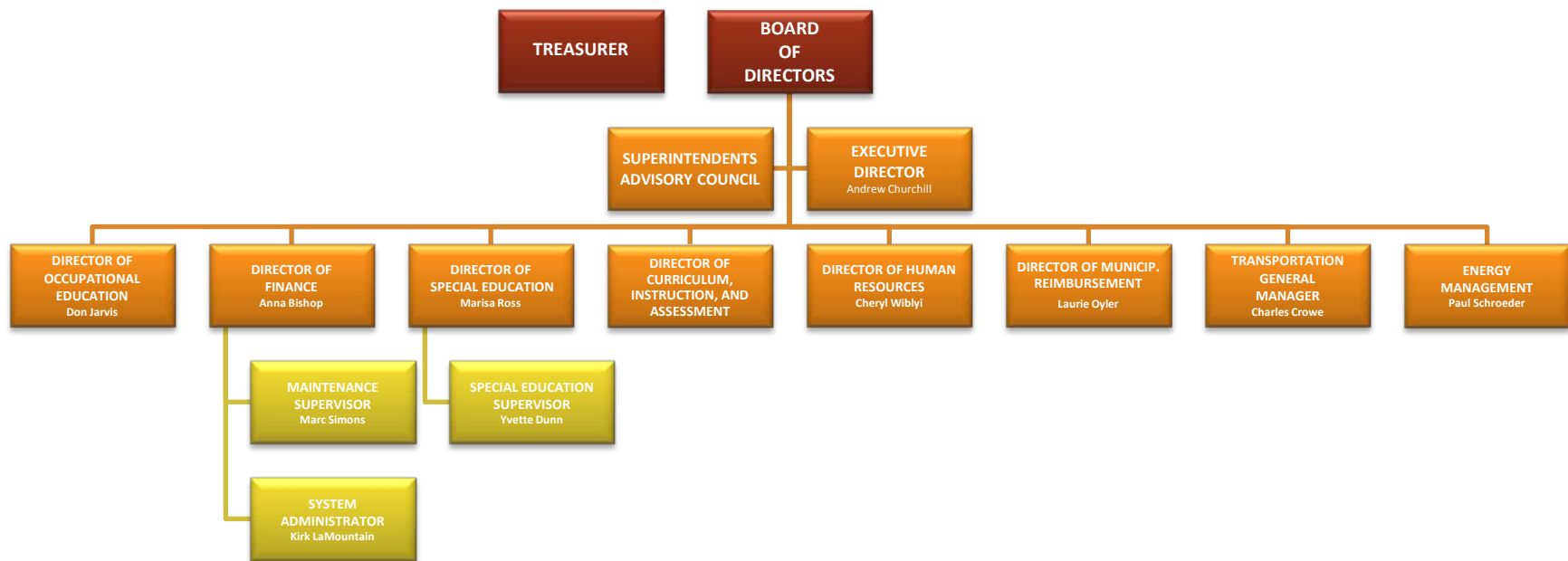
- Needs of the membership in terms of programs and services
- Opportunities for inter-district collaboration
- Evaluation of programs, analysis of performance data, and review of budget
- Action items to be brought before the Board – the Executive Director elicits input from Superintendents on issues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

The members of the Superintendents' Advisory Council include:

Agawam: William Sapelli
East Longmeadow: Gordon Smith
Hampden-Wilbraham Regional: Martin O'Shea
Longmeadow: Marie Doyle
Ludlow: Todd Gazda
Southwick-Tolland-Granville Regional: John Barry
West Springfield: Michael Richard (Interim)

GOVERNANCE AND LEADERSHIP

ORGANIZATIONAL CHART



PROGRAMS AND SERVICES PROVIDED

Programs and Services Provided

SPECIAL AND ALTERNATIVE EDUCATION

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. As of October 1, 2013, 116 special needs students were enrolled in 16 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 located within the public schools of the member school districts.

SPED Enrollment by District October 1, 2013

DISTRICT	STUDENTS
Agawam	28
East Longmeadow	23
Hampden/Wilbraham	25
Longmeadow	9
Ludlow	11
Southwick/Tolland/Granville	4
West Springfield	10
Belchertown	1
Monson	1
Palmer	2
Springfield	1
Total Number of Students	116

PROGRAMS AND SERVICES PROVIDED

SPECIAL AND ALTERNATIVE EDUCATION – PROGRAM DESCRIPTIONS

“Academic” Programs

Focus on helping students with disabilities meet academic graduation requirements:

ALTERNATIVE MIDDLE SCHOOL Longmeadow

Level: Middle School

Program Description: The Alternative Middle School Program is designed for students with mild to moderate social/emotional and behavior disorders. The program provides a small, structured setting that allows for individualized and small-group instruction. The program focuses on developing skills related to self-awareness, self-management, responsible decision making, social awareness, and relationship building. The program is located in one of our member district schools, providing our students with opportunities to participate in mainstream classes, after-school extra- curricular activities, school-wide assemblies and field trips.

BRUSH HILL ACADEMY (BHA) West Springfield

Level: High School

Program Description: Brush Hill Academy (BHA) is a forward-thinking, alternative education program in which general education and special education teachers provide small group and individualized support, with a maximum of 12 students per class. A clinical consultant provides group counseling and consultation to staff to provide support in managing at-risk behavior. The program serves general education and special education students who are considered at-risk and who may have mild social/emotional needs. The program is located in LPVEC’s Career and Technical Educational Center, giving students access to a state of the art vocational program. The academic piece of the program follows the Massachusetts Curriculum Frameworks. Career and technical education follows the Massachusetts Vocational Technical Education Frameworks. Students may take courses online, face-to-face or in a hybrid format.

CAREER SKILLS East Longmeadow

Level: High School

Program Description: The Career Skills Program is designed for adolescents with mild to moderate learning disabilities with high functioning Autism or Asperger’s, Non-Verbal Learning Disability, and Pervasive Developmental Disorder. There is a strong emphasis on academics, technology and social skills as students prepare to be college and career ready when they complete high school. Students have the opportunity to take courses online, face-to-face or in a hybrid format. Career Skills offers group pragmatics and social skills instruction, support in improving executive functioning, and group counseling to support students in navigating their social environment effectively and successfully. Career Skills is located in one of our member district high schools; students have access to the general curriculum through mainstream classes within the building. They may also access LPVEC Career TEC for vocational education if appropriate.

PROGRAMS AND SERVICES PROVIDED

COMPASS MIDDLE SCHOOL Longmeadow

Level: Middle School

Program Description: The Compass Middle School program is designed for students with Asperger's Syndrome, Pervasive Developmental Disorder-Not Otherwise Specified, Non-verbal Learning Disability and high functioning Autism. Compass Middle offers group pragmatics and social skills instruction, support in improving executive functioning, and group counseling to support students in navigating their social environment effectively and successfully. Students develop skills for self-advocacy, social behaviors, interpersonal communication, and self-monitoring capabilities. There is a very strong emphasis on social pragmatics, helping students develop skills such as joint attention, perspective taking, and social interest. Students may transition from Compass Middle School into LPVEC's Compass High School or Career Skills program if determined appropriate by the special education team.

COMPASS HIGH SCHOOL Ludlow

Level: High School

Program Description: The Compass High School program is designed for students with Asperger's Syndrome, Pervasive Developmental Disorder-Not Otherwise Specified, Non-verbal Learning Disability and high-functioning Autism. Compass High offers group pragmatics and social skills instruction, support in improving executive functioning, and group counseling to support students in navigating their social environment effectively and successfully. This program focuses on developing communication skills, self-regulation, academic skills, daily living skills, and independence. Students develop skills for self-advocacy, social skills, interpersonal communication and self-monitoring capabilities. There is a very strong emphasis on social pragmatics, helping students develop skills such as joint attention, perspective taking, and social interest.

INTEGRATED OCCUPATIONAL PREPARATION (IOP) West Springfield

Level: High School

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

TRANSITIONAL ALTERNATIVE PROGRAM (TAP) West Springfield

Level: Middle School and High School

Program Description: The TAP program designed to provide temporary instructional and counseling support (as needed) for students who are suspended from their current school or transitioning between educational placements. TAP is a well-supervised, highly structured program that provides clear and consistent behavioral and academic expectations. Students may attend this program from one to forty five days. Academic work, textbooks, and other class-specific materials are provided by the student's home school district. Students in the TAP program may participate in physical education classes on-site.

PROGRAMS AND SERVICES PROVIDED

TWAIN West Springfield

Level: High School

Program Description: The TWAIN Program is designed for students with moderate social/emotional and behavior disorders. The program focuses on developing skills related to self-awareness, self-management, responsible decision making, social awareness, and relationship building. The program is located in one of our member district towns and has access to LPVEC Career TEC for vocational education if appropriate. The program follows the Massachusetts Curriculum Frameworks. Students also receive individual and group counseling to facilitate the development of the critical skills needed to manage their own behavior. A point and level system is utilized as a means of motivating students by way of reward and incentive, supporting the pro-social standards of the program. Students also participate in community service for one hour per week at a local nursing home and physical education and health classes at the LPVEC Career TEC building.

“Transition” Programs

Focus on functional academics, daily living skills, social skills, and academic preparation in order to be ready to transition from school to adulthood:

CAREER PREPARATION PROGRAM Hampden-Wilbraham

Level: High School

Program Description: The Career Preparation Program is designed for adolescents with moderate delays in academics, language, and social skills. This program focuses on developing pragmatic skills, life skills, and introductory career education, introducing students to various vocational settings which prepare them for employment once they transition into adulthood. The Career Prep Program provides a small, structured setting that allows for individualized and small group instruction. The program is located in one of our member district high schools, providing students with the opportunity to participate in mainstream classes. For those students who are ready to move up to vocational settings, the program has job coaches on staff who take students to various job sites off campus.

PRE-VOCATIONAL Hampden-Wilbraham

Level: High School to 22 years

Program Description: This program is designed for adolescent and young adult students with moderate to severe intellectual and neurological disabilities. The program focuses on age-appropriate functional academics and daily living skills. Students learn how to take care of their basic needs, such as cooking, grocery shopping, banking, laundry, and personal hygiene. Students also work on pre-vocational skills within the community and throughout the school building. Activities include working in the greenhouse, school library, cafeteria, recycling, local stores, local library and senior center.

PROGRAMS AND SERVICES PROVIDED

TRANSITIONS Holyoke

Level: Post-secondary

Program Description: This program is a community-based, functional instructional program for students with diagnoses of intellectual or neurological disorders, Specific Learning Disability, or Autism (mild to moderate), ages 18-22. The goal of the Transitions Program is to enable students to provide students with a natural transition to adult life by improving their ability to function as independently as possible at home, in school, and in the workplace. The Transitions curriculum focuses on four key topics: post-secondary education, employment, independent living, and community participation and engagement. Students may participate in Transitions if they have successfully participated in a functional academic and vocational program at the high school level.

VOCATIONAL PREPARATION Hampden-Wilbraham

Level: High School Plus

Program Description: This program is designed for students with moderate delays in cognitive ability. It provides a half-day of functional academics and a half-day of vocational skills training, either in a vocational educational program or in a community job placement. The program prepares students to make the transition from school to the world of work and adult life. The program is located in one of our member district high schools, providing our students with the opportunity to participate in extra-curricular activities, mainstream classes and school assemblies.

“Severe” Programs

Focus on helping students with severe disabilities achieve as much independence as possible in the school and community:

COPA Ludlow

Level: High School to Age 22

Program Description: The COPA Program is designed for students with moderate to severe Autism, Pervasive Developmental Disorder, and other related disabilities who may require physical assistance, personal care assistance and/or medical care. The program focuses on teaching students the skills to achieve as much independence as possible in the school and community. Students are also taught functional academics, adaptive living skills, and pre-vocational skills using elements of Applied Behavior Analysis (ABA) and Applied Verbal Behavior. Elements of ABA are used to develop basic skills like looking, listening, and imitating, as well as complex skills like reading, conversing, and taking the perspective of others. All students are assessed upon entry and throughout the year using the Verbal Behavior Milestones Assessment Placement Program (VB-MAPP) to determine their developmental levels pertaining to communication, academics, behavior, daily living, social skills, and transition.

PROGRAMS AND SERVICES PROVIDED

ELEMENTARY/SECONDARY TRANSITIONAL Ludlow

Level: Elementary to Middle

Program Description: The EST Program is designed for students with moderate to severe Autism, Pervasive Developmental Disorder, and other related disabilities who may require physical assistance, personal care assistance and/or medical care. The program focuses on teaching students the skills to achieve as much independence as possible in the school and community. Inclusion in non-academic and academic areas, when applicable, is an important component. The program is designed to develop self-confidence, self-esteem, daily living skills, social skills, cooperative play, reduction in inappropriate or aggressive behaviors, and successful relationships with peers and adults. Students are taught functional academics, adaptive living skills, and pre-vocational skills using elements of Applied Behavior Analysis and Applied Verbal Behavior. The program is located in one of our member school district high schools, providing students the opportunity to participate in assemblies, events, and activities throughout the school year.

SECONDARY DEVELOPMENTAL Hampden-Wilbraham

Level: High School – Age 22

Program Description: This is a highly individualized program designed to meet the needs of students with severe and multiple disabilities. The major components of the program include sensory stimulation, language and communication skills, activities of daily living, and pre-vocational activities. There is a strong emphasis on utilizing assistive technology for learning and communicating.

CAREER AND TECHNICAL EDUCATION

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 Lower Pioneer Valley Educational 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 and Secondary Education's 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 AND SERVICES PROVIDED

CTEC Enrollment by District October 1, 2013

DISTRICT	STUDENTS
Agawam	114
East Longmeadow	28
Hampden/Wilbraham	18
Longmeadow	15
Ludlow	42
Southwick/Tolland	66
West Springfield	98
<i>Member District Total</i>	381
South Hadley	30
Easthampton	65
Other	3
<i>Non Member Total</i>	98
TOTAL ENROLLMENT	479

CAREER AND TECHNICAL EDUCATION – PROGRAM DESCRIPTIONS

AUTOMOTIVE TECHNOLOGY

Automotive Technology is a Chapter 74 approved program certified by the National Automotive Technicians Education Foundation (NATEF) in the following areas: Brakes, Electrical/Electronic Systems, Engine Performance, and Suspension and Steering. Students are prepared for “All Aspects of the Industry” through various experiences in class, shop, and the community. Students are assessed on competencies aligned with the Massachusetts Vocational Technical Education Frameworks and the National Institute for Automotive Service Excellence (ASE). The Students completing the Automotive Technology program will be able to demonstrate an understanding of careers within the automotive field, shop safety, automotive systems, related math applications for automotive technicians, automotive measurements, diagnostic and testing procedures, and troubleshooting and problem solving. The Automotive Technology program also participates in the AYES (Automotive Youth Educational Systems) program, which allows students to job-shadow in local area dealerships and gives the highest achieving eleventh grade students the opportunity of becoming interns in a specific dealership during the summer prior to their senior year. This internship may carry over as a Cooperative Education work-experience opportunity, allowing AYES student interns to continue receiving the most advanced and recent developments and procedures in the automotive industry.

PROGRAMS AND SERVICES PROVIDED

CARPENTRY

The Carpentry Program is a Chapter 74 approved course of study offering a comprehensive, competency-based curriculum aligned with the Massachusetts Vocational Technical Education Frameworks (Construction Cluster/Carpentry). Students begin by mastering basic carpentry competencies, such as ruler reading, workplace safety, and operation of both hand and power tools. Students advance through modular layout techniques for residential concrete installation and wood framing. Hands-on practice is combined with development of written and computational skills such as cost estimating, blueprint reading and materials take-off calculation. Upon successful completion of the first year curriculum, students have the opportunity to study one of the following: (1) Off-campus projects, ranging from whole buildings to small renovations. This exposes students to all aspects of the building industry including compliance with building codes, city ordinances, OSHA regulations, scheduling with other sub-contractors and meeting deadlines, and contact with building inspectors. (2) Architectural woodworking, following a course of study that incorporates the standards of the Architectural Woodworkers Institute (A.W.I.) as it relates to the commercial side of interior finish work. Related theory and hands-on training expose students in areas of wood types, laminating, veneers, casework (cabinets), stair parts, moldings and many other areas of millwork.

COSMETOLOGY

Cosmetology, a Chapter 74 approved program, is a comprehensive competency based three-year program, certified by the Commonwealth of Massachusetts Board of Registration of Cosmetologists. Upon successful completion of the course, which includes the requirement of 1000 instructional hours, students are prepared to take the Board of Registration of Cosmetologists license exam using the curriculum standards set by the Board. Students are introduced to career opportunities including hair stylist, manicurist, skin care specialist, cosmetic chemist, and make-up artist. Under the supervision of licensed instructors in a state of the art equipped classroom/shop, students learn techniques and skills necessary for success in the beauty industry along with the sciences of the profession including anatomy, physiology, and chemistry. The Level One student is exposed to the basic fundamentals of hairdressing. After 250 hours, Level Two students are able to perform hands-on, non-chemical services on clients. Chemicals are introduced to Level Three students after completing 400 hours. Qualified Level Four students who have mastered skills in all phases of cosmetology will have the opportunity to extend their learning experience into the world of work in an area salon.

CULINARY ARTS

Culinary Arts is a competency-based Chapter 74 approved program certified by the American Culinary Federation (ACF) and aligned with the Massachusetts Vocational Technical Education Frameworks (Hospitality and Tourism Cluster/Culinary Arts). Students operate a fully equipped commercial kitchen and dining room encompassing restaurant, banquet, and buffet services through two student-run restaurants: the morning Java Café, serving breakfast, and the Brush Hill Bistro, serving lunch. The Bistro is open to the general public two days a week. Students are assessed on industry-standard competencies developed by the American Culinary Federation, the Federation of Dining Room Professionals, and the American Hotel and Lodging Association. While meeting these standards and accepting responsibility for time management, food quality, and customer service, students develop skills in baking, culinary techniques, menu planning, food costs, and hospitality management. Training in proper use and maintenance of equipment, culinary tools, sanitation, and proper storage and handling of food are all

PROGRAMS AND SERVICES PROVIDED

part of the curriculum. Students are prepared for the ServSafe® Certification through the National Restaurant Association's Educational Foundation training program.

DESIGN AND VISUAL COMMUNICATIONS

Design and Visual Communications is a Chapter 74 approved program that is competency based and prepares students for the visual design field. Using state of the art digital imaging, illustration, and page layout software and equipment, this computer-based program allows students to explore and develop their artistic and technical skills through the creation and presentation of graphic and multi-media projects. Students enhance their skills using software programs such as Adobe InDesign, Photoshop, and Illustrator. Students maintain an electronic portfolio and work on projects such as ads, logos, multi-page four color publications and posters, and products to market. Students strengthen their skills in visual design by concept development, creating corporate identities, branding and packaging, and creating original games and commercials. Students also learn to create websites using Adobe software. The curriculum is aligned with the Massachusetts Vocational Technical Education Frameworks (Arts and Communications Service Cluster/Design and Visual Communications).

EARLY EDUCATION AND CARE

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

FACILITIES MANAGEMENT

Facilities Management is a Chapter 74 approved, competency-based program designed to introduce students to the many facets of facilities maintenance: interior, exterior, and seasonal grounds and lawn care. Students receive hands-on training in a cross-section of the basic skills related to building/facilities maintenance, including: carpentry, electrical, floor care, landscaping, painting, and plumbing, with an emphasis on safe work practices and employability skills. Students also learn preventative maintenance and repair techniques of small engines and power tools. Students gain knowledge through field studies and off-site work experiences. The curriculum is aligned with the Massachusetts Vocational Technical Education Frameworks (Construction Cluster/Facilities Management).

PROGRAMS AND SERVICES PROVIDED

FASHION TECHNOLOGY

The Fashion Technology program is a competency-based, Chapter 74 approved program that enables students to develop knowledge and skills in all aspects of the Fashion Industry. Students develop their own portfolio of fashion designs and learn the skills of garment construction and pattern development using state-of-the-art industrial sewing equipment. Design ability is enhanced by the study of color theory, design principles, and textile science. Project-based learning includes creating a variety of garments, costumes for local theatrical productions, and custom embroidery. Students learn the business practices of major fashion retailers, from customer service and store management to buying and visual merchandising. Students create a product and develop a business plan for their products including the financial, production, and promotion aspects of business planning. Students read trade publications, learn about fashion history, and study current fashion design collections to expand their understanding of the industry. Students learn a variety of career skills vital to success in the industry including resume writing, career planning, developing business presentations, business and research writing, and computer skills. Students are encouraged to expand their experiences through job-shadows, internships, and co-op placements in local businesses. The program is aligned with the Massachusetts Department of Education Vocational Technical Education Frameworks (Business and Consumer Services Cluster/Fashion Technology).

GRAPHIC COMMUNICATIONS

The Graphic Communications program is a competency-based Chapter 74 approved program that prepares students for a wide range of career opportunities in the graphic arts and communications industry. The program is certified by PrintED®, a national accreditation program. Graphic Communications introduces students to theory and practical aspects of the commercial printing industry. Students gain competencies in traditional and computer-based layout, design, and typesetting; copy preparation and composition; electronic plate making using the DPX Genesis computer-to-plate technology; printing press operations on three two-color presses including the state-of-the-art Hamada H234A true two-color automated offset press; finishing and binding using the Baum Ultra Fold with right angle technology; collating with a Duplo twelve-station collating booklet maker; and paper cutting using a computer driven Baum paper cutter. Students use industry standard software on both Macintosh and PC computers with the advantage of gaining experience using both platforms. In addition, students are exposed to digital photography and 4-color silk screening technology. The program is aligned with the Massachusetts Vocational Technical Education Frameworks (Arts and Communication Services Cluster/Graphic Communication).

HEALTH ASSISTING

The Health Assisting program is a comprehensive, competency-based program aligned with the Massachusetts Vocational Technical Education Frameworks (Health Services Cluster/Health Assisting). In addition to holding Chapter 74 approval, the Health Assisting program is certified by the Commonwealth of Massachusetts as a Certified Nursing Assistant (CNA) and Sending Health Aide (HHA) testing site and by the Department of Public Health as a Feeding Assistant testing site. Students are introduced to career opportunities in the field of health care and are provided instruction in basic entry-level skills. The Nursing Assistant program introduces students to career opportunities in the field of allied health care. Emphasis is placed on specific nursing assistant duties and on the psychosocial aspect of care giving.

PROGRAMS AND SERVICES PROVIDED

Students participate in externships where they can practice their skills in a real world setting under the supervision of experienced medical professionals. Students become First Aid, CPR, and AED certified prior to clinical rotations through nursing and rehabilitative centers and a local hospital. Students are exposed to a vast array of careers in health care through clinical rotations in a variety of health care departments as well as numerous field trips to various health care facilities and settings.

INFORMATION SUPPORT SERVICES AND NETWORKING

The Information Support Services and Networking program, a Chapter 74 approved program, is a competency-based program designed to provide students with entry-level skills in personal computer maintenance and repair, data communications, and networking. The curriculum is aligned with the Massachusetts Vocational Technical Education Frameworks (Information Technology Services Cluster/Information Support Services and Networking). The program prepares students for fabrication skills along with electro-mechanical troubleshooting and repair. Students gain a practical knowledge of analog and digital electronics, as well as competencies with tools and test equipment. The Cisco Networking Academy component of the program gives students in-demand Internet technology skills for designing, building, and maintaining networks, including network design, routing and switching, and network maintenance and operation. This curriculum prepares students for industry-standard, as well as vendor-neutral, certification exams. Instruction and training are provided in the proper care, maintenance, and use of networking software, tools and equipment, as well as all local, state, and federal safety, building, and environmental codes and regulations.

LANDSCAPING TECHNOLOGY/HORTICULTURE

The Landscaping Technology/Horticulture program is a Chapter 74 approved program aligned with the Massachusetts Vocational Technical Education Frameworks (Agriculture and Natural Resources Cluster/Horticulture). Students in the program explore career areas in landscape maintenance, construction and design, greenhouse production, nursery production, floriculture, and retail garden center operation. The program emphasizes knowledge of plant science as a foundation to all career areas. Project-based learning activities, residential landscaping projects, greenhouse sales, and floral projects provide experiences for students to reinforce, and practice skills and knowledge learned in the classroom setting. Leadership and personal development skills are promoted through involvement in the Future Farmers of American (FFA) Student Organization.

TECHNICAL CAREER EXPLORATORY

The Technical Career Exploratory is an introductory program designed to introduce 9th grade students to the career/vocational technical educational options available at the Lower Pioneer Valley Career and Technical Education Center (Career TEC). The first three weeks of the course are an introduction to Career TEC. Students are familiarized with the rules and expectations of Career TEC and are given general shop safety information. They participate in one-day shop presentations, which provide basic information for each shop. The students then select three shops and are assigned two additional shops for exploration, at least one of which will be a non-traditional-by-gender placement. Upon completion of these five shop explorations, a final shop selection is made to complete the school year. Students who join Career TEC in grades 10 or 11 explore three career/vocational technical shops, after which they

PROGRAMS AND SERVICES PROVIDED

select a preferred program. Final placement is determined by an overall review of performance in all shop explorations. Grades from each exploration are reviewed and priority for shop placement is given based upon specific shop performance as well as overall performance.

COOPERATIVE EDUCATION PROGRAM

The Cooperative Education (Co-op) Program at LPV Career TEC is designed to give second-year students the opportunity to extend their learning experience into the world of work. Student achievement in Co-op is assessed using the Work-Based Learning Plan endorsed by the Massachusetts Department of Education in collaboration with the Massachusetts School to Career System. All second-year students at LPV Career TEC, upon the recommendation of their instructor, who are in good standing in their career/vocational technical program, are invited to participate in the Co-op Seminars. The Co-op Seminar is aligned with the Vocational Technical Education Frameworks (Strand 4: Employability Knowledge and Skills).

TRANSPORTATION

The LPVEC provides school transportation services to six school districts. These services include both regular and special needs transportation. The LPVEC currently employs and manages approximately 233 drivers and monitors and operates 206 school transportation vehicles.

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

MUNICIPAL MEDICAID REIMBURSEMENT

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

LPVEC's Medicaid Program assists districts in identifying children for Medicaid and connecting them to needed services in schools and the community. The LPVEC has been instrumental in maximizing the amount of federal dollars returned to participating communities.

PROGRAMS AND SERVICES PROVIDED

Communities Served

AGAWAM	EAST LONGMEADOW	HAMPDEN/WILBRAHAM RSD
LONGMEADOW	LUDLOW	SOUTHWICK-TOLLAND-GRANVILLE RSD
WEST SPRINGFIELD	ACTON	ACTON-BOXBOROUGH RSD
AMHERST (TOWN)	AMHERST RSD	CONWAY
DEERFIELD	EASTHAMPTON	ERVING
FRANKLIN COUNTY TECH	FRONTIER RSD	GATEWAY RSD
GRANBY	HAWLEMONT RSD	HOLYOKE
LANESBOROUGH	LEE	LENOX
LEVERETT	MARTIN LUTHER KING CHARTER	MOHAWK TRAIL RSD
MONSON	MOUNT GREYLOCK RSD	NEW SALEM/WENDELL RSD
NORTHAMPTON	PELHAM	PIONEER VALLEY CHINESE IMMERSION
PIONEER VALLEY RSD	PITTSFIELD	QUABOAG RSD
ROWE	SHUTESBURY	S. BERKSHIRE RSD
SOUTH HADLEY	SUNDERLAND	TAUNTON
WHATELY	WILLIAMSTOWN	

ENERGY MANAGEMENT

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

Communities Served

ADAMS-CHESHIRE REGIONAL	TOWN OF AGAWAM	TOWN OF AMHERST
AMHERST-PELHAM REGIONAL	ATHOL ROYALSTON REGIONAL	TOWN OF ATHOL
TOWN OF BELCHERTOWN	BELCHERTOWN PUBLIC SCHOOLS	BERKSHIRE COUNTY SHERIFF'S DEPT.
BERKSHIRE HILLS REGIONAL	TOWN OF BERNARDSTON	TOWN OF BUCKLAND
CENTRAL BERKSHIRE REGIONAL	CHESTERFIELD GOSHEN REGIONAL	COLLABORATIVE FOR EDUCATIONAL SERVICES
CITY OF CHICOPEE	CHICOPEE SCHOOL DEPARTMENT	TOWN OF CONWAY
CONWAY SCHOOL COMMITTEE	DEERFIELD SCHOOL COMMITTEE	TOWN OF EAST LONGMEADOW
CITY OF EASTHAMPTON	TOWN OF ERVING	FARMINGTON RIVER RSD
FRANKLIN COUNTY SHERIFF'S DEPT	FRANKLIN COUNTY TECHNICAL SCHOOL	FRONTIER REGIONAL
GATEWAY REGIONAL	GILL MONTAGUE REGIONAL	TOWN OF GILL
TOWN OF GRANBY	TOWN OF GRANVILLE	TOWN OF GREENFIELD
HADLEY PUBLIC SCHOOLS	HAMPDEN COUNTY SHERIFF'S DEPARTMENT	HAMPDEN-WILBRAHAM REGIONAL
TOWN OF HAMPDEN	HAMPSHIRE REGIONAL	CITY OF HOLYOKE
LEE-TYRINGHAM SCHOOL UNION #29	LENOX PUBLIC SCHOOLS	TOWN OF LENOX
TOWN OF LEVERETT	TOWN OF LONGMEADOW	LOWER PIONEER VALLEY EDUCATIONAL COLLABORATIVE
TOWN OF LUDLOW	LUDLOW PUBLIC SCHOOLS	MOHAWK TRAIL REGIONAL
MONSON PUBLIC SCHOOLS	TOWN OF MONTGOMERY	NEW SALEM-WENDELL SCHOOL

PROGRAMS AND SERVICES PROVIDED

CITY OF NORTH ADAMS
TOWN OF PALMER
PELHAM SCHOOL
QUABBIN REGIONAL
TOWN OF SOUTH HADLEY

TOWN OF SOUTHWICK
SUNDERLAND SCHOOL COMMITTEE
CITY OF WESTFIELD
TOWN OF WILLIAMSTOWN
WHATELY ELEMENTARY SCHOOL

CITY OF NORTHAMPTON
PALMER PUBLIC SCHOOLS
PIONEER VALLEY REGIONAL
TOWN OF SHELBURNE
SOUTHERN BERKSHIRE REG SCHOOL
DIST.
CITY OF SPRINGFIELD
WARE PUBLIC SCHOOLS
WESTHAMPTON PUBLIC SCHOOLS
WILLIAMSBURG PUBLIC SCHOOLS

UNION
TOWN OF NORTHFIELD
PATHFINDER REGIONAL TECH HS
CITY OF PITTSFIELD
SOUTH HADLEY PUBLIC SCHOOLS
SOUTHWICK-TOLLAND-GRANVILLE
RSD
TOWN OF SUNDERLAND
TOWN OF WEST SPRINGFIELD
TOWN OF WILBRAHAM
TOWN OF WILLIAMSBURG

DEPARTMENT OF CURRICULUM, INSTRUCTION, AND ASSESSMENT

The Curriculum, Instruction, and Assessment (CIA) Department consists of a director as well as several employees of the DESE District & School Assistance Center (DSAC) who work part-time for the DSAC and part-time for the Collaborative on a grant and contract-funded basis. Together, they provide the following services:

- Facilitating job-alike group for curriculum directors;
- Professional development and curriculum support for LPVEC's 104 teachers, nurses, counselors, paraprofessionals, and related service providers;
- Periodic professional development sessions for member districts;
- MCAS administration support for special education programs;
- Grant support for member districts, primarily for multi-district proposals; and
- A variety of grant and contract supported services, including:
 - district and school improvement planning;
 - examining curriculum, instruction, and assessment practices;
 - strategic use of assessment and non-assessment data including DDMs;
 - development of formative, benchmark, and summative assessments;
 - program evaluation;
 - use of the Education Data Warehouse to access data and generate reports; and
 - developing institutes on integrating technology into the classroom

COST-EFFECTIVENESS

Cost-Effectiveness

SPECIAL EDUCATION - AGGREGATE COST AVOIDANCE

LPVEC provides a cost-avoidance analysis annually for its membership. The method employed for calculating cost-avoidance in special education programs is as follows:

- The Executive Director asks the Special Education Directors in member districts to identify the placements they would most likely use if that program were not available at the Collaborative;
- If Special Education Directors identify more than one program, the Executive Director calculates cost-avoidance based on the lowest and highest tuitions of comparable placements;
- The Executive Director calculates the aggregate cost all districts would incur if the same number of students enrolled in the LPVEC program were enrolled in the private program;
- Comparisons are based on tuition prices set by the Operational Services Division.

Based on the aforementioned analysis, cost-avoidance in FY14 for school districts utilizing LPVEC special education programs ranged from \$2,785,524 to \$3,809,529. Stated differently, if districts had to place students in private placements instead of an LPVEC program, districts would have spent from \$2.8 to \$3.8 million dollars more in FY14.

CAREER AND TECHNICAL EDUCATION - AGGREGATE COST AVOIDANCE

The method used to calculate cost-avoidance in career and technical education (CTE) is similar to the method used in special education. The Executive Director calculates the cost of career and technical education for its member districts by multiplying student enrollment by the FY14 base-rate tuition. The Executive Director then calculates the FY14 tuition if students attending CTEC attended other regional vocational schools in the area. Regional vocational school tuitions originate from the DESE website. Cost-avoidance in CTE for member districts in FY14 ranged from \$1,617,726 to \$2,444,115. If districts did not offer Ch. 74-approved programs through their collaborative, they would spend between \$1.6 and \$2.4 million dollars more in FY14 to send their students to other regional vocational schools.

TRANSPORTATION AGGREGATE - COST AVOIDANCE IN RNT AND SNT

The LPVEC compares the cost of its Regular Needs Transportation (RNT) and Special Needs Transportation (SNT) services to the cost of competitor contracts. LPVEC requests data on cost

COST-EFFECTIVENESS

per bus per day from all districts in Massachusetts and then compares its costs to contracts in Hampden County. In FY13, school districts in Hampden County reported paying between \$283 and \$325 per day per bus for RNT. Only one district in Hampden County provided data on SNT costs. The district reported a cost per bus per day for SNT of \$348. Based on these rates, districts using LPVEC for RNT would have paid between \$677,160 and \$1,539,000 more for had they had used a private-sector provider. LPVEC districts would have paid \$1,871,280 more for SNT if they had used a private contractor in FY13. Combined savings for RNT and SNT for all districts using LPVEC transportation services compared to using private contractors ranged from \$2,548,440 to \$3,410,280 in FY13.

MUNICIPAL REIMBURSEMENT PROGRAM - FY14 RECEIPTS

The Municipal Reimbursement Program successfully secured \$1.5 million in reimbursements for member communities and \$5.9 million for all participants in FY14. The table below delineates receipts by participant:

TOWN	FY14
AGAWAM	390,627
EAST LONGMEADOW	174,100
HAMPDEN/WILBRAHAM RSD	161,988
LONGMEADOW	119,257
LUDLOW	255,781
SOUTHWICK-TOLLAND RSD	92,936
WEST SPRINGFIELD	310,485
SUB-TOTAL MEMBER	1,505,174
ACTON	6,503
ACTON-BOXBOROUGH RSD	163
AMHERST (TOWN)	349,893
AMHERST RSD	98,919
CONWAY	14,024
DEERFIELD	30,850
EASTHAMPTON	80,806
ERVING	71,937
FRANKLIN COUNTY TECH	4,925
FRONTIER RSD	60,997
GATEWAY RSD	89,635
GRANBY	63,271
HAWLEMONT RSD	12,619
HOLYOKE	1,419,319
LANESBOROUGH	23,638

COST-EFFECTIVENESS

LEE	47,266
LENOX	36,687
LEVERETT	28,288
MARTIN LUTHER KING CHARTER	9,574
MOHAWK TRAIL RSD	103,280
MONSON	83,007
MOUNT GREYLOCK RSD	27,928
NEW SALEM/WENDELL RSD	19,816
NORTHAMPTON	276,300
PELHAM	11,637
PIONEER VALLEY CHINESE IMMERSION	8,198
PIONEER VALLEY RSD	63,488
PITTSFIELD	396,442
QUABOAG RSD	101,897
ROWE	4,919
SHUTESBURY	20,606
S. BERKSHIRE RSD	86,356
SOUTH HADLEY	114,255
SUNDERLAND	17,554
TAUNTON	520,473
WHATELY	9,979
WILLIAMSTOWN	57,069
SUBTOTAL NON-MEMBER	4,372,521
TOTAL	\$5,877,695

ENERGY MANAGEMENT - TOTAL FY14 ENERGY BIDS AND COLLECTIVE SAVINGS

In FY14, the LPVEC coordinated five cooperative bids for energy. Sixty-eight districts and municipalities participated in cooperative purchases for natural gas and 35 districts and municipalities participated in cooperative purchases for electricity. Total energy bids in FY14 totalled approximately \$40.5 million, with collective savings of over \$12.4 million.

PROFESSIONAL DEVELOPMENT - AGGREGATE COST AVOIDANCE

The LPVEC Office of Curriculum, Instruction, and Assessment (CIA) provides value to member districts in a variety of ways, as specified in the Programs and Services section of this report. Through professional development and MCAS support for LPVEC instructional staff, the CIA Director improves the quality of our program offerings. By facilitating the curriculum directors' job-alike group, the Director improves curriculum leadership and fosters grant collaborations in

COST-EFFECTIVENESS

member districts. When requested, the Director of Curriculum will provide professional development to member districts. In FY14, the Director of Curriculum provided five half-day and four full-day professional development workshops on Massachusetts Common Core Implementation, developing District-Determined Measures, using Formative Assessments, and Technology Integration. Based on a conservative rate of \$1,300 per day for a consultant, the membership saved \$8,450 in professional development costs in FY14 by utilizing services provided by the LPVEC. Other grant and contract funded-staff in this department provided strategic planning, data use, and program evaluation capacity to member districts as part of grant proposals and contracted services, generating \$85,000 in revenues to support this capacity.

PROGRESS TOWARD PURPOSES & OBJECTIVES

Progress Toward Purposes & Objectives

PURPOSE AND OBJECTIVES OF LPVEC

As stated in LPVEC's draft Collaborative Agreement, the mission of LPVEC is to help school districts serve all of their students more effectively, efficiently, and equitably. The primary purpose of the Collaborative is to accomplish this mission in the member districts, based on the premise that there are many things in education that can be done more effectively, efficiently, and equitably by pooling resources. The Collaborative will address itself to education broadly, supporting those programs and services which, in the discretion of the Board of Directors merit attention. The primary focus of the Collaborative will continue to be in the areas of career and technical education, special and alternative education, professional development, communication and technical assistance regarding educational improvement initiatives, and business and support services that benefit the member districts and the region.

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

- A. Examine, develop, and provide cost-effective quality services and programs for low-incidence populations, particularly those most at risk of school failure as permitted by applicable laws and regulations related to educational collaboratives;
- B. Examine, develop, and provide staff development and other training/convening opportunities for educators including teaching staff, support personnel, administrators, and other members of the community;
- C. Explore, develop, and provide other programs and services to meet the assessed needs of school districts, member communities, state agencies, and others as permitted by applicable laws and regulations related to educational collaboratives; and
- D. To the extent permitted by applicable law, build and maintain the support of local, state, and federal legislative bodies, state and federal agencies, national organizations, institutions of higher education, and non-profit agencies and foundations for the work of educational collaboratives in Massachusetts.

PROGRESS ON ACHIEVING PURPOSE

LPVEC continues to provide programs and services to help school districts, especially our member districts, serve all of their students more effectively, efficiently, and equitably. Our Special/Alternative Education programs and our Career TEC programs help districts serve students who benefit from education that is different from the traditional academic classroom

PROGRESS TOWARD PURPOSES & OBJECTIVES

model, meeting both quality and equity goals while saving money in the process. Our Transportation program serves equity goals of ensuring that all students can get to school while also meeting the efficiency goal of saving districts money. Our Medicaid Reimbursement and Energy Management programs generated significant cost savings for communities both within and beyond our membership ranks. And our Curriculum/Instruction/Assessment programs increased district capacity for effective work while defraying much of the cost through grant and contract resources. LPVEC will continue to seek out concrete ways of helping the educators we work with serve their students more effectively, efficiently, and equitably.

PROGRESS ON ACHIEVING OBJECTIVES

Objective A, cost-effective quality services for low-incidence populations, is met through both our Special Education and our Career TEC programs, which provide more personalized instruction, tailored to the needs and interests of students who would be less well served in typical academic classrooms. Objective B, staff development and other training/convening for educators, is met through our job-alike groups and our Curriculum/Instruction/Assessment department. Objective C, providing other programs and services to meet the needs of our constituents, is met through our ongoing Transportation, Medicaid Reimbursement, Energy Management, and Curriculum/Instruction/Assessment departments, and we continue to seek new opportunities to help school districts do better together than they could separately, particularly in the area of saving money. Finally, Objective D is met through our membership in the Massachusetts Organization of Educational Collaboratives (MOEC), as well as staff participation in various state and national educator networks.

PROGRESS INDICATORS

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

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

PROGRESS TOWARD PURPOSES & OBJECTIVES

Career TEC Perkins Indicators

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

Percentage of Students Passing National Certification Tests

PROGRAM	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
CNA	100	100	100	100	100	94	100	100
Cosmetology	100	100	80	100	100	94	100	92
A+	N/A	N/A	83	100	71	85	100	100

Completion Rate

COHORT	SEPT 2006	SEPT 2007	SEPT 2008	SEPT 2009	SEPT 2010
CTEC STUDENTS ENROLLED IN GR 11 AS OF SPED IN COHORT YEAR	130	116	163	142	166
# OF STUDENTS IN COHORT COMPLETING 2 YRS. OF CTEC	90	88	103	105	101
% OF COMPLETERS IN COHORT	69	76	63	74	78

PROGRESS TOWARD PURPOSES & OBJECTIVES

Rate of Positive Placement

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

Positive Placement

(percent = students positively placed/total completers
in graduating class successfully contacted)

	Year of Graduation			
	2007	2008	2009	2010
Category 1 All Students in CTEC	71	77	77	76
Category 2 Students with Disabilities	61	84	70	72
Category 3 ELL Students	NA	NA	NA	50
Category 4 Economically Disadvantaged	NA	55	58	64

Participation – Non-Traditional by Gender

YEAR	# OF CTEC STUDENTS CONSIDERED NON- TRADITIONAL BY GENDER	TOTAL # OF CTEC STUDENTS ENROLLED IN NON-TRADITIONAL SHOPS	% OF NON- TRADITIONAL PARTICIPATION
FY2007	36	370	9.73
FY2008	34	332	10.24
FY2009	35	329	10.64
FY2010	43	330	13.03
FY2011	60	420	14.08
FY2012	48	446	10.77
FY2013	44	266	16.54
FY2014	48	292	16.44

PROGRESS TOWARD PURPOSES & OBJECTIVES

Special Education Exit Indicators

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

OUTCOME	NUMBER
Graduated	16
Turned 22, Transitioned Out	7
Returned to Home School	7
Moved to Another Program/School	7
Withdrew from School	5
Moved Out of District	4
TOTAL	46

Transportation, Municipal Reimbursement, and Energy Management Indicators

The success of these programs is measured primarily by amount of money saved by participants. This is discussed for each area in the Cost Avoidance section. Continued participation is another measure. Transportation has maintained participation of five districts for regular needs transportation and six districts in special needs transportation. Municipal Reimbursement has increased the number of municipalities served from 38 in 2009 to 44 in FY14. Energy Management services have continued to be in demand, serving 79 school districts and municipalities in FY14.

Curriculum, Instruction, and Assessment Indicators

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



INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

The LPVEC has submitted its budget for peer review since FY2009. Consequently, the LPVEC has received the Meritorious Budget Award from the Association of School Business Officials and the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). The LPVEC submitted its FY13 financial statements to GFOA and has received the Certificate of Excellence in Financial Reporting (CAFR). The CAFR submittal includes the Independent Auditor's Report. The LPVEC submitted its CAFR as a separate document to the DESE. The Annual Report and CAFR can be found on the LPVEC's website at www.lpvec.org.



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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, 2014 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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014 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.



December 8, 2014

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Lower Pioneer Valley Educational Collaborative (Collaborative), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2014. The Collaborative complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lower Pioneer Valley Educational Collaborative's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected revenues and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions that are principally supported by assessments to member and non-member districts and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include administration, special education, occupational education, supplemental services, professional development 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 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 \$6.1 million at the close of year 2014. This represents an overall decrease in net position of \$217,000.

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

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Assets:			
Current assets.....	\$ 10,409,662	\$ 9,449,038	\$ 960,624
Capital assets.....	16,251,346	16,717,008	(465,662)
Total assets.....	<u>26,661,008</u>	<u>26,166,046</u>	<u>494,962</u>
Liabilities:			
Current liabilities (excluding debt).....	2,479,255	1,949,505	529,750
Noncurrent liabilities (excluding debt).....	6,184,854	5,300,534	884,320
Current debt.....	707,397	702,376	5,021
Noncurrent debt.....	11,141,471	11,849,096	(707,625)
Total liabilities.....	<u>20,512,977</u>	<u>19,801,511</u>	<u>711,466</u>
Net Position:			
Net investment in capital assets.....	4,402,478	4,165,536	236,942
Unrestricted.....	1,745,553	2,198,999	(453,446)
Total net position.....	<u>\$ 6,148,031</u>	<u>\$ 6,364,535</u>	<u>\$ (216,504)</u>
Program revenues:			
Charges for services.....	\$ 1,662,794	\$ 1,469,636	\$ 193,158
Operating grants and contributions.....	1,651,515	1,067,811	583,704
General revenues:			
Member district assessments.....	9,509,825	9,968,721	(458,896)
Unrestricted investment income.....	2,542	6,164	(3,622)
Miscellaneous.....	440,851	206,227	234,624
Total revenues.....	<u>13,267,527</u>	<u>12,718,559</u>	<u>548,968</u>
Expenses:			
Administration.....	960,520	408,610	551,910
Special Education.....	4,495,610	4,438,334	57,276
Occupational Education.....	4,839,278	4,139,596	699,682
Supplemental Services.....	2,201,398	2,091,291	110,107
Professional Development.....	3,596	5,380	(1,784)
Unallocated Depreciation.....	652,293	706,876	(54,583)
Interest.....	320,095	339,449	(19,354)
Total expenses.....	<u>13,472,790</u>	<u>12,129,536</u>	<u>1,343,254</u>
Transfers.....	<u>(11,241)</u>	<u>-</u>	<u>(11,241)</u>
Change in net position.....	<u>(216,504)</u>	<u>589,023</u>	<u>\$ (805,527)</u>
Beginning net position.....	<u>6,364,535</u>	<u>5,775,512</u>	
Ending net position.....	<u>\$ 6,148,031</u>	<u>\$ 6,364,535</u>	

Net position of approximately \$4.4 million reflects the Collaborative's investment in capital assets (e.g., machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Collaborative uses these capital assets to provide services; consequently, these assets are *not* available for future spending.

Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance represents the unrestricted net position, which reports a year-end balance of approximately \$1.7 million. The small decrease in unrestricted net position is the result of the positive fund based results the Corporation and Collaborative which was offset by the Collaborative's accrual of other postemployment benefit obligations (OPEB). The Collaborative's OPEB liability increased by \$940,000 during fiscal year 2014. Included within the governmental activities is the blended Lower Pioneer Valley Educational Corporation component unit which reported a net increase in assets of approximately \$465,000.

Total revenues increased by \$549,000 from the prior year. The majority of this increase was related to an increase in federal grant funding recorded in the Collaborative's special revenue fund. Total Collaborative expenses increased from the prior year by approximately \$1.3 million. The increase in expenditures was largely attributable to the increase in federal grant expenditures, as well as an increase in the Collaborative's OPEB liability.

Business-type Activities

For the Collaborative's business-type activities, liabilities exceeded assets by \$6.3 million at the close of year 2014. Key components of the Collaborative's business-type financial position are listed as follows:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Assets:			
Current assets.....	\$ 156,668	\$ 239,610	\$ (82,942)
Capital assets.....	4,510,440	5,367,258	(856,818)
Total assets.....	4,667,108	5,606,868	(939,760)
Liabilities:			
Current liabilities (excluding debt).....	2,273,460	109,197	2,164,263
Noncurrent liabilities (excluding debt).....	7,496,106	8,480,861	(984,755)
Current debt.....	829,114	1,212,320	(383,206)
Noncurrent debt.....	417,345	1,246,459	(829,114)
Total liabilities.....	11,016,025	11,048,837	(32,812)
Net Position:			
Net investment in capital assets.....	3,263,981	2,908,479	355,502
Unrestricted.....	(9,612,898)	(8,350,548)	(1,262,350)
Total net position.....	\$ (6,348,917)	\$ (5,442,069)	\$ (906,848)

Program revenues:			
Charges for services.....	\$ 11,515,465	\$ 11,140,048	\$ 375,417
Expenses:			
Transportation.....	<u>12,433,554</u>	<u>12,571,053</u>	<u>(137,499)</u>
Transfers.....	<u>11,241</u>	<u>-</u>	<u>11,241</u>
Change in net position.....	(906,848)	(1,431,005)	\$ <u>524,157</u>
Beginning net position.....	<u>(5,442,069)</u>	<u>(4,011,064)</u>	
Ending net position.....	<u>\$ (6,348,917)</u>	<u>\$ (5,442,069)</u>	

Business type net position of \$3.3 million represents net investment in capital assets. The remaining deficit balance of unrestricted net position is largely due to the recognition of the \$7.5 million liability associated with GASB Statement #45 (OPEB).

The Transportation enterprise fund reported an \$887,000 decrease in net position, which was largely due to the recognition of an additional \$1 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 \$11,241 at the beginning of the year end, and was closed out during the year with a transfer from the general fund of the same amount. This fund has been inactive for several years.

Financial Analysis of the Governmental Funds

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

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

At the end of the current year, governmental funds reported combined ending fund balances of \$6.3 million, a net increase of \$45,000 from the prior year. The general fund increased by \$12,000 while the nonmajor governmental funds increased by \$33,000.

The *General Fund* is the Collaborative’s chief operating fund. At year end, unassigned fund balance of the general fund totaled \$3.8 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 33% of total general fund expenditures, while total fund balance represents 52% of that same amount. The minor change in fund balance

mirrors the budgetary results where \$1.7 million of prior year fund balance was used to balance the budget which was offset by \$1.7 million in under expenditures.

General Fund Budgetary Highlights

The Collaborative's 2014 operating budget consisted of approximately \$11 million in current appropriations and anticipated assessments. During the year the Board increased appropriations by \$1.7 million by using prior year fund balance as the source of funds. There is no difference between the fund based and budgetary based change in fund balance for the year.

Other Postemployment Benefits

As of June 30, 2014, the Collaborative has recognized a liability for other postemployment liabilities based on its Annual Required Contribution (ARC) totaling \$13.6 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 \$20.8 million as of June 30, 2014 which includes over \$16 million in assets of the Lower Pioneer Valley Educational Corporation blended component unit. The Collaborative acquired approximately \$187,000 in capital assets in year 2014. This consisted primarily of equipment acquired in the general fund.

The Collaborative reported \$11.8 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 year 2014 and retired approximately \$703,000 in outstanding debt.

The Collaborative has purchased machinery and equipment and vehicles through capital leases with remaining outstanding balances totaling approximately \$1.2 million as of June 30, 2014.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 1,864,261	\$ -	\$ 1,864,261
Investments.....	5,730,082	-	5,730,082
Receivables, net of allowance for uncollectibles:			
Grants receivable.....	285,858	-	285,858
Departmental and other.....	161	-	161
Intergovernmental.....	389,340	100,559	489,899
Internal balances.....	2,137,371	(2,137,371)	-
Inventory.....	-	56,109	56,109
Other assets.....	2,589	-	2,589
NONCURRENT:			
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	2,100,088	-	2,100,088
Depreciable.....	14,151,258	4,510,440	18,661,698
TOTAL ASSETS.....	26,661,008	2,529,737	29,190,745
LIABILITIES			
CURRENT:			
Warrants payable.....	219,043	77,483	296,526
Advances and credits.....	1,474,146	-	1,474,146
Accrued interest.....	10,181	-	10,181
Accrued payroll.....	608,281	8,949	617,230
Payroll withholdings.....	105,156	-	105,156
Other liabilities.....	1,236	16,076	17,312
Capital lease obligations.....	-	829,114	829,114
Compensated absences.....	61,212	33,581	94,793
Bonds payable.....	707,397	-	707,397
NONCURRENT:			
Capital lease obligations.....	-	417,345	417,345
Compensated absences.....	87,393	20,031	107,424
Other postemployment benefits.....	6,097,461	7,476,075	13,573,536
Bonds payable.....	11,141,471	-	11,141,471
TOTAL LIABILITIES.....	20,512,977	8,878,654	29,391,631
NET POSITION			
Net investment in capital assets.....	4,402,478	3,263,981	7,666,459
Unrestricted.....	1,745,553	(9,612,898)	(7,867,345)
TOTAL NET POSITION.....	\$ 6,148,031	\$ (6,348,917)	\$ (200,886)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
<i>Governmental Activities:</i>				
Administration.....	\$ 960,520	\$ 2,893	\$ 149,425	\$ (808,202)
Special education.....	4,495,610	229,049	229,525	(4,037,036)
Occupational education.....	4,839,278	786,080	647,738	(3,405,460)
Supplemental services.....	2,201,398	644,772	621,412	(935,214)
Professional development.....	3,596	-	3,415	(181)
Unallocated depreciation.....	652,293	-	-	(652,293)
Interest expense.....	320,095	-	-	(320,095)
Total Governmental Activities.....	<u>13,472,790</u>	<u>1,662,794</u>	<u>1,651,515</u>	(10,158,481)
<i>Business-Type Activities:</i>				
Transportation.....	<u>12,433,554</u>	<u>11,515,465</u>	-	(918,089)
Total Business-Type Activities.....	<u>12,433,554</u>	<u>11,515,465</u>	-	(918,089)
Total Primary Government.....	<u>\$ 25,906,344</u>	<u>\$ 13,178,259</u>	<u>\$ 1,651,515</u>	\$ (11,076,570)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (10,158,481)	\$ (918,089)	\$ (11,076,570)
<i>General revenues:</i>			
Member District Assessments.....	9,509,825	-	9,509,825
Unrestricted investment income.....	2,542	-	2,542
Miscellaneous.....	440,851	-	440,851
<i>Transfers, net</i>	<u>(11,241)</u>	<u>11,241</u>	<u>-</u>
Total general revenues.....	<u>9,941,977</u>	<u>11,241</u>	<u>9,953,218</u>
Change in net position.....	(216,504)	(906,848)	(1,123,352)
<i>Net Position:</i>			
Beginning of year.....	<u>6,364,535</u>	<u>(5,442,069)</u>	<u>922,466</u>
End of year.....	\$ <u><u>6,148,031</u></u>	\$ <u><u>(6,348,917)</u></u>	\$ <u><u>(200,886)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents.....	\$ 181,052	\$ 177,660	\$ 358,712
Investments.....	5,730,082	-	5,730,082
Receivables, net of allowance for uncollectibles:			
Grants receivable.....	-	285,858	285,858
Departmental and other.....	-	161	161
Intergovernmental.....	389,340	-	389,340
Due from other funds.....	2,137,371	94,912	2,232,283
Other assets.....	2,589	-	2,589
TOTAL ASSETS.....	\$ 8,440,434	\$ 558,591	\$ 8,999,025
LIABILITIES			
Accounts payable.....	\$ 209,335	\$ 4,636	\$ 213,971
Other accrued expenses.....	602,072	6,209	608,281
Payroll withholdings.....	105,156	-	105,156
Other liabilities.....	1,231	5	1,236
Due to other funds.....	-	94,912	94,912
Advances and credits.....	1,474,146	-	1,474,146
TOTAL LIABILITIES.....	2,391,940	105,762	2,497,702
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues.....	-	208,834	208,834
FUND BALANCES			
Restricted.....	-	265,562	265,562
Assigned.....	2,209,417	-	2,209,417
Unassigned.....	3,839,077	(21,567)	3,817,510
TOTAL FUND BALANCES.....	6,048,494	243,995	6,292,489
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 8,440,434	\$ 558,591	\$ 8,999,025

See notes to basic financial statements.

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

JUNE 30, 2014

Total governmental fund balances.....		\$ 6,292,489
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		16,251,346
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		208,834
Net effect of blending the component unit.....		1,490,296
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable.....	(11,848,868)	
Other postemployment benefits.....	(6,097,461)	
Compensated absences.....	<u>(148,605)</u>	
Net effect of reporting long-term liabilities.....		<u>(18,094,934)</u>
Net position of governmental activities.....		<u>\$ 6,148,031</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Member district assessments.....	\$ 9,509,825	\$ 2,893	\$ 9,512,718
Nonmember assessments.....	1,543,713	-	1,543,713
Intergovernmental.....	600,454	889,099	1,489,553
Investment income.....	2,034	-	2,034
Departmental and other.....	29,504	116,188	145,692
TOTAL REVENUES.....	11,685,530	1,008,180	12,693,710
EXPENDITURES:			
Current:			
Administration.....	891,418	-	891,418
Special education.....	4,177,148	25,010	4,202,158
Occupational education.....	4,649,716	649,621	5,299,337
Supplemental services.....	1,842,590	396,714	2,239,304
Professional development.....	3,490	1,763	5,253
TOTAL EXPENDITURES.....	11,564,362	1,073,108	12,637,470
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	121,168	(64,928)	56,240
OTHER FINANCING SOURCES (USES):			
Transfers in.....	-	97,651	97,651
Transfers out.....	(108,892)	-	(108,892)
TOTAL OTHER FINANCING SOURCES (USES).	(108,892)	97,651	(11,241)
NET CHANGE IN FUND BALANCES.....	12,276	32,723	44,999
FUND BALANCES AT BEGINNING OF YEAR.....	6,036,218	211,272	6,247,490
FUND BALANCES AT END OF YEAR.....	\$ 6,048,494	\$ 243,995	\$ 6,292,489

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds..... \$ 44,999

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	186,631
Depreciation expense.....	<u>(652,293)</u>

Net effect of reporting capital assets..... (465,662)

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

161,962

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Debt principal payments.....	702,604
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences and other accrued liabilities.....	75,169
Net change in other postemployment benefits accrual.....	<u>(940,083)</u>

Net effect of recording long-term liabilities..... (864,914)

Net effect of blending component unit.....	<u>204,507</u>
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Change in net position of governmental activities.....	<u>\$ (216,504)</u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Transportation</u>
ASSETS	
CURRENT:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	\$ 100,559
Inventory.....	<u>56,109</u>
Total current assets.....	<u>156,668</u>
NONCURRENT:	
Capital assets:	
Depreciable.....	<u>4,510,440</u>
TOTAL ASSETS.....	<u>4,667,108</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	77,483
Accrued liabilities.....	16,076
Accrued payroll.....	8,949
Due to other funds.....	2,137,371
Capital lease obligations.....	829,114
Compensated absences.....	<u>33,581</u>
Total current liabilities.....	<u>3,102,574</u>
NONCURRENT:	
Capital lease obligations.....	417,345
Compensated absences.....	20,031
Other postemployment benefits.....	<u>7,476,075</u>
Total noncurrent liabilities.....	<u>7,913,451</u>
TOTAL LIABILITIES.....	<u>11,016,025</u>
NET POSITION	
Net investment in capital assets.....	3,263,981
Unrestricted.....	<u>(9,612,898)</u>
TOTAL NET POSITION.....	<u>\$ (6,348,917)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	Transportation	Cooperative Purchasing	Total
<u>OPERATING REVENUES:</u>			
School year transportation	\$ 9,752,028	\$ -	\$ 9,752,028
Vocational transportation	217,487	-	217,487
Bus monitors	892,055	-	892,055
Field trip transportation.....	251,707	-	251,707
Summer school transportation.....	402,188	-	402,188
TOTAL OPERATING REVENUES	11,515,465	-	11,515,465
<u>OPERATING EXPENSES:</u>			
Wages and fringe benefits	8,893,747	-	8,893,747
Fuel.....	1,162,098	-	1,162,098
Repairs and maintenance.....	395,464	-	395,464
Overhead and operating expenses.....	779,667	-	779,667
Insurance.....	307,628	-	307,628
Depreciation.....	856,818	-	856,818
TOTAL OPERATING EXPENSES	12,395,422	-	12,395,422
OPERATING INCOME (LOSS).....	(879,957)	-	(879,957)
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest expense.....	(38,132)	-	(38,132)
<u>TRANSFERS:</u>			
Transfers in.....	-	11,241	11,241
CHANGE IN NET POSITION.....	(918,089)	11,241	(906,848)
NET POSITION AT BEGINNING OF YEAR.....	(5,430,828)	(11,241)	(5,442,069)
NET POSITION AT END OF YEAR.....	\$ (6,348,917)	\$ -	\$ (6,348,917)

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	Transportation	Cooperative Purchasing	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 11,598,407	\$ -	\$ 11,598,407
Payments to vendors.....	(2,605,594)	-	(2,605,594)
Payments to employees.....	(7,852,744)	-	(7,852,744)
NET CASH FROM (USED FOR) OPERATING ACTIVITIES.....	1,140,069	-	1,140,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	-	11,241	11,241
Advances from other funds.....	110,383	-	110,383
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	110,383	11,241	121,624
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments on capital lease obligations.....	(1,212,320)	-	(1,212,320)
Interest expense.....	(38,132)	-	(38,132)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,250,452)	-	(1,250,452)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	-	11,241	11,241
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	-	(11,241)	(11,241)
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (879,957)	\$ -	\$ (879,957)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	856,818	-	856,818
Changes in assets and liabilities:			
Departmental and other.....	-	-	-
Intergovernmental.....	84,520	-	84,520
Inventory.....	(1,578)	-	(1,578)
Prepaid items.....	-	-	-
Warrants payable.....	59,202	-	59,202
Other liabilities.....	(1,125)	-	(1,125)
Accrued liabilities.....	(18,814)	-	(18,814)
Accrued payroll.....	(16,046)	-	(16,046)
Accrued compensated absences.....	8,650	-	8,650
Other postemployment benefits obligation.....	1,048,399	-	1,048,399
Total adjustments.....	2,020,026	-	2,020,026
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,140,069	\$ -	\$ 1,140,069

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

		Agency Fund
ASSETS		
Cash and cash equivalents.....	\$	42,949
Receivables, net of allowance for uncollectibles:		
Other.....		15
TOTAL ASSETS		42,964
LIABILITIES		
Liabilities due depositors.....	\$	42,964

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Collaborative's programs and services are primarily intended for its members; however, nonmembers may also participate on 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Assessments are recognized as revenues in the year for which they are assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

The effect of 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.

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

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

The following major governmental fund is reported:

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

The *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* was used to account for the cooperative purchasing program with the member districts however no activity has been recorded in several years and closed out during the year.

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

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 for governmental activities are recorded as expenditures at the time of purchase and are not material. Inventories of supplies in the business-type activities are valued at cost.

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 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.

Governmental Fund Financial Statements

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

I. Unavailable Revenue

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

J. Interfund Receivables and Payables

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

M. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Investment Income

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

O. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

R. Individual Fund Deficits

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 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 year-end, the carrying amount of deposits totaled \$401,661 and the bank balance totaled \$443,864. Of the bank balance, \$250,000 was covered by Federal Depository Insurance, and \$193,864 was fully collateralized.

The Corporation maintains its cash deposits in one checking account. At June 30, 2014, the Corporation's carrying balance for deposits and bank balance both totaled \$586, all of which was covered by Federal Depositors Insurance.

Investments

As of June 30, 2014, the Collaborative had an investment of with a fair market value of \$5,730,082 in an overnight Repurchase Agreement (REPO). Under the terms of the REPO, the bank collects funds in excess of an agreed upon amount and invests the monies in a REPO. Investments are fully collateralized by U.S. Government securities.

NOTE 3 – RECEIVABLES

At June 30, 2014, 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.....	\$ 285,858	\$ -	\$ 285,858
Departmental and other.....	161	-	161
Intergovernmental.....	<u>389,340</u>	<u>-</u>	<u>389,340</u>
Total.....	<u>\$ 675,359</u>	<u>\$ -</u>	<u>\$ 675,359</u>

At June 30, 2014, receivables for the enterprise funds consist of the following:

	<u>Gross Amount</u>	<u>for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Intergovernmental.....	<u>\$ 100,559</u>	<u>\$ -</u>	<u>\$ 100,559</u>

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

	<u>Governmental Funds</u>
<u>Receivable type:</u>	
Intergovernmental.....	\$ <u>208,834</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the Collaborative for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Collaborative:</i>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 2,097,209	\$ 9,260	\$ -	\$ 2,106,469
Vehicles.....	52,330	-	-	52,330
Total capital assets being depreciated.....	<u>2,149,539</u>	<u>9,260</u>	<u>-</u>	<u>2,158,799</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,767,343)	(85,060)	-	(1,852,403)
Vehicles.....	(7,850)	(5,233)	-	(13,083)
Total accumulated depreciation.....	<u>(1,775,193)</u>	<u>(90,293)</u>	<u>-</u>	<u>(1,865,486)</u>
Total Collaborative governmental activities capital assets, net....	<u>374,346</u>	<u>(81,033)</u>	<u>-</u>	<u>293,313</u>
<i>Corporation blended component unit:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	<u>2,100,088</u>	<u>-</u>	<u>-</u>	<u>2,100,088</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	<u>18,997,860</u>	<u>177,371</u>	<u>-</u>	<u>19,175,231</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	<u>(4,755,286)</u>	<u>(562,000)</u>	<u>-</u>	<u>(5,317,286)</u>
Total Corporation capital assets being depreciated, net.....	<u>14,242,574</u>	<u>(384,629)</u>	<u>-</u>	<u>13,857,945</u>
Total Corporation capital assets, net.....	<u>16,342,662</u>	<u>(384,629)</u>	<u>-</u>	<u>15,958,033</u>
Total Governmental Activities capital assets, net.....	<u>\$ 16,717,008</u>	<u>\$ (465,662)</u>	<u>\$ -</u>	<u>\$ 16,251,346</u>

Business-Type Activities:	Beginning Balance	Additions	Disposals	Ending Balance
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 165,358	\$ -	\$ -	\$ 165,358
Vehicles.....	11,274,420	-	(41,676)	11,232,744
Total capital assets being depreciated.....	<u>11,439,778</u>	<u>-</u>	<u>(41,676)</u>	<u>11,398,102</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(156,761)	(4,660)	-	(161,421)
Vehicles.....	(5,915,759)	(852,158)	41,676	(6,726,241)
Total accumulated depreciation.....	<u>(6,072,520)</u>	<u>(856,818)</u>	<u>41,676</u>	<u>(6,887,662)</u>
Total Business-Type Activities capital assets, net.....	<u>\$ 5,367,258</u>	<u>\$ (856,818)</u>	<u>\$ -</u>	<u>\$ 4,510,440</u>

Depreciation expense for governmental activities totaled \$652,293 and was unallocated.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds

Interfund receivables and payables between funds at June 30, 2014, are summarized as follows:

<u>Receivable:</u>	<u>Payable:</u>		
	Nonmajor Governmental Funds	Transportation Enterprise Fund	Total
General Fund.....	\$ -	\$ 2,137,371	\$ 2,137,371 (1)
Nonmajor Governmental Funds.....	94,912	-	94,912 (2)
Total.....	<u>\$ 94,912</u>	<u>\$ 2,137,371</u>	<u>\$ 2,232,283</u>

- (1) The general fund advanced funds to the transportation fund for the purchase of vehicles and the balance is expected to be paid over the next several years.
- (2) This is a temporary advance between funds for cash flow.

Interfund transfers

Interfund transfers for the year ended June 30, 2014, are summarized as follows:

<u>Transfer Out:</u>	<u>Transfer In:</u>		
	Nonmajor Governmental Funds	Cooperative Purchasing Enterprise Fund	Total
General Fund.....	\$ 97,651	\$ 11,241	\$ 108,892 (1)

- (1) The \$97,651 is a transfer to the Early Education and Care Fund. The \$11,241 is a transfer to close out deficit in the Cooperative Purchasing Enterprise Fund.

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 eliminated 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.

Years Ending June 30	Governmental Activities Prior to Blending	Net effect of Blending Corporation	Governmental Activities as Reported
2015.....	\$ 68,903	\$ (68,903)	\$ -
2016.....	68,903	(68,903)	-
Total minimum lease payments.....	137,806	(137,806)	-
Less: amounts representing interest.....	(12,009)	12,009	-
Present value of minimum lease payments.....	\$ <u>125,797</u>	\$ <u>(125,797)</u>	\$ <u>-</u>

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 \$4,542,380.

The future minimum lease obligations and the present value of these minimum lease payments for the business-type activities, as of June 30, 2014 are listed below:

Years Ending June 30	Business-Type Activities
2015.....	\$ 855,095
2016.....	<u>425,608</u>
Total minimum lease payments.....	1,280,703
Less: amounts representing interest.....	<u>(34,244)</u>
Present value of minimum lease payments.....	\$ <u>1,246,459</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 on short-term borrowings are accounted for in the general fund.

The Collaborative had no short-term financing for year 2014.

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 year 2014.

The Corporation had the following long-term financing activity during year 2014:

- 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 \$11,212,828 at June 30, 2014.
- Effective June 2006, the bond agreement through the Massachusetts Development Finance Agency was amended by 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 \$69,730 at June 30, 2014.
- 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 \$100,000 at June 30, 2014.
- 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 \$466,310 at June 30, 2014.

Project	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Massachusetts Development Bond.....	variable	\$ 11,813,179	\$ -	\$ 600,351	\$ 11,212,828
Amendment to Massachusetts Development Bond.....	variable	104,566	-	34,836	69,730
Equipment Note.....	6.30%	150,000	-	50,000	100,000
Agawam Garage Note.....	4.09%	483,727	-	17,417	466,310
Total bonds payable.....		<u>\$ 12,551,472</u>	<u>\$ -</u>	<u>\$ 702,604</u>	<u>\$ 11,848,868</u>

Year	Principal	Interest (A)	Total
2015.....	\$ 707,397	\$ 305,360	\$ 1,012,757
2016.....	708,201	286,347	994,548
2017.....	672,980	267,303	940,283
2018.....	678,234	250,155	928,389
2019.....	679,078	232,861	911,939
2020.....	734,956	215,533	950,489
2021.....	740,872	178,843	919,715
2022.....	741,825	159,940	901,765
2023.....	803,923	139,469	943,392
2024.....	810,512	118,819	929,331
2025.....	811,590	98,124	909,714
2026.....	889,129	75,475	964,604
2027.....	897,246	52,605	949,851
2028.....	898,464	29,686	928,150
2029.....	899,732	6,718	906,450
2030.....	104,473	3,610	108,083
2031.....	34,411	2,233	36,644
2032.....	35,845	799	36,644
Total.....	<u>\$ 11,848,868</u>	<u>\$ 2,423,880</u>	<u>\$ 14,272,748</u>

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

Changes in Long-term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Balance June 30, 2013	Additions	Retirements and Other	Balance June 30, 2014	Current Portion
<u>Governmental Activities</u>					
Bonds Payable.....	\$ 12,551,472	\$ -	\$ (702,604)	\$ 11,848,868	\$ 707,397
Compensated Absences.....	223,774	5,449	(80,618)	148,605	61,212
Other Postemployment Benefits....	5,157,378	940,083	-	6,097,461	-
Total.....	<u>\$ 17,932,624</u>	<u>\$ 945,532</u>	<u>\$ (783,222)</u>	<u>\$ 18,094,934</u>	<u>\$ 768,609</u>
<u>Business-Type Activities</u>					
Compensated Absences.....	\$ 44,962	\$ 19,650	\$ (31,031)	\$ 53,612	\$ 33,581
Capital Lease Obligations.....	2,458,779	-	(1,212,320)	1,246,459	829,114
Other Postemployment Benefits....	6,427,676	1,048,399	-	7,476,075	-
Total.....	<u>\$ 8,931,417</u>	<u>\$ 1,068,049</u>	<u>\$ (1,243,351)</u>	<u>\$ 8,776,146</u>	<u>\$ 862,695</u>

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

As of June 30, 2014, the governmental fund balances consisted of the following:

	<u>GOVERNMENTAL FUNDS</u>		
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES			
Restricted for:			
Other special revenues.....\$	-	\$ 265,562	\$ 265,562
Assigned to:			
Subsequent year expenditures.....	344,438	-	344,438
Capital projects.....	1,614,979	-	1,614,979
Other postemployment obligations.....	250,000	-	250,000
Unassigned.....	<u>3,839,077</u>	<u>(21,567)</u>	<u>3,817,510</u>
TOTAL FUND BALANCES..... \$	<u>6,048,494</u>	<u>\$ 243,995</u>	<u>\$ 6,292,489</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, 2014 are shown below:

Member Districts	Beginning Balance	Increase (Decrease)	Ending Balance
Town of East Longmeadow.....	\$ 44,963	\$ 83,102	\$ 128,065
Hampden-Wilbraham Regional School District.....	124,982	126,994	251,976
Town of Ludlow.....	82,481	51,719	134,200
Town of Agawam.....	92,192	165,830	258,022
Town of Longmeadow.....	155,489	74,160	229,649
Town of West Springfield.....	187,289	108,699	295,988
Southwick-Tolland-Granville Regional School District.....	100,867	75,379	176,246
Total.....	\$ 788,263	\$ 685,883	\$ 1,474,146

NOTE 11 – RISK FINANCING

Scantic Valley Regional Health Trust

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

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

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

The Trust reported an accumulated surplus of \$6,259,488 as of June 30, 2013, (its most recently issued report).

Commercial Liability Insurance

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

NOTE 12 – PENSION PLAN

Plan Descriptions – The Collaborative contributes to the State Employees Contributory Retirement System, a cost sharing multiple employer contributory defined benefit plan administered by a five member Board of 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. Substantially all non-teaching employees are members of the System. The State Contributory Retirement System issues a separate report which can be obtained by contacting them at One Winter Street, Boston, MA 02108. Teaching staff

participate in the Massachusetts Teachers' Retirement System, a contributory defined benefit plan administered by a seven member Board of Retirement. The Collaborative does not contribute to the teacher's retirement plan; however, the State contributed \$600,454 into the teachers plan for the benefit of the Collaborative's teachers. The Collaborative reports these "on-behalf" contributions as both revenues and expenditures in the general 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, 2014, 2013 and 2012 for the Collaborative's share of pension costs were \$422,386, \$410,772, and \$554,498, 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 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 year 2014, the Collaborative contributed approximately \$139,000 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).....	\$ 2,196,466
Interest on net OPEB obligation.....	463,402
Adjustment to ARC.....	<u>(532,460)</u>
Annual OPEB cost (expense).....	2,127,408
Contributions made.....	<u>(138,926)</u>
Increase in net OPEB obligation.....	1,988,482
Net OPEB obligation - beginning of year.....	<u>11,585,054</u>
Net OPEB obligation - end of year.....	<u>\$ 13,573,536</u>

The Collaborative's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year 2014 was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 2,127,408	6.5%	\$ 13,573,536
6/30/2013	2,615,242	6.2%	11,585,054
6/30/2012	2,936,603	7.2%	9,131,215

Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits totaled \$16,224,660, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) totaled \$9,699,867, and the ratio of the UAAL to the covered payroll was 167.3 percent. Plan membership includes 41 retirees and 234 active employees.

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

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

In the July 1, 2013, actuarial valuation, actuarial liabilities were determined using the entry age normal method. The actuarial assumptions included a 4% 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 8% initially, graded to 5% in 2019. The UAAL is being amortized over a 30 year closed period, as a level percentage of payroll. The remaining amortization period at June 30, 2014 is 26 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, 2014 cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

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 2014 totaled approximately \$1,171,000.

During 2014, the Collaborative also remitted reimbursements and lease finance payments to the Corporation totaling \$68,902. The Collaborative also contributed for expenditures related to the Vocational Tech painting project, Early Childhood Care, Agawam garage expenditures, and other expenditures for \$115,687, \$98,500, \$84,976, and \$7,738, 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:

Years Ending June 30	Governmental Activities	Business-Type Activities	Total
2015.....	\$ 915,000	\$ 215,000	\$ 1,130,000
2016.....	915,000	215,000	1,130,000
2017.....	<u>915,000</u>	<u>215,000</u>	<u>1,130,000</u>
Total lease payments.....	<u>\$ 2,745,000</u>	<u>\$ 645,000</u>	<u>\$ 3,390,000</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 2014, the following GASB pronouncements were implemented:

- GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. Financial statement changes include the presentation of deferred outflows and inflows in the Statement of Net Position and Balance Sheet. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in 2015.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in 2015.
- The GASB issued Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is required to be implemented simultaneously with GASB Statement #68 in 2015.

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

YEAR ENDED JUNE 30, 2014

	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..... \$	-	\$ 693,378	\$ 693,378	\$ 532,920	\$ (160,458)
Interest and other miscellaneous.....	-	-	-	31,538	31,538
Administration Coordination.....	1,072,032	-	1,072,032	1,295,169	223,137
Fringe Benefits.....	-	-	-	-	-
Administration Costs Applied to Other Programs.....	-	-	-	-	-
Total Administration, Net.....	1,072,032	693,378	1,765,410	1,859,627	94,217
Special Education:					
Grouped Programs:					
Blended Tuitions.....	2,129,311	375,000	2,504,311	2,628,190	123,879
Alternative High School.....	-	-	-	-	-
Elementary Secondary.....	48,295	-	48,295	-	(48,295)
Career Skills.....	-	-	-	-	-
Elementary Development.....	-	-	-	-	-
Prevocational Preparation.....	-	-	-	-	-
Secondary Development.....	-	-	-	-	-
Secondary Skills Program.....	-	-	-	-	-
Summer School - Career Preparation.....	-	-	-	-	-
Twain Alternative High School.....	-	-	-	-	-
Vocational Preparation.....	-	-	-	-	-
Total Grouped Programs.....	2,177,606	375,000	2,552,606	2,628,190	75,584
Individual Programs:					
Asperger.....	326,889	-	326,889	326,888	(1)
Autism.....	182,150	-	182,150	182,152	2
Integrated Occupational Preparation.....	458,478	-	458,478	527,321	68,843
Transitional Alternative.....	151,300	-	151,300	116,450	(34,850)
Brush Hill Academy.....	599,835	-	599,835	387,724	(212,111)
Total Individual Programs.....	1,718,652	-	1,718,652	1,540,535	(178,117)
Shared Services:					
Coordination.....	-	-	-	64	64
Costs Applied to Other Programs.....	-	-	-	-	-
Coordination, Net.....	-	-	-	64	64
Nurses.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Nurses, Net.....	-	-	-	-	-
Adaptive Physical Education.....	-	-	-	-	-
Costs Applied to Other Programs.....	-	-	-	-	-
Adaptive Physical Education, Net.....	-	-	-	-	-
Total Shared Services.....	-	-	-	64	64
Total Special Education.....	3,896,258	375,000	4,271,258	4,168,789	(102,469)

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
\$ -	\$ 693,378	\$ 693,378	\$ 285,211	\$ 408,167	\$ 247,709
-	-	-	-	-	31,538
1,229,527	-	1,229,527	1,245,021	(15,494)	50,148
3,477,310	-	3,477,310	2,997,395	479,915	(2,997,395)
(3,634,805)	-	(3,634,805)	(3,636,209)	1,404	3,636,209
<u>1,072,032</u>	<u>693,378</u>	<u>1,765,410</u>	<u>891,418</u>	<u>873,992</u>	<u>968,209</u>
-	375,000	375,000	375,000	-	2,253,190
154,837	-	154,837	156,986	(2,149)	(156,986)
168,933	-	168,933	119,027	49,906	(119,027)
181,215	-	181,215	180,648	567	(180,648)
144,187	-	144,187	55,292	88,895	(55,292)
290,550	-	290,550	235,636	54,914	(235,636)
165,683	-	165,683	161,765	3,918	(161,765)
151,569	-	151,569	141,895	9,674	(141,895)
227,260	-	227,260	221,050	6,210	(221,050)
426,438	-	426,438	418,072	8,366	(418,072)
266,934	-	266,934	250,353	16,581	(250,353)
<u>2,177,606</u>	<u>375,000</u>	<u>2,552,606</u>	<u>2,315,724</u>	<u>236,882</u>	<u>312,466</u>
326,889	-	326,889	312,387	14,502	14,501
182,150	-	182,150	166,396	15,754	15,756
458,478	-	458,478	448,513	9,965	78,808
151,300	-	151,300	116,973	34,327	(523)
599,835	-	599,835	587,999	11,836	(200,275)
<u>1,718,652</u>	<u>-</u>	<u>1,718,652</u>	<u>1,632,268</u>	<u>86,384</u>	<u>(91,733)</u>
728,984	-	728,984	694,155	34,829	(694,091)
(728,984)	-	(728,984)	(728,983)	(1)	728,983
-	-	-	(34,828)	34,828	34,892
104,202	-	104,202	97,892	6,310	(97,892)
(104,202)	-	(104,202)	(104,202)	-	104,202
-	-	-	(6,310)	6,310	6,310
197,731	-	197,731	192,443	5,288	(192,443)
(197,731)	-	(197,731)	(197,730)	(1)	197,730
-	-	-	(5,287)	5,287	5,287
-	-	-	(46,425)	46,425	46,489
<u>3,896,258</u>	<u>375,000</u>	<u>4,271,258</u>	<u>3,901,567</u>	<u>369,691</u>	<u>267,222</u>

(continued)

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

YEAR ENDED JUNE 30, 2014

	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.....	4,181,444	375,000	4,556,444	4,763,754	207,310
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.....	-	5,015	5,015	5,015	-
Cosmetology.....	-	-	-	-	-
Cooperative Education.....	-	-	-	-	-
	-	-	-	-	-
Total Occupational Education.....	4,181,444	380,015	4,561,459	4,768,769	207,310
Supplemental Services:					
Individual Aides.....	296,840	-	296,840	350,769	53,929
Massachusetts Association of School Business Officials (MASBO).....	6,000	-	6,000	5,550	(450)
Medicaid.....	427,883	-	427,883	421,203	(6,680)
Summer Developmental.....	99,169	-	99,169	98,000	(1,169)
Maintenance.....	-	9,900	9,900	9,900	-
Maintenance Applied to Other Programs.....	-	-	-	-	-
Technical Support.....	-	-	-	-	-
Technical Support Applied to Other Programs.....	-	-	-	-	-
Contracted Therapy Services.....	362,007	-	362,007	296,553	(65,454)
Supplemental Services.....	40,000	-	40,000	88,256	48,256
SBC.....	244,838	-	244,838	257,154	12,316
Energy Management.....	94,044	-	94,044	100,053	6,009
Innovative Research in Education.....	297,773	171,872	469,645	285,118	(184,527)
	-	-	-	-	-
Total Supplemental Services.....	1,868,554	181,772	2,050,326	1,912,556	(137,770)
Professional Development:					
General Operations.....	-	-	-	5,500	5,500
Professional Development Applied to Other Programs...	-	-	-	-	-
	-	-	-	-	-
Total Professional Development, Net.....	-	-	-	5,500	5,500
Other Financing Sources and Uses:					
Transfers out.....	-	108,892	108,892	-	(108,892)
Use of available fund balance as a revenue source.....	-	-	-	(1,630,165)	(1,630,165)
	-	-	-	-	-
Total Other Financing Sources and Uses.....	-	108,892	108,892	(1,630,165)	(1,739,057)
NET CHANGE IN FUND BALANCE.....	\$ 11,018,288	\$ 1,739,057	\$ 12,757,345	\$ 11,085,076	\$ (1,672,269)
BUDGETARY FUND BALANCE, Beginning of year.....					
BUDGETARY FUND BALANCE, End of year.....					

See notes to required supplementary information.

Expenditures and Other Financing Uses					
Budgeted Amounts					
Original Budget	Budget Adjustments	Final Budget	Actual Budgetary Amounts	Variance to Final Budget	Actual Net Changes in Fund Balance
-	375,000	375,000	375,000	-	4,388,754
1,870,400	-	1,870,400	1,835,551	34,849	(1,835,551)
56,224	-	56,224	53,086	3,138	(53,086)
291,750	-	291,750	281,366	10,384	(281,366)
200,938	-	200,938	194,270	6,668	(194,270)
166,073	-	166,073	163,847	2,226	(163,847)
164,915	-	164,915	162,263	2,652	(162,263)
79,273	-	79,273	70,412	8,861	(70,412)
112,998	-	112,998	111,819	1,179	(111,819)
246,567	-	246,567	241,430	5,137	(241,430)
167,761	-	167,761	160,795	6,966	(160,795)
165,082	-	165,082	133,189	31,893	(133,189)
108,646	-	108,646	106,555	2,091	(106,555)
29,664	-	29,664	29,167	497	(29,167)
168,757	5,015	173,772	169,962	3,810	(164,947)
220,047	-	220,047	212,579	7,468	(212,579)
79,599	-	79,599	78,225	1,374	(78,225)
52,750	-	52,750	47,506	5,244	(47,506)
<u>4,181,444</u>	<u>380,015</u>	<u>4,561,459</u>	<u>4,427,022</u>	<u>134,437</u>	<u>341,747</u>
296,840	-	296,840	356,185	(59,345)	(5,416)
6,000	-	6,000	5,346	654	204
427,883	-	427,883	414,335	13,548	6,868
99,169	-	99,169	63,226	35,943	34,774
164,225	9,900	174,125	151,982	22,143	(142,082)
(164,225)	-	(164,225)	(164,225)	-	164,225
174,011	-	174,011	120,154	53,857	(120,154)
(174,011)	-	(174,011)	(174,011)	-	174,011
362,007	-	362,007	286,315	75,692	10,238
40,000	-	40,000	88,256	(48,256)	-
244,838	-	244,838	250,315	(5,477)	6,839
94,044	-	94,044	91,295	2,749	8,758
297,773	171,872	469,645	259,199	210,446	25,919
<u>1,868,554</u>	<u>181,772</u>	<u>2,050,326</u>	<u>1,748,372</u>	<u>301,954</u>	<u>164,184</u>
89,726	-	89,726	85,255	4,471	(79,755)
(89,726)	-	(89,726)	(89,726)	-	89,726
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,471)</u>	<u>4,471</u>	<u>9,971</u>
-	108,892	108,892	108,892	-	(108,892)
-	-	-	-	-	(1,630,165)
-	108,892	108,892	108,892	-	(1,739,057)
<u>\$ 11,018,288</u>	<u>\$ 1,739,057</u>	<u>\$ 12,757,345</u>	<u>\$ 11,072,800</u>	<u>\$ 1,684,545</u>	12,276
					<u>6,036,218</u>
					<u>\$ 6,048,494</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)
01/01/14	\$ 21,581,133	\$ 30,679,600	\$ 9,098,467	70.3%	\$ 5,344,510	170.2%
01/01/13	20,317,389	29,385,442	9,068,053	69.1%	5,183,195	175.0%
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, 2013, 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
2014	\$ 422,386	100%
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)
7/1/2013	\$ -	\$ 16,224,660	\$ 16,224,660	0%	\$ 9,699,867	167.3%
7/1/2011	-	23,376,661	23,376,661	0%	8,995,595	259.9%
12/31/2009	-	21,395,988	21,395,988	0%	11,620,462	184.1%
12/31/2007	-	17,871,412	17,871,412	0%	10,720,941	166.7%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2014	\$ 2,196,466	\$ 138,926	6.3%
6/30/2013	2,112,822	161,403	7.6%
6/30/2012	2,866,823	210,908	7.4%

See notes to required supplementary information.

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

Actuarial Methods:

Valuation date.....	July 1, 2013
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.....	26 years, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	4.00%
Medical/drug cost trend rate.....	8.0% decreasing to an ultimate level of 5% in 2019.
Annual payroll increase.....	2.50%

Plan Membership:

Current retirees, beneficiaries, and dependents....	41
Current active members.....	<u>234</u>
Total.....	<u><u>275</u></u>

See notes to required supplementary information.

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

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

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

The Collaborative adopts an annual budget for the General Fund in conformity with the guidelines described above. The original year 2014 approved budget for the General Fund authorized approximately \$11,018,600 in appropriations. Additions to the budget of \$1.7 million made by the Board were funded by the use of prior year fund balance.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, a budgetary basis of accounting is followed, which differs from the GAAP basis of accounting. For the year ended June 30, 2014, 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 system wide 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, 2014
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 10% 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, 2014
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.....	88,156
Terminated participants with a vested right to a deferred or immediate benefit.....	4,216
Retired participants and beneficiaries receiving benefits.....	<u>56,327</u>
Total.....	<u><u>148,699</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 2014 totaled \$1,171,000.

During 2014, the Collaborative also remitted reimbursements and lease finance payments to the Corporation totaling \$68,902. The Collaborative also contributed for expenditures related to the Vocational Tech painting project, early education and care program, Agawam garage expenditures, and other expenditures for \$115,687, \$98,500, \$84,976, and \$7,738, respectively.

Total payments from the Collaborative to the Corporation during year 2014 are as follows:

Purpose	Amount
Operating Leases.....	\$ 1,171,000
Capital Lease Principal.....	57,363
Capital Lease Interest.....	11,539
Voc Tech Painting Project.....	115,687
Early Education and Care Program....	98,500
Agawam Garage Expenditures.....	84,976
Other.....	7,738
Total.....	<u>\$ 1,546,803</u>

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:

Years Ending June 30	Governmental Activities	Business-Type Activities	Total
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>\$ 2,745,000</u>	<u>\$ 645,000</u>	<u>\$ 3,390,000</u>

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

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

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

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 \$4,542,380.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2014 are listed below:

Years Ending June 30	Business-Type Activities
2015.....	\$ 855,095
2016.....	<u>425,608</u>
Total minimum lease payments.....	1,280,703
Less: amounts representing interest.....	<u>(34,244)</u>
Present value of minimum lease payments.....	<u>\$ 1,246,459</u>

NOTE 3 – MOST HIGHLY COMPENSATED EMPLOYEES

The following table presents the total compensation for the Collaborative's five most highly compensated employees for the year ended June 30, 2014:

Name	Position	Compensation				Total
		Salary	Annuities	Accrued Buyback	Vacation Buyback	
Anne McKenzie	Executive Director.....	\$ 130,889	\$ 2,500	\$ 25,171	\$ 20,348	\$ 178,908
Anna Bishop	Director of Finance.....	100,230	1,500	-	3,855	105,585
Donald Jarvis	Director of Occupational Education.....	95,652	-	-	-	95,652
Kimberly Roberts-Morandi	Data Specialist.....	91,362	-	-	-	91,362
Laurie Oyler	Director of Medical Reimbursement.....	<u>86,771</u>	-	-	-	<u>86,771</u>
Total.....		<u>\$ 504,904</u>	<u>\$ 4,000</u>	<u>\$ 25,171</u>	<u>\$ 24,203</u>	<u>\$ 558,278</u>

NOTE 4 – ADMINISTRATION AND OVERHEAD

For year ended June 30, 2014, the Collaborative expended approximately \$2,434,000 for amounts related to administration and overhead.

NOTE 5 – STUDENT ACTIVITY ACCOUNTS

At June 30, 2014, there are no accounts held by the Collaborative that may be spent at the discretion of another person or entity. The Collaborative does maintain one student activity account from which all expenditures are paid through the Collaborative's warrant process.

NOTE 6 – SERVICES FOR PUPILS AGE 22 AND OLDER

During year 2014, the Collaborative did not provide services for individuals over the age of 22.

Other Supplementary Information

Combining and Individual Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Early Education and Care Program – The Early Education and Care (EEC) program is new to the Collaborative in 2014. Students in this program will experience a combination of classroom instruction and hands on experience with children from ages 6 weeks through 6 years of age. Students will also understand and be familiar with many aspects of child development from infancy through elementary school years. The students who are in the EEC program use the Early Learning Center as their work-related experience to receive licensure as an Early Education and Care provider. The Early Learning Center is a part of the Collaborative, and is licensed by the Massachusetts Department of Early Education and Care.

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

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, 2014

	<i>Special Revenue Funds</i>				
	Brush Hill Bistro	Early Education and Care	Landscaping	Cosmetology	School Lunch
ASSETS					
Cash and cash equivalents.....	\$ 12,874	\$ -	\$ 9,266	\$ 66,590	\$ -
Receivables, net of allowance for uncollectibles:					
Grants receivable.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 12,874	\$ -	\$ 9,266	\$ 66,590	\$ -
LIABILITIES					
Accounts payable.....	\$ -	\$ -	\$ -	\$ 154	\$ -
Other accrued expenses.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	19,819	-	-	1,748
TOTAL LIABILITIES.....	-	19,819	-	154	1,748
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues.....	-	-	-	-	-
FUND BALANCES					
Restricted.....	12,874	-	9,266	66,436	-
Unassigned.....	-	(19,819)	-	-	(1,748)
TOTAL FUND BALANCES.....	12,874	(19,819)	9,266	66,436	(1,748)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 12,874	\$ -	\$ 9,266	\$ 66,590	\$ -

(continued)

Special Revenue Funds					
School Store	Building Rental	Graphic Communication	Grants	Other	Total Nonmajor Governmental Funds
\$ 4,015	\$ 24,782	\$ 4,844	\$ -	\$ 55,289	\$ 177,660
-	-	-	285,858	-	285,858
-	-	-	-	161	161
-	-	-	-	94,912	94,912
<u>\$ 4,015</u>	<u>\$ 24,782</u>	<u>\$ 4,844</u>	<u>\$ 285,858</u>	<u>\$ 150,362</u>	<u>\$ 558,591</u>
-	-	-	3,679	803	4,636
-	-	-	-	6,209	6,209
-	-	-	-	5	5
-	-	-	73,345	-	94,912
-	-	-	77,024	7,017	105,762
-	-	-	208,834	-	208,834
4,015	24,782	4,844	-	143,345	265,562
-	-	-	-	-	(21,567)
4,015	24,782	4,844	-	143,345	243,995
<u>\$ 4,015</u>	<u>\$ 24,782</u>	<u>\$ 4,844</u>	<u>\$ 285,858</u>	<u>\$ 150,362</u>	<u>\$ 558,591</u>

(concluded)

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

YEAR ENDED JUNE 30, 2014

	<i>Special Revenue Funds</i>				
	Brush Hill Bistro	Early Education and Care	Landscaping	Cosmetology	School Lunch
REVENUES:					
Member district assessments.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	-	-	-
Departmental and other.....	13,088	-	-	1,800	3,308
TOTAL REVENUES.....	13,088	-	-	1,800	3,308
EXPENDITURES:					
Current:					
Special education.....	-	-	-	-	-
Occupational education.....	-	-	-	-	-
Supplemental services.....	9,710	117,470	8,936	8,302	2,914
Professional development.....	-	-	-	-	-
TOTAL EXPENDITURES.....	9,710	117,470	8,936	8,302	2,914
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,378	(117,470)	(8,936)	(6,502)	394
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	97,651	-	-	-
NET CHANGE IN FUND BALANCES.....	3,378	(19,819)	(8,936)	(6,502)	394
FUND BALANCES AT BEGINNING OF YEAR.....	9,496	-	18,202	72,938	(2,142)
FUND BALANCES AT END OF YEAR.....	\$ 12,874	\$ (19,819)	\$ 9,266	\$ 66,436	\$ (1,748)

(continued)

Special Revenue Funds					
School Store	Building Rental	Graphic Communication	Grants	Other	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,893	\$ 2,893
-	-	-	889,099	-	889,099
<u>8,212</u>	<u>1,402</u>	<u>2,253</u>	<u>-</u>	<u>86,125</u>	<u>116,188</u>
<u>8,212</u>	<u>1,402</u>	<u>2,253</u>	<u>889,099</u>	<u>89,018</u>	<u>1,008,180</u>
-	-	-	25,010	-	25,010
-	-	-	649,621	-	649,621
8,293	-	2,190	212,705	26,194	396,714
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,763</u>	<u>-</u>	<u>1,763</u>
<u>8,293</u>	<u>-</u>	<u>2,190</u>	<u>889,099</u>	<u>26,194</u>	<u>1,073,108</u>
(81)	1,402	63	-	62,824	(64,928)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,651</u>
(81)	1,402	63	-	62,824	32,723
<u>4,096</u>	<u>23,380</u>	<u>4,781</u>	<u>-</u>	<u>80,521</u>	<u>211,272</u>
<u>\$ 4,015</u>	<u>\$ 24,782</u>	<u>\$ 4,844</u>	<u>\$ -</u>	<u>\$ 143,345</u>	<u>\$ 243,995</u>

(concluded)

Agency Fund

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

FIDUCIARY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2014

	Beginning of Year	Additions	Deletions	End of Year
ASSETS				
Cash and cash equivalents.....	\$ 46,073	\$ 19,288	\$ (22,412)	\$ 42,949
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	-	1,623	(1,608)	15
TOTAL ASSETS.....	<u>46,073</u>	<u>20,911</u>	<u>(24,020)</u>	<u>42,964</u>
LIABILITIES				
Liabilities due depositors.....	\$ <u>46,073</u>	\$ <u>20,911</u>	\$ <u>(24,020)</u>	\$ <u>42,964</u>