REVISED
12/06/2023

Valley Collaborative
Board of Directors Meeting
11 Executive Park Drive, North Billerica, Massachusetts
Thursday, December 07, 2023 ▪ 10:00 a.m.

Action Required

I. Approval of Minutes
   a. Board of Directors Meeting, General Session Minutes: November 16, 2023

II. FY'24 Financial Update
   b. Members Distribution Credit FY'23 Update
   c. Treasurer's Report(s)
   d. PARS Statement(s)

III. Approval of FY'23 Annual Report

No Action Required

IV. Presentation of Proposed FY'25 Budget
(Approval of the FY'25 Budget will occur at the January 11, 2024 Board Meeting)

V. Final FY'23 Audit completed by Fritz DeGuglielmo LLC

VI. Communications

Community and Staff:
   e. Holiday Message from Dr. Chris Scott

Valley COLLABORATIVE

Central Administration

11 Executive Park Drive, N. Billerica, MA 01862 | Tel: (978) 528-7826 | www.valleycollaborative.org

MEMORANDUM

To: Valley Collaborative Board of Directors
From: Dr. Chris A. Scott, Executive Director
Date: December 07, 2023
Re: Approval of Minutes

Attached please find the minutes from the Board of Directors Meeting, General Session Minutes: November 16, 2023.

Required Action:

- Vote to approve the minutes from the Board of Directors Meeting, General Session Minutes: November 16, 2023.

Attachments:

- Board of Directors Meeting General Session Minutes: November 16, 2023

Valley Collaborative Board of Directors
General Session Meeting Minutes
November 16, 2023
10:07 a.m. – 11:12 a.m.
11 Executive Park Drive, North Billerica, MA

Board Members Present: Dr. Jay Lang, Dr. Laura Chesson, Dr. Michael Flanagan, Mr. Brad Morgan, Dr. Denise Pigeon

Board Members Absent: Mr. Steven Stone, Dr. Christopher Chew, Ms. Brenda Theriault-Regan, Dr. Kerry Clery

Collaborative Representatives Present: Dr. Chris Scott, Executive Director; Members of the Collaborative Senior Leadership Team

Also Present: Daniel Schaffner, Fritz & DeGuglielmo, LLC; Thomas Lent, Barrow Weatherhead Lent LLP

Call to Order: Dr. Jay Lang, Chairman, convened the Collaborative Board Meeting at 10:07 a.m.

Dr. Lang and Dr. Chris Scott welcomed all in attendance.

Approval of Minutes

Dr. Jay Lang requested the Board to review the meeting minutes made available for review and asked for a motion relating to the minutes.

On a motion made by Dr. Laura Chesson and seconded by Mr. Brad Morgan, a quorum of voters being present, it was voted:

VOTED: To approve the General Session Meeting Minutes for the Board of Directors dated October 19, 2023.

The vote was 5-0. Yes: Dr. Jay Lang, Dr. Laura Chesson, Dr. Michael Flanagan, Mr. Brad Morgan, Dr. Denise Pigeon

Making a Difference Awards

Dr. Scott, and Collaborative staff, presented the "Making A Difference Awards" to students and staff.

Financial Update

Executive Director's Report

Dr. Scott directed the Board to the financial update memo contained within the Board meeting materials. Dr. Scott acknowledged the staff whose efforts and hard work contributed to the finding free audit being presented at the Board meeting. Dr. Scott reviewed the current status of the cumulative surplus funds from Fiscal Year 2023 and recommended that such funds be returned to the member districts consistent with regulations and Collaborative practices. Dr. Scott provided a forecast into the Fiscal Year 2025 budget, which will be presented fully at the December meeting, wherein she will recommend a 2.25% COLA on staff salaries and adjustments to tuition rates for both member districts and non-member districts.

Fiscal Year 2023 Audit

Dr. Scott introduced Daniel Schaffner from Fritz & DeGuglielmo, LLC, the Collaborative's independent certified auditors. Mr. Schaffner summarized and provided a general presentation of the audited financial statements of the Collaborative for the year ended June 30, 2023. He stated that his firm has provided an unqualified opinion on the financial statements, and indicated that the audit went very well and considered it a "clean audit" with no findings of weakness or noncompliance.

Mr. Schaffner reviewed the financial statements with the Board. He indicated that the Collaborative was within guidelines set forth by Chapter 40, Section 4E and its regulations, as well as compliance with regulations promulgated by the Massachusetts Operational Services Division that relate to the MRC and DDS programs at the Collaborative. He stated that, given the clean audit for fiscal year 2023, no management letter would be issued.

Mr. Schaffner reviewed with the Board the Uniform Financial Statement, which would be filed with the Massachusetts Operational Services Division. Mr. Schaffner reviewed with the Board the Collaborative's cumulative general fund surplus, and reviewed the calculations for the Collaborative's audited expenses. He noted that as of June 30, 2023, the Collaborative's Cumulative General Fund Surplus was $5,560,807.

Fiscal Year 2023 Financial Statements and Auditor's Report

On a motion made by Dr. Michael Flanagan and seconded by Dr. Laura Chesson, a quorum of voters being present, it was voted:

VOTED: That the Board of Directors, having reviewed the Financial Statements and Independent Auditor's Report for Fiscal Year 2023 recognizes the Collaborative's Cumulative General Fund Surplus as of June 30, 2023 as $5,560,807.

The vote was 5-0. Yes: Dr. Jay Lang, Dr. Laura Chesson, Dr. Michael Flanagan, Mr. Brad Morgan, Dr. Denise Pigeon

On a motion made by Dr. Michael Flanagan and seconded by Mr. Brad Morgan, a quorum of voters being present, it was voted:

VOTED: That the Board of Directors approves and accepts the Uniform Financial Statements and Independent Auditor's Report for Fiscal Year 2023 and the Financial Statements for Fiscal Year ending June 30, 2023 as presented, including the representations of management and the expression of opinions made by Fritz DeGuglielmo within the Financial Statements, Schedules and Independent Auditor's Report.

The vote was 5-0. Yes: Dr. Jay Lang, Dr. Laura Chesson, Dr. Michael Flanagan, Mr. Brad Morgan, Dr. Denise Pigeon

On a motion made by Dr. Michael Flanagan and seconded by Mr. Brad Morgan, a quorum of voters being present, it was voted:

VOTED: That the Board of Directors authorizes the Board Chairman and Executive Director to execute necessary signatures and file the UFR and related documentation with the Massachusetts Operational Services Division and to take any other necessary action with respect to the UFR and related documentation on behalf of the Collaborative.

The vote was 5-0. Yes: Dr. Jay Lang, Dr. Laura Chesson, Dr. Michael Flanagan, Mr. Brad Morgan, Dr. Denise Pigeon

Cumulative Surplus Funds

The Board discussed options to fund the OPEB Trust or return surplus funds to member districts.

On a motion made by Dr. Michael Flanagan and seconded by Dr. Denise Pigeon, a quorum of voters being present, it was voted:

VOTED: That the Board of Directors hereby authorizes the distribution of $130,686 in surplus funds to its member districts based on the percentages and methodology established by the Board, specifically an allocation based on the FY2023 tuitions payments to the Collaborative, with such distribution being in the form of either a tuition credit to the member district school committee or cash payment to the member district town, as to be determined by the respective member district.

The vote was 5-0. Yes: Dr. Jay Lang, Dr. Laura Chesson, Dr. Michael Flanagan, Mr. Brad Morgan, Dr. Denise Pigeon

Valley Collaborative Safety Committee Update

Dr. Scott presented the Board with a summary of the safety committee and improvements made at the Collaborative, which were also summarized within a memo contained in the Board materials, including its facilities at the at 11 Executive Drive in North Billerica, the elementary school at 135 Coburn Road in Tyngsborough and the facilities located at Linnell Circle in Billerica. The Board discussed.

Valley Collaborative Program Updates

Dr. Scott introduced separately Heather Mackay, Nicole Noska and Matthew Gentile, each of whom provided the Board with an update regarding their respective schools and/or programs. There was no further discussion.

Communications

Dr. Scott directed the Board to the communications contained within the Board materials and the MOEC Fiscal Year 2023 Annual Report. There was no further discussion.

On a motion made by Dr. Michael Flanagan and seconded by Dr. Denise Pigeon, a quorum of voters being present, it was voted:

VOTED: To adjourn the Board meeting.

The vote was 5-0. Yes: Dr. Jay Lang, Dr. Laura Chesson, Dr. Michael Flanagan, Mr. Brad Morgan, Dr. Denise Pigeon

Dr. Jay Lang adjourned the Collaborative Board Meeting at 11:12 a.m.

LIST OF DOCUMENTS USED, DISTRIBUTED AND REVIEWED AT THIS MEETING:

- School Year 2023-2024 Electronic Board Binder Board Meeting, November 16, 2023

Respectfully Submitted,

_____
Dr. Jay Lang, Chairman
Dated: _____

Valley COLLABORATIVE

Central Administration

11 Executive Park Drive, N. Billerica, MA 01862 | Tel: (978) 528-7826 | www.valleycollaborative.org

MEMORANDUM

To: Valley Collaborative Board of Directors
From: Dr. Chris A. Scott, Executive Director
Date: December 07, 2023
Re: FY'24 Financial Update

COLA Member District Survey

I have enclosed the updated Projected Distribution of Surplus Funds for FY' 23 for Valley's member districts. This table reflects the updated distribution amounts after the vote at the November Board meeting. I have also attached the COLA survey of Valley's member districts, which was used to determine Valley's FY '25 COLA for staff.

Expenses/Revenues Update

K12 revenues are trending at above projected and our state contract revenue is trending above budget due to significant program growth and increased funding to DDS contracts. Historically, the first quarter revenues are the lowest and this year will be no exception. After October 1st, we typically see an increase in enrollment as school districts are more actively seeking placement for students. This year, for the first time since the pandemic, we are fully staffed which gives us the ability to significantly increase our enrollment for this first time in many years. In addition, our DDS and MRC programs are being fully utilized. We have historically high enrollment levels in both the DDS and MRS programs.

As of October 31, 2023, Valley has completed 68 of 210 days (32.4%) for FY' 24 resulting in an operating surplus of $81,184 compared to last year at this time when the operating deficit was $35,810. This is in spite of the fact that Valley's expenses are up over last year at this time. Valley's first quarter always has the highest expenses due to the completion of major facilities and technology projects. In addition, transportation purchases are also initiated in the first quarter. Regardless of the significant increase to Valley's expenses in the first quarter of FY' 24, we continue to project the need for a large distribution of surplus funds in FY' 24. As a point of comparison, in November FY '24, we are billing $30,000 more per day in our DESE programs (combined) compared to November FY' 23. Furthermore, November FY '24 DESE revenue was approximately $11,000 more per day than October FY '24 DESE revenue.

As a further point of comparison, the DDS and MRC combined revenue has increased from $308,652 in October FY '23 to $402,714 in October FY '24 – an increase of $94,062 per month. To reiterate, expenses are also up over last year – we are fully staffed for the first time since the pandemic and payroll is approximately $120,000 more each pay.

25% Cumulative Surplus for FY '24

At this time, it is important for the Board to be informed that the 25% cumulative surplus for FY '24 is projected to be high.

After speaking with Board Chair Dr. Lang regarding the FY' 24 projected 25% cumulative surplus vote, I reached out to Mr. Daniel Schaffner, Valley's independent auditor with Fritz DeGuglielmo LLC, about the Board's current options.

As you are aware, DESE expects Collaboratives to monitor its budget throughout the year and anticipate projected surpluses. Mr. Schaffner suggests that it is sufficient that the 25% cumulative surplus is continuously discussed by the Board throughout the year. As district credits are determined by year-end calculations and they cannot be finalized until the fiscal audit is complete, Mr. Schaffner recommends that the vote to return 25% cumulative surplus as district credit to Valley's member districts continues to occur in the spring.

It should be noted that it is permissible for the Board to vote to transfer projected surplus into the OPEB trust and/or Capital fund at any time throughout the current year, as contributions to Valley's OPEB trust or the Capital fund are considered expenditures in the fiscal year the transfers occur. However, Valley's capital fund is currently fully funded at $1.5 million.

Attached you will find the finalized FY' 23 Independent Financial Audit, Board of Directors Management Letter, Treasurer's Reports and PARS Statement.

Required Action:

- Vote to approve the Treasurer's Reports

Attachments:

- Final/Audited Members Distribution Credit FY' 23
- Balance Sheet as of 10.31.2023
- Income Statement as of 10.31.2023
- August Treasurer's Report
- September Treasurer's Report
- October Treasurer's Report
- October PARS Statement
- COLA Survey – Valley Collaborative's Member Districts

Distribution of Surplus Funds for FY2023 From Enrollment Data

Distribution of Surplus Funds for FY2023 From Spedfi Data					
for the Year Ended June 30, 2023					
				Projected	
				Percentage	Estimated
Member District	**Summer Tuition**	**School Year Tuition**	**Total Fiscal Year Tuition**	**of Total**	**Return**
Billerica Public Schools	105,330	868,494	973,824	11.56%	129,498.02
Chelmsford Public Schools	220,336	1,348,641	1,568,977	18.63%	208,640.72
Dracut Public Schools	145,080	1,075,677	1,220,757	14.49%	162,334.84
Groton-Dunstable Regional School District	32,766	354,237	387,003	4.59%	51,463.21
Nashoba Valley Technical High School	-	15,561	15,561	0.18%	2,069.34
North Middlesex Regional School District	94,935	1,035,047	1,129,982	13.41%	150,263.72
Tewksbury Public Schools	185,565	1,256,419	1,441,984	17.12%	191,753.40
Tyngsborough Public Schools	80,580	690,476	771,056	9.15%	102,534.14
Westford Public Schools	94,080	820,378	914,458	10.86%	121,603.61
Grand Total	**958,672**	**7,464,931**	**8,423,603**	**100.00%**	**1,120,161.00**

Valley Collaborative
Interim Statement of Net Assets
For the Period Ended
October 31, 2023

UNAUDITED

ASSETS

Current Assets		
Cash and Cash Equivalents	$	4,250,685
Restricted Investments - OPEB		6,233,818
Accounts Receivable, Net		4,771,042
Prepaid Expenses and Other Assets		35,938
Cash Held for Member Districts		626,710
Total Current Assets		15,918,193
Non-Current Assets		
Land & Building		4,902,394
Furniture, Equipment, and Leasehold Improvements, Net of Depreciation		2,080,270
Construction in Progress		-
Total Non-Current Assets		6,982,664
TOTAL ASSETS	**$**	**22,900,857**

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Liabilities	$	1,171,294
Other Liabilities		2,516,129
Member District Accounts (Settlement)		626,710
Total Current Liabilities		4,314,133
Total Liabilities		4,314,133
Net Assets		
Operating - Unrestricted		5,853,710
Restricted - Student Activities		29,534
Reserved - OPEB Trust		3,744,622
Reserved - Capital		1,500,000
Invested in Capital Assets, Net of Related Debt		7,458,858
Total Net Assets		18,586,724
TOTAL LIABILITIES AND NET ASSETS	**$**	**22,900,857**
		-

Substantially all disclosures and the Statement of Cash Flows required by GAAP are omitted.
No assurance is provided on these financial statements.

Valley Collaborative

Interim Statement of Revenues, Expenses and Changes in Net Assets
For the Period Ending October 31, 2023
68 of 210 (32.4%) School Days

UNAUDITED

	AMENDED BUDGET	ACTUAL	
REVENUES			
Services	$ 18,420,000	$ 6,294,487	
State Contracts	4,200,000	1,614,128	
Other	650,000	267,500	
Interest	5,000	19,543	
Total Revenues	**23,275,000**	**8,195,658**	35.21%
EXPENSES			
Salaries	15,531,226	5,466,256	
Employee Benefits	2,935,498	868,112	
Operating Expenses	2,364,910	955,200	
Leases & Rentals	593,247	160,976	
Depreciation	751,000	187,750	
Total Expenses	**22,175,881**	**7,638,294**	34.4%
Change in Net Assets - Operating	**$ 1,099,119**	**$ 557,364**	
Non Operating Activities			
Return to Member Districts	-		
Non-Operating Expenses (1)	(905,000)	(476,180)	
Change in Net Assets	**$ 194,119**	**$ 81,184**	

Substantially all disclosures and the Statement of Cash Flows required by GAAP are omitted. No assurance is provided on these financial statements.

Member District	FY 25 COLA Negotiated	FY 25 COLA In Negotiations	Historical	Notes
Billerica	2.75%			
Chelmsford	2.50%			
Dracut	4.00%			"settled with the teachers this past spring for a 24-26 contract. Because Dracut is a beneficiary of SOA funding, we dumped almost all new dollars into salaries to make up for being one of the lowest-paying districts in eastern Massachusetts and worked to close the gap. Teachers received 4,4,4% with a 2% retro for 23."
Groton-Dunstable		5.00%		Negotiations - teachers asking for 5%
Nashoba				Negotiations - no agreed upon COLA for FY 25
North Middlesex			3.00%	Negotiations -Historically below 3%
Tewksbury			2.50%	Negotiations -Historically not over 2.5%
Tyngsborough				Negotiations - no agreed upon COLA for FY 25
Westford	3.00%			we settled with our teachers for FY24-FY26 with a 2.2%, 3%, 4.62%.
Average	**3.06%**	**5.00%**	**2.75%**	

VALLEY COLLABORATIVE
TREASURER'S REPORT
AUGUST 31, 2023

		Beginning Balance	Receipts	Payroll	Accounts Payable	Earnings	Transfers	Ending Balance
ENTERPISE BANK ACCOUNTS								
Operating	**a/c 493426**	$ 3,977,537.12	$ 567,824.04		$ (366,560.72)		$ (1,650,000.00)	$ 2,528,800.44
Payroll	**a/c 795823**	$ 818,969.73		$ (1,829,072.59)			$ 1,650,000.00	$ 639,897.14
Joe's Bistro	**a/c 531401**	$ 7,201.91	$ 702.09					$ 7,904.00
ICS MMDA	**a/c 856490**	$ 4,733.43				$ 1.99		$ 4,735.42
Capital Reserve	**a/c 4063467**	$ 1,500,000.00						$ 1,500,000.00
Independence Project	**a/c 821315**	$ 864.36	$ -	$ -	$ -	$ -	$ -	$ 864.36
TOTAL ENTERPRISE BANK ACCOUNTS		$ 6,309,306.55	$ 568,526.13	$ (1,829,072.59)	$ (366,560.72)	$ 1.99	$ -	$ 4,682,201.36
MMDT	**a/c 0044263747**	$ 1,047,734.56	$ -	$ -	$ -	$ 4,943.50	$ -	$ 1,052,678.06
Total Unrestricted Cash		$ 7,357,041.11	$ 568,526.13	$ (1,829,072.59)	$ (366,560.72)	$ 4,945.49	$ -	$ 5,734,879.42
PARS OPEB Trust		$ 6,742,885.75	$ -	$ -	$ (1,925.85)	$ (127,644.84)	$ -	$ 6,613,315.06
TOTAL CASH		$ 14,099,926.86	$ 568,526.13	$ (1,829,072.59)	$ (368,486.57)	$ (122,699.35)	$ -	$ 12,348,194.48

VALLEY COLLABORATIVE
TREASURER'S REPORT
SEPTEMBER 30, 2023

		Beginning Balance	Receipts	Payroll	Accounts Payable	Earnings	Transfers	Ending Balance
ENTERPISE BANK ACCOUNTS								
Operating	**a/c 493426**	$ 2,528,800.44	$ 1,596,354.56		$ (455,847.65)		$ (1,400,000.00)	$ 2,269,307.35
Payroll	**a/c 795823**	$ 639,897.14		$ (1,306,463.66)			$ 1,400,000.00	$ 733,433.48
Joe's Bistro	**a/c 531401**	$ 7,904.00	$ 1,570.24					$ 9,474.24
ICS MMDA	**a/c 856490**	$ 4,735.42				$ 1.94		$ 4,737.36
Capital Reserve	**a/c 4063467**	$ 1,500,000.00						$ 1,500,000.00
Independence Project	**a/c 821315**	$ 864.36	$ -	$ -	$ -	$ -	$ -	$ 864.36
TOTAL ENTERPRISE BANK ACCOUNTS		$ 4,682,201.36	$ 1,597,924.80	$ (1,306,463.66)	$ (455,847.65)	$ 1.94	$ -	$ 4,517,816.79
MMDT	**a/c 0044263747**	$ 1,052,678.06	$ -	$ -	$ -	$ 4,819.76	$ -	$ 1,057,497.82
Total Unrestricted Cash		$ 5,734,879.42	$ 1,597,924.80	$ (1,306,463.66)	$ (455,847.65)	$ 4,821.70	$ -	$ 5,575,314.61
PARS OPEB Trust		$ 6,613,315.06	$ -	$ -	$ (1,583.07)	$ (234,194.10)	$ -	$ 6,377,537.89
TOTAL CASH		$ 12,348,194.48	$ 1,597,924.80	$ (1,306,463.66)	$ (457,430.72)	$ (229,372.40)	$ -	$ 11,952,852.50

VALLEY COLLABORATIVE
TREASURER'S REPORT
OCTOBER 31, 2023

		Beginning Balance	Receipts	Payroll	Accounts Payable	Earnings	Transfers	Ending Balance
ENTERPISE BANK ACCOUNTS								
Operating	**a/c 493426**	$ 2,269,307.35	$ 1,350,318.49		$ (244,894.20)		$ (1,791,000.00)	$ 1,583,731.64
Payroll	**a/c 795823**	$ 733,433.48		$ (1,971,633.76)			$ 1,800,000.00	$ 561,799.72
Joe's Bistro	**a/c 531401**	$ 9,474.24	$ 2,138.04				$ (9,000.00)	$ 2,612.28
ICS MMDA	**a/c 856490**	$ 4,737.36				$ 2.00		$ 4,739.36
Capital Reserve	**a/c 4063467**	$ 1,500,000.00						$ 1,500,000.00
Independence Project	**a/c 821315**	$ 864.36	$ -	$ -	$ -	$ -	$ -	$ 864.36
TOTAL ENTERPRISE BANK ACCOUNTS		$ 4,517,816.79	$ 1,352,456.53	$ (1,971,633.76)	$ (244,894.20)	$ 2.00	$ -	$ 3,653,747.36
MMDT	**a/c 0044263747**	$ 1,057,497.82	$ -	$ -	$ -	$ 5,020.63	$ -	$ 1,062,518.45
Total Unrestricted Cash		$ 5,575,314.61	$ 1,352,456.53	$ (1,971,633.76)	$ (244,894.20)	$ 5,022.63	$ -	$ 4,716,265.81
PARS OPEB Trust		$ 6,377,537.89	$ -	$ -	$ (1,528.70)	$ (142,190.76)	$ -	$ 6,233,818.43
TOTAL CASH		$ 11,952,852.50	$ 1,352,456.53	$ (1,971,633.76)	$ (246,422.90)	$ (137,168.13)	$ -	$ 10,950,084.24

PUBLIC AGENCY RETIREMENT SERVICES | PARS

VALLEY COLLABORATIVE
PARS OPEB Trust Program

Account Report for the Period
10/1/2023 to 10/31/2023

Heidi Kriger
Treasurer
Valley Collaborative
40 Linnell Circle
Billerica, MA 01821

Account Summary

Source	Beginning Balance as of 10/1/2023	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 10/31/2023
OPEB	$6,377,537.89	$0.00	-$142,190.76	$1,528.70	$0.00	$0.00	$6,233,818.43
Totals	**$6,377,537.89**	**$0.00**	**-$142,190.76**	**$1,528.70**	**$0.00**	**$0.00**	**$6,233,818.43**

Investment Selection

Source	
OPEB	**Vanguard Balanced Strategy**

Investment Objective

Source	
OPEB	The Balanced Portfolio invests in Vanguard mutual funds using an asset allocation strategy designed for investors seeking both a reasonable level of income and long-term growth of capital and income.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return 3-Years	5-Years	10-Years	Plan's Inception Date
OPEB	-2.23%	-7.47%	5.64%	2.14%	5.07%	-	6/24/2015

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

Valley COLLABORATIVE

Central Administration

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MEMORANDUM

To: Valley Collaborative Board of Directors
From: Dr. Chris A. Scott, Executive Director
Date: December 08, 2023
Re: Approval of FY'23 Annual Report

Attached you will find the FY'23 Annual Report for your review.

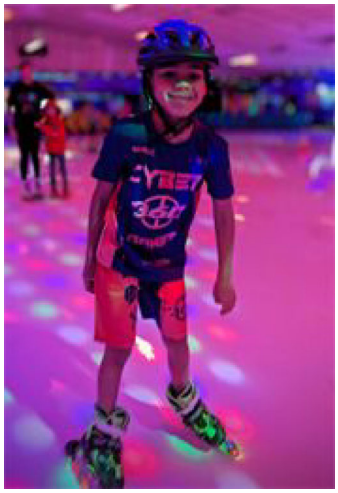
Required Action:

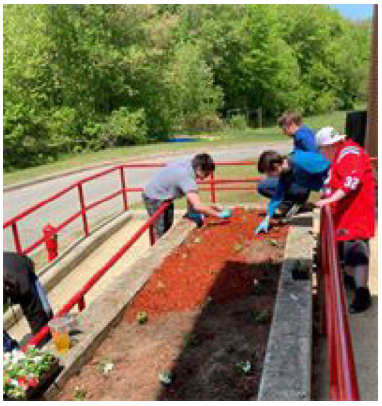
- Vote to approve the FY'23 Annual Report

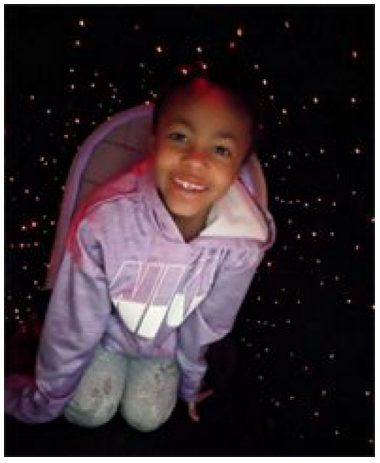
Attachments:

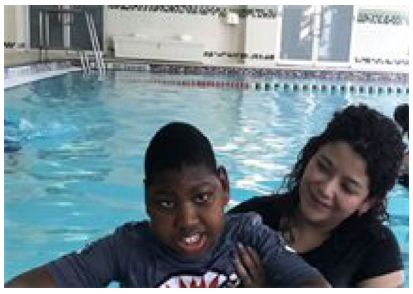
- FY'23 Annual Report

Valley Collaborative 2023 Annual Report









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General Information

Name of the collaborative: Valley Collaborative

Contact Information

Executive Director: Dr. Chris A. Scott
Email: cscott@valleycollaborative.org

Address:
11 Executive Park Drive
N. Billerica, MA 01862

Phone:
978-528-7800

Website: www.valleycollaborative.org

Academic and fiscal year: 2022-2023 – FY '23

Valley Collaborative Mission

Mission Statement:

To work collaboratively in order to create a diverse, equitable, inclusive, and responsive learning environment that recognizes individuals and empowers them to navigate confidently with optimal independence in their community and fosters lifelong learning.

Vision Statement:

Valley Collaborative partners with families, districts, and the community to provide innovative programming that empowers all students and adults to discover their diverse individual strengths, interests, and abilities. In doing so, those we serve become self-actualized members of society who contribute in a responsible manner.

Summary of Successes and Challenges

Message from Executive Director:

I would like to acknowledge the extraordinary amount of care each and every staff at Valley pour into their work as they develop and implement innovative curriculum and programming that engages our students and DDS & MRC supported individuals. I, along with Valley's Board of Directors, continue to be appreciative of the dedication shown by staff to elicit the best possible outcome for those we serve. Valley Collaborative's FY '23 school year was very successful programmatically and financially.

- The financial position of the Collaborative remains very strong. Valley had a surplus of $1.1 million in FY'23 which was returned to its member districts.

- The total assets at June 30, 2023 were $20,024,009.
- Valley's Capital fund remains fully funded with $1.5 million in FY '23.
- The balance of the OPEB fund as of June 30, 2023 was $6,598,707 making the Trust 78.5% funded. According to Valley's OPEB administrator, Valley is fully funded and future contributions could put it in a position to be "super funded". Also, Valley has one of the highest funded OPEB Trust among Collaboratives in the Commonwealth.
- The Collaborative's net position, end of year, remains solid at $11 million. This is the result of strong Board oversight, solid financial management, proper billing and collections of receivables.
- In the spirit of continuous improvement, the Collaborative made significant capital purchases in FY '23 for Vehicles, Furniture, Technology and Improvements.
- Revenue for our adult program continues to grow as our DDS and MRC programming enjoys an excellent reputation resulting in increased enrollment. The DDS programmatic and administrative audit resulted in an impressive score of 86%/98% respectively.

Thank you for taking the time to read our Annual Report and for your support of Valley Collaborative. If you ever have a suggestion or need assistance, my door is always open.

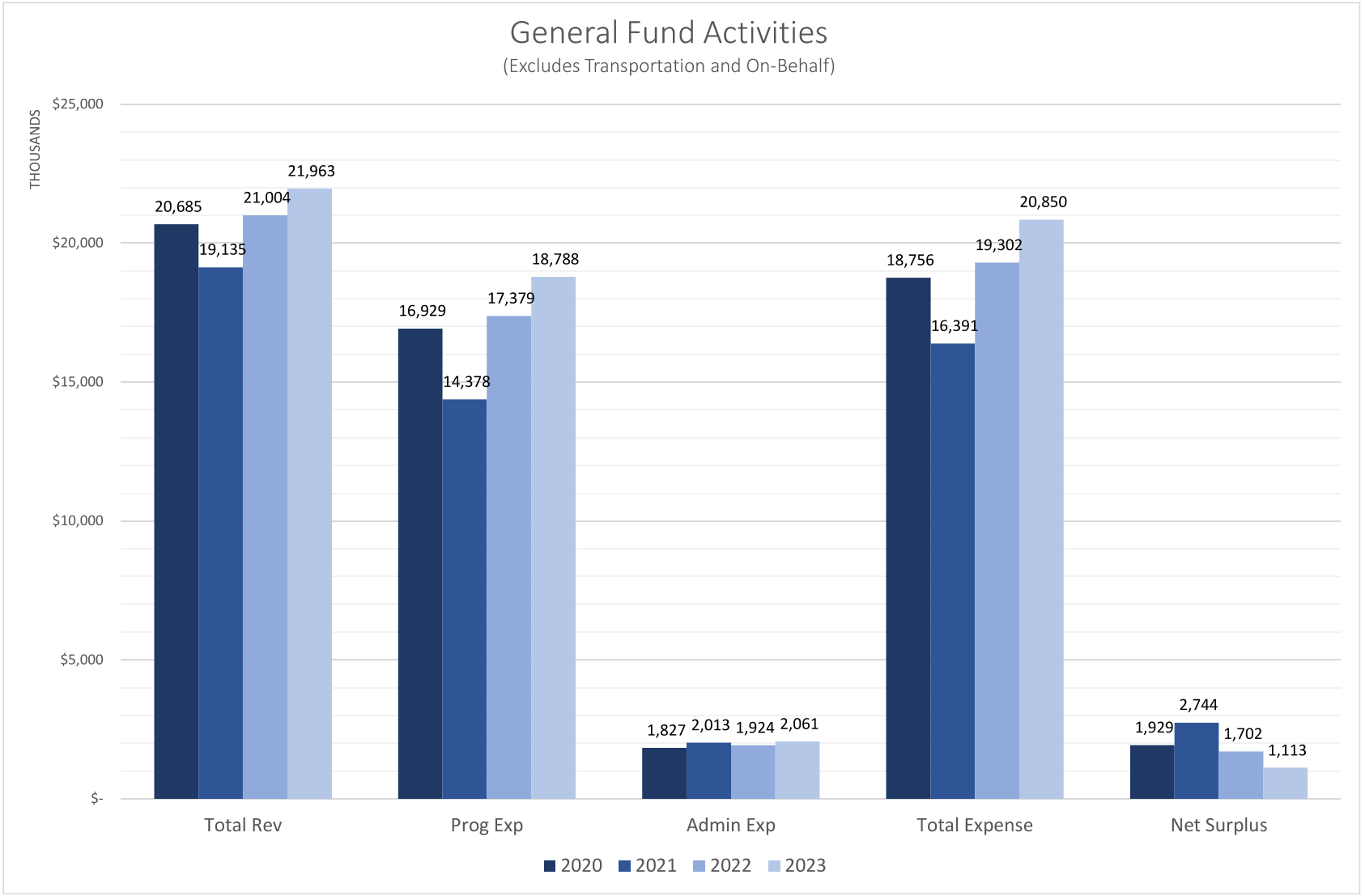
My best to you always,

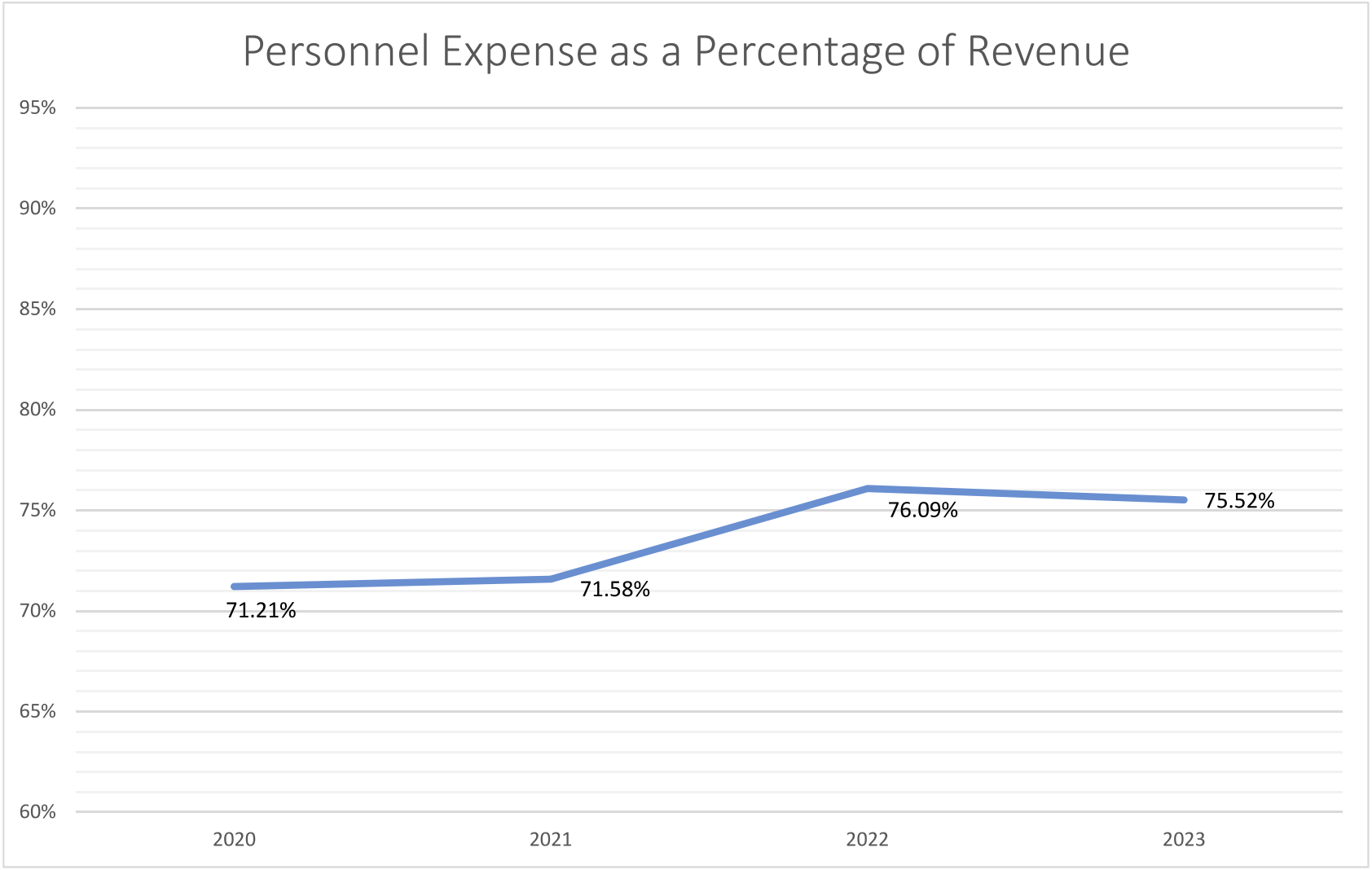
Chris A. Scott
Executive Director
Valley Collaborative

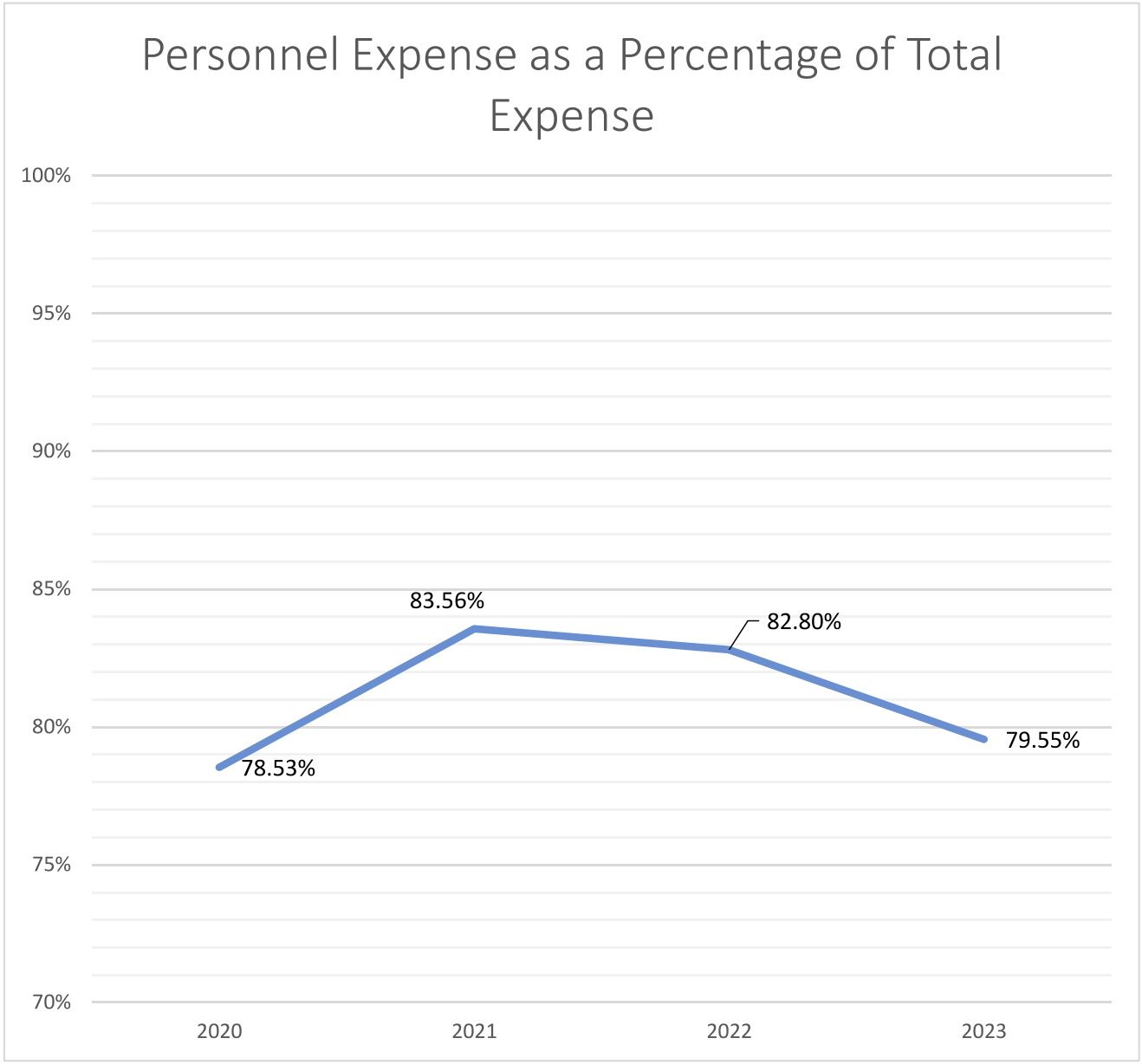
Valley Collaborative

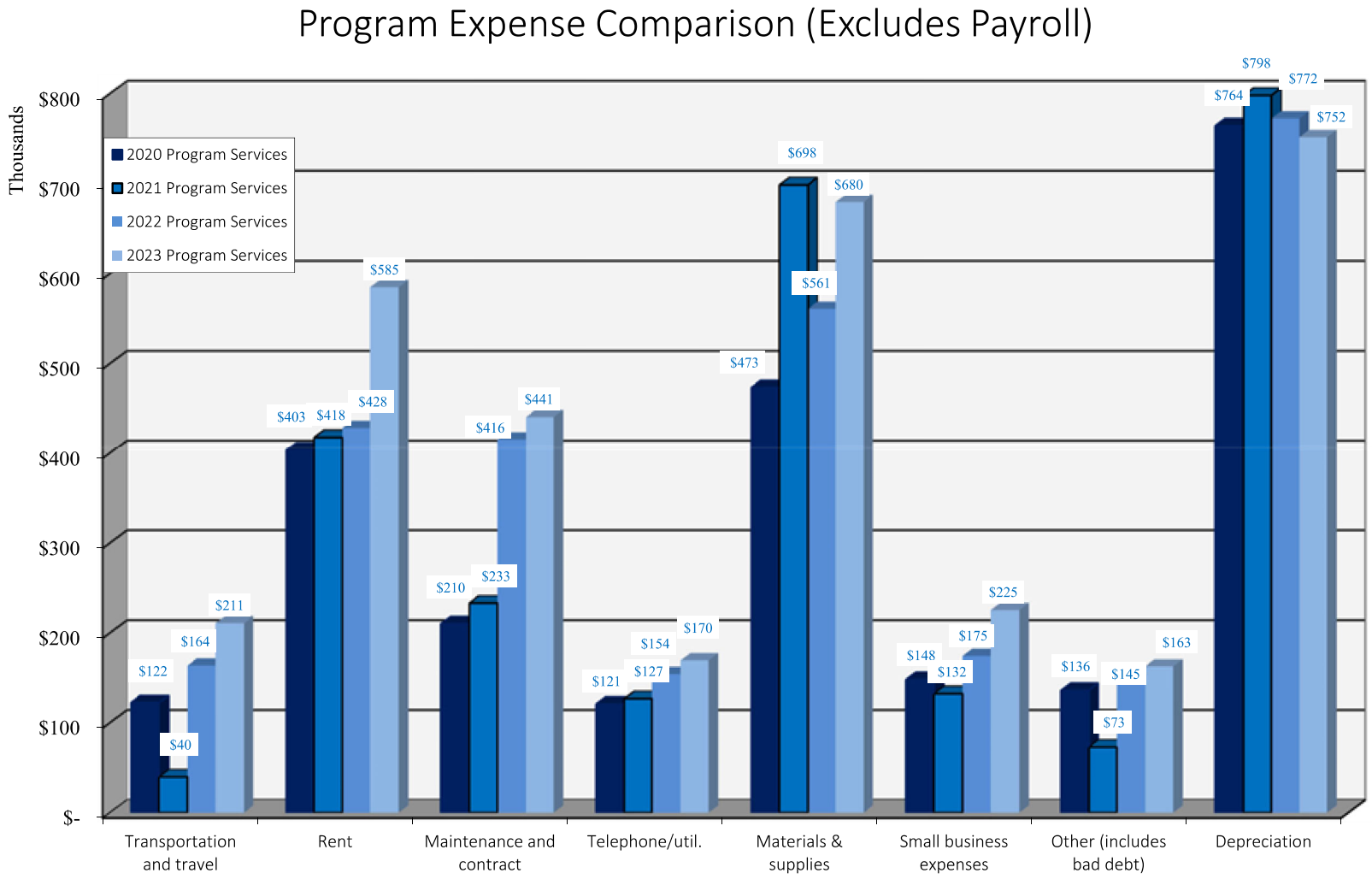
Summary of Financial Activity

For the year ended June 30, 2023


General Fund Activities
(Excludes Transportation and On-Behalf)
THOUSANDS
$25,000
$20,000
$15,000
$10,000
$5,000
$-
20,685
19,135
21,004
21,963
16,929
14,378
17,379
18,788
1,827
2,013
1,924
2,061
18,756
16,391
19,302
20,850
1,929
2,744
1,702
1,113
Total Rev
Prog Exp
Admin Exp
Total Expense
Net Surplus
2020
2021
2022
2023


Personnel Expense as a Percentage of Revenue
95%
90%
85%
80%
75%
70%
65%
60%
71.21%
71.58%
76.09%
75.52%
2020
2021
2022
2023


Personnel Expense as a Percentage of Total Expense
100%
95%
90%
85%
80%
75%
70%
83.56%
82.80%
78.53%
79.55%
2020
2021
2022
2023



Derived from audited financial statements for discussion purposes only.

Change(s) in Membership, Services, or Programs

None

The Number of Years the Collaborative has been in Existence

Valley Collaborative was founded in 1976. It has been in existence for 47 years.

Revenue and Expenditure Information for the Subject Year

Please see full financial audit, posted on the website and page 29 of this document, for further details.

Governance and Leadership

Board of Directors and Member Districts

The Valley Collaborative is governed by a Board of Directors comprising representatives from its nine member districts. The members of the Board of Directors in FY '23 were:

Chairperson Mr. Timothy Piwowar, Superintendent of the Billerica Public Schools
Dr. Michael Flanagan, Superintendent of the Tyngsborough Public Schools
Dr. Jay Lang, Superintendent of the Chelmsford Public Schools
Mr. Steven Stone, Superintendent of the Dracut Public Schools
Dr. Laura Chesson, Superintendent of the Groton-Dunstable Regional School District
Dr. Denise Pigeon, Superintendent of Nashoba Valley Technical School District
Mr. Brad Morgan, Superintendent of the North Middlesex Regional School District
Ms. Brenda Theriault-Regan, Superintendent of the Tewksbury Public Schools
Dr. Christopher Chew, Superintendent of the Westford Public Schools

Advisory Committee

Valley Collaborative's Board of Directors and District Planning Team currently act in an advisory committee role.

Staffing Information

Valley Collaborative employs Department of Elementary and Secondary Education licensed teachers. The Collaborative's other professional staff includes licensed speech and language pathologists, occupational therapists, physical therapists, social workers, guidance counselors, board certified behavior analysts, music therapists, and nurses. In addition, the Collaborative contracts the services of a physician.

Key Management and Program Staff

District Staff:

Dr. Chris A. Scott, Executive Director
Mr. James George, Business Manager/Accountant
Ms. Joia Mercurio, Deputy Director
Ms. Kari Morrin, Director of Human Resources
Ms. Jessica Scalzi, Lead Nurse

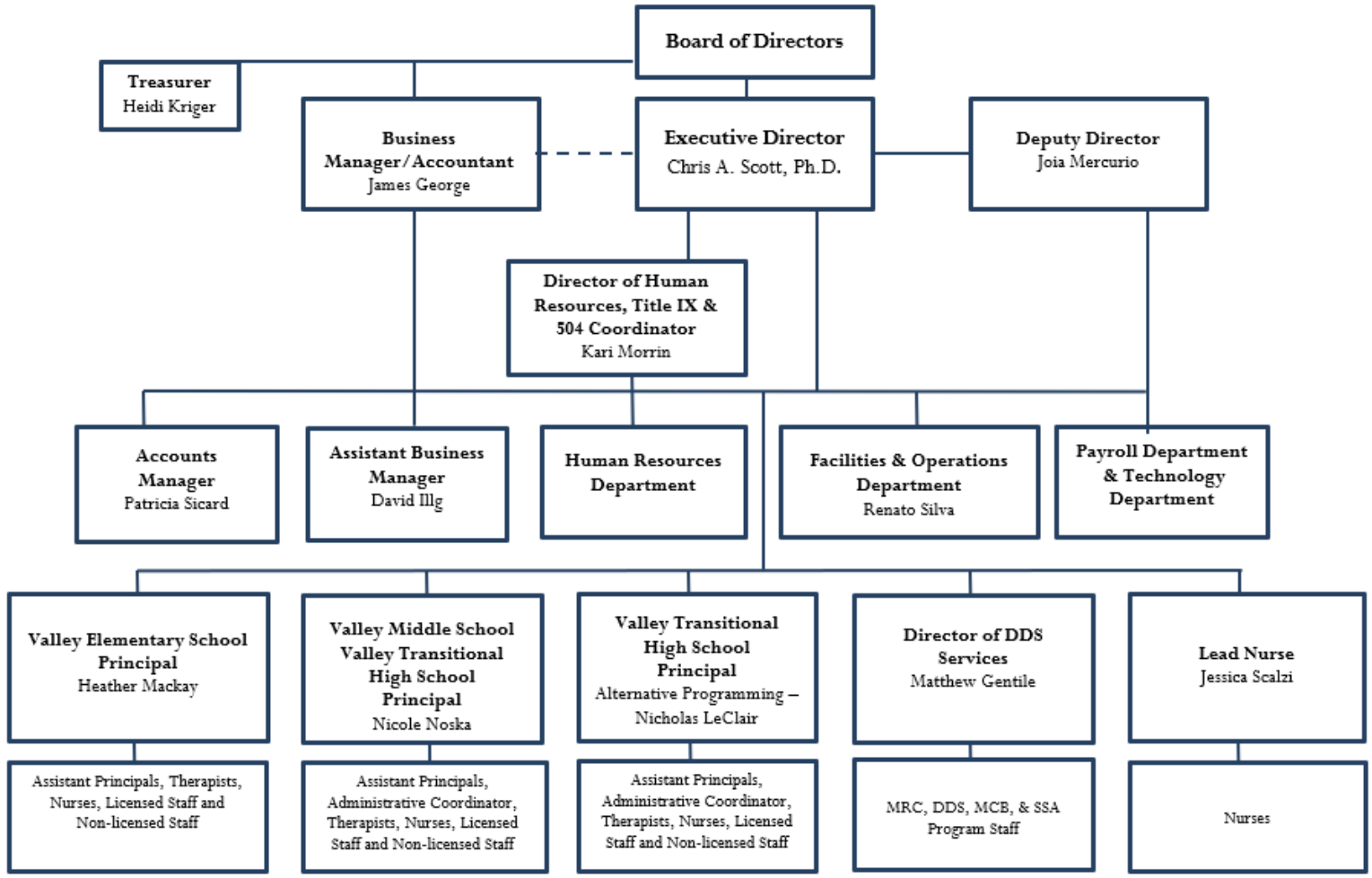
DESE Program Staff:

Ms. Heather MacKay, Principal, Valley Elementary School
Ms. Nicole Noska, Principal, Valley Middle School and Valley Transitional High School – Transitional
Mr. Nicholas LeClair, Principal, Valley Transitional High School – Alternative

DDS/MRC Program Staff:

Mr. Matthew Gentile, Director of DDS
Ms. Patricia Sicard, Accounts Manager

Valley Collaborative Organizational Chart



Programs and Services Provided

The Collaborative offers the following types of programs and services, which complement and augment the educational programs and services of the member districts in a cost-effective manner.

- Day school placements and other programs and services, including educational, therapeutic, transitional, and occupational programs and services for students and individuals with disabilities.
- Professional Development programs for general and special educators.
- Other appropriate services and programs as may be established and approved by the Board of Directors of the Collaborative.

The programs offered to students continue to support their academic, transitional, emotional, and behavioral progress. Our K-Age 22 programs run September through June and offer additional summer programming. Valley's adult programs operate year-round. In addition, the Collaborative feels it is important for our students to have state-of-the-art adaptive technology that enables them to fully engage in the curriculum. To support the mission, the Collaborative continues to upgrade its technology in all schools. The Collaborative is committed to offering high quality programs in a fiscally responsible manner. A student-focused budget with a mission to improve student outcomes is always more cost-effective than a budget disconnected from the mission.

2022-2023 Number of Students Served

Valley Collaborative served 320 students (K-Age22) during the 2022-2023 school year. Valley's Adult Services served 115 individuals in our DDS program and 113 individuals in our MRC program.

Program Offerings Overview

K-12 Programs:

Valley Elementary School
Valley Middle School
Valley Transitional High School

Adult Programs:

Valley's Today-and-Tomorrow Program
Valley's Massachusetts Rehabilitation Commission Funded Programs
Job Development

Valley Elementary School

Location of the Programs

135 Coburn Road, Tyngsborough, MA

Arrangements with Member Districts to Maximize Integration Opportunities for Students

Detailed Description of the Program

Valley Elementary School's goal is to provide a school experience for every child.

The Elementary program prides itself on providing an enriched school experience while supporting our students with the tailored therapeutic environment they require. All students have access to writing, reading, language arts, math, science and social studies instruction along with social and life skills

programming. Students access this curriculum throughout the school day via multi-modal approach. Our program is rich in trained professionals, supports, and technology specific to our population. Students participate in Physical Education, Art Education, and Music Therapy throughout the school week.

Our community engages in school-wide events according to monthly themes. Students help to plan and participate in our annual Science Fair, Thanksgiving Dinner, Halloween Dance, Holiday Fair, etc. One student is awarded "Student of the Month" each month. Community outings are common for all programs and allow students to generalize their skills to other settings. Our classrooms are equipped with technology such as smart boards, iPads, and chrome books to engage and enhance our curricula. The elementary school supports a greenhouse where students learn about gardening, the compost and can sampling herbs and vegetables after growing. In addition, we have a STEM lab that gives students a virtual reality learning experience using our zSpace desktops and V-R goggles along with educational content using our LEGO kits, Dash and Dot Robots and 3D printer.

Social Pragmatic classrooms take an ABA approach designed to meet the needs of students diagnosed with Autism, as well as students with pragmatic, sensory or behavioral needs. We use a team approach to provide each student with individualized behavior and academic supports.

Emotional Behavior classrooms provide a therapeutic environment for students who have emotional, behavioral or social adjustment difficulties that may limit their ability to make progress in a traditional school setting. Through a trauma informed lens, the classrooms use positive behavior support and collaborative problem solving to help students focus on school, develop relationships and build self-esteem. Our tailored approach and expert team ensure that every student has an individualized behavior and academic plan.

Our program has a wealth of therapists to assist our students and train our staff in the most current research-based intervention strategies. Our integrated therapy approach provides Board Certified Behavior Analysts, Speech/Language Pathologists, Occupational Therapists, Physical Therapists and Social Workers that work with the classroom staff to ensure the child's range of needs are met. We also encourage families to participate in the school experience. Family events, volunteer opportunities and our Parent Advisory Group all provide a much-needed connection.

Valley Middle School

Location of the Program

40 Linnell Circle, Billerica, MA

Arrangements with Member Districts to Maximize Integration Opportunities for Students

Detailed Description of the Program

Our Goal

Valley Middle School's goal is to prepare students for successful adult living.

The Valley Middle School provides a supportive, therapeutic environment, tailored to meet students' individual learning needs. Our school is staffed by trained professionals who help students discover their strengths, interests and abilities. Small class sizes, individual instruction and classroom technology keep

students motivated and engaged. In addition to a rich curriculum, students also have access to programs, including:

- social skills group
- life skills training
- art education
- music therapy
- electives, including band, cooking, school spirit, creative arts, health and wellness
- community based activities
- field trips
- experiential physical education

Emotional Behavioral (EB) classrooms provide a therapeutic setting for students who have emotional, behavioral or social adjustment difficulties that may have kept them from making progress in a traditional school setting. EB classrooms are appropriate for students with a range of cognitive abilities or learning disabilities, as well as those with executive functioning or behavior challenges. Pragmatic Social Behavior (PSB) classrooms provide services designed to meet the needs of students diagnosed with autism, as well as students with pragmatic, sensory or behavioral needs. The classrooms provide consistency, positive reinforcement and individual behavior support plans, as needed. The Interim Alternative Education Setting (IAES)/ Extended Evaluations allow our skilled professionals to assess what kinds of supports and therapeutic approaches will best help students meet their educational goals.

Valley Transitional High School

Location of the Program

40 Linnell Circle, Billerica, MA

Arrangements with Member Districts to Maximize Integration Opportunities for Students

Detailed Description of the Programs

Our Goal

Valley Transitional High School's goal is to prepare students to become successful members of their communities.

Valley Transitional High School provides a supportive, therapeutic environment that assists students with their social, emotional, behavioral and academic needs. We seek to instill our students with the confidence and ability to successfully earn a high school diploma, transition into the workplace or a post-graduate program.

Valley Transitional High School classrooms provide a therapeutic setting for students who have social, emotional, behavioral or academic needs. Students develop transitional skills so that they are prepared to successfully enter college and the working world after graduating from high school. We offer a trusting, structured and safe environment that allows students to give and receive productive feedback from their peers, and encourages them to make positive choices. Students attend small classes taught by trained educators who use individualized instruction, state-of-the-art technology and innovative instructional strategies to engage and motivate them.

The Intensive Special Needs classroom provides comprehensive services to students with moderate to intensive physical, developmental and intellectual impairments. Our specialized instruction and expert staff is able to meet the needs of individual students. The curriculum focuses on academics, vocational, social and life skills.

Vocational Opportunities

Students have a variety of opportunities to develop vocational skills, including: culinary, multimedia, restoration, and landscaping. We collaborate with local businesses and community groups to offer students the knowledge and work experience they will need for employment. Seniors can also participate in internships in the surrounding community. Community service opportunities allow students to develop a positive self-identity through volunteering.

Additional Programming

The Experiential Physical Education program gives students the opportunity to take positive risks and challenge themselves in order to develop leadership and problem-solving abilities, along with communication skills. Community service opportunities allow students to develop a positive self-identity through volunteering. Eligible students who are on track to graduate and in solid academic standing may also participate in dual enrollment and work study programs.

Dual enrollment

We provide distinctive dual enrollment options, empowering students to explore academic and vocational potential. Through strategic partnerships with local colleges, vocational training institutions, and educational agencies, students can enroll in courses aligning with their interests and career goals. This program enables them to earn college and trade school credits during high school, gaining hands-on experience in diverse vocational fields. If desired, students may also enroll in virtual high school classes not offered in our program.

Valley currently partners with the following organizations for dual enrollment:

- Middlesex Community College
- The Peterson School
- TEC Connections Academy

Adult Services

11 Executive Park Drive, North Billerica MA 01862

Our Goal

Valley Collaborative's Adult Services goal is to support our adult community in reaching lifelong goals and maximum independence by promoting self-determination. Self-Determination is having control in your life to make choices that influence your future based on preferences, beliefs and abilities.
Our Adult Services Department focuses on building a community that promotes individuality, independence and community inclusion. Valley Collaborative believes in a person-centered approach that

provides supports that help our community of adults realize maximum independence, rewarding experiences, diverse vocational opportunities and continual growth. Our programs are funded by the Executive Office of Health and Human Services (EOHHS) and the Social Security Administration (SSA) with oversight from The Department of Developmental Services (DDS), The Massachusetts Rehabilitation Commission (MRC) and The Massachusetts Commission for the Blind (MCB).

Today and Tomorrow

Valley's Today & Tomorrow program provides full-time programming for individuals to support them in identifying and attaining their specific life goals. This is done through community integration and a robust curriculum that focuses on independent living, social skills, and vocational exploration and training. Individuals choose their own schedules and participate in a wide variety of activities at more than 30 community locations, as well as on-site at Valley. Individuals are the drivers of their programming and continually suggest new activities and locations for services which are incorporated into the service delivery model.

Valley's Massachusetts Rehabilitation Commission Funded Programs

Valley's Evaluation & Training and Supported Employment Programs

Valley's Evaluation & Training and Supported Employment Programs assist individuals in preparing for and obtaining competitive employment. Services can be short or long-term, and are provided based on the needs and availability of each person. Valley Collaborative's job development team has over 100 years combined experience in building community business partnerships and working to assist people with a wide range of disabilities prepare for, find and secure competitive employment.

Job Development

Independent Employment Support Services

Valley's Independent Employment Support Services provide individuals support in seeking out and maintaining competitive, independent employment. Services are specifically shaped and delivered to support individuals to reach their independent employment goals, with a Valley Collaborative Job Developer supporting the individual in all facets of gaining competitive, independent employment including but not limited to; interest inventorying, job exploration, matching of interests and specific employment fields, job searching, resume building, job application, interviewing, on-boarding and orientation, and continued support throughout employment with the individual and any potential supervisors on the job.

Home and Work Transportation

Valley's Today and Tomorrow Program also provides transportation to and from the individuals residence. This service is essential to the individuals' success as it assures they will be able to access the program on a daily basis and in a timely manner. In addition, Valley provides transportation to individuals working independently in the community. Providing individuals transportation to and from independent employment breaks down a barrier that has long hindered their ability to access these specific types of opportunities in their community.

Additional Services

The DESE/DDS Program - Designed to provide in-home services/wrap-around supports to school-age participants to help prevent a more restrictive educational or out-of-home residential placement. The parent/guardian of the participant becomes an active participant in the program. This includes collaborating

on the development of the participant's DESE/DDS Support Plan (DDSP) to help establish the current set of goals for the participant based on his/her needs. Families also help to determine how best to reach these goals with the help of the Valley in-home and community staff. The parent/guardian also plays a significant role in helping Valley determine how best to utilize the funds within the allowable guidelines.

Therapeutic Services

Most of Valley's students receive one or more therapeutic services.

Occupational Therapy, Speech Language Therapy, Physical Therapy, Behavioral Intervention Counseling and Social Work

The therapist(s) role in the Collaborative is to provide services to students through an integrated therapy model, which research supports as the most effective manner to provide services. Team collaboration is at the heart of the integrated therapy model. The team works together for the functional independence and success of the students. The team arrives at a shared set of goals for the students and implementation occurs across the routines of the day.

Using this model, therapists work with students within the classroom environment and during naturally occurring routines and activities. This helps reduce the student's need to generalize skills from a clinical or "pull out" model to realistic situations that occur with the classroom and school environments. It also increases opportunities for peer modeling and frequent practice of targeted objectives. Various therapists may also be in the classroom for the same block of time to "co- treat" or implement strategies that draw on their combined expertise.

This model also includes consultation, program monitoring, and staff training. Therapists train teaching staff to extend therapeutic interventions into classroom activities and other ongoing activities that occur throughout the student's day. The therapists determine recommendations for service delivery, develop IEP goals and benchmarks specific to discipline, actively engage members of the multidisciplinary team to best meet student's needs, consult with staff and other professionals to ensure generalization of newly learned skills, and implement staff training and parent education.

Areas of Assessment and Treatment

Occupational Therapy:

- Handwriting skills and keyboarding
- Fine motor skills
- Executive Functioning
- Activities of daily living(ADLs)
- Visual motor skills
- Visual perceptual skills
- Motor planning skills
- Sensory processing skills
- Upper extremity function
- Environmental modification
    - Upper extremity coordination
    - Sensory integration assessments

- Life skills

Speech Language Pathology:

- Pragmatics
- Speech sound production
- Resonance
- Phonology
- AAC
- Swallowing/feeding
- Voice
- Fluency
- Expressive and receptive language
- Cognition and executive functions
- Syntax and grammar
- Pro-social skills

Physical Therapy:

- Functional mobility
- Positioning to promote optimal participation
- Gross motor skills and motor planning
- Equipment assessment (wheelchairs, walkers, seating)
- Tonal inhibition and facilitation
- Posture
- Range of motion and strengthening
- Vendor consultation
- Orthotics management
- Core stability and strengthening

Board Certified Behavioral Analysis:

- Behavior support plans
- Functions of behavior
- Staff training
- Reinforce and motivation assessment
- Representation of graphs for data
- Data collection systems
- Discrete trial planning
- Parent training
- Skills assessments

Counseling and Social Work

A supportive therapeutic environment is an essential component of the student's overall experience at Valley. Valley's clinical component addresses student's social, emotional, developmental, and behavioral

needs. The clinical team, in conjunction with the teaching staff, BCBAs, speech and language therapists, occupational therapists, and physical therapists, identifies student's individual needs and addresses them through various approaches. Such approaches facilitate the development of self-awareness with the main objective to promote overall wellness and assist each student in reaching their full potential. The clinical team provides individual, group, and milieu counseling as well as crisis intervention and consultation to staff. They also provide a variety of assessments and participate in IEP meetings. Regular communication with family and outside providers and specialists is essential to maximizing a student's complete educational and therapeutic experience. Valley's clinical team is comprised of Massachusetts DESE certified school social workers/school adjustment counselors and guidance counselors. Social workers or school adjustment counselors also hold a Massachusetts state board license as either an LICSW, LCSW or LMHC as appropriate for their field.

Medical Services

The nursing staff at Valley functions as part of the multidisciplinary team. It is our goal to promote the health, safety, and well-being of our students, as well as intervene with actual and potential health and behavioral health issues. In addition, when necessary, we manage complex medical issues and provide case management services. Our nurses network with others to build student and family capacity for adaptation, optimal independence and self-advocacy. We are a multifaceted group that provides professional nursing services to students to enhance their well-being, academic success, and lifelong achievement. Along with the educational advancement of our students, the nurses at Valley are active in their own professional growth and are actively engaged with other professional organizations. All Collaborative students benefit from medical assistance, health promotion, disease surveillance and intervention of acute and chronic conditions. The Collaborative is in compliance with Massachusetts DESE and Massachusetts Department of Public Health regulation. We employ two full-time Registered Nurses, one at our Valley Elementary School and one at our Transitional Middle/High School. We are staffed with an LPN at each of our schools as well. The Adult Services program is staffed with an LPN to assist with acute and chronic medical conditions for our over 22 individuals.

Assessment Services

Interim-Alternative Education Setting/ Extended Evaluations

Valley's Interim-Alternative Education Setting/ Extended Evaluations assist in determining interventions that will aid students with increasing his/her ability to perform successfully within an educational setting. The program also addresses the therapeutic needs of each student. Psychosocial needs are accessed via formal and informal assessments, while utilizing a holistic approach.

At, or before, the end of 45 days, a written report is presented at a team meeting where intervention strategies are discussed, as well as descriptions of the type of educational setting that will best meet the student's needs.

Augmented and Alternative Communication Services and Evaluations

Valley Collaborative provides expert AAC evaluation and support for students, parents and staff in order to facilitate student communication. Augmentative and alternative communication (AAC) includes all forms of communication (other than oral speech) that are used to express thoughts, needs, wants, and ideas. Valley Collaborative offers speech- language pathology services specializing in augmentative and alternative

communication (AAC) and language development for AAC users.

Valley Collaborative provides comprehensive AAC evaluations at competitive rates. Our expert team can determine student needs and determine a plan of action, while providing ongoing support for students and staff beyond the evaluation period. AAC evaluations, direct therapy and consultative services are provided by certified speech-language pathologists. Valley offers:

- 30-day evaluation period
- Skilled observation, assessment and recommendations
- Implementation
- AAC device trials
- Technology assistance
- Ongoing support and consultation

Transition Services and Assessments

Valley's goal with transition services is to help students make successful transitions to life beyond school. Students who are transitioning from school to employment and community benefit from a variety of resources and support. Valley Collaborative provides a comprehensive approach to helping students, families, and school districts navigate the transition process. Valley's transition services are age appropriate and highly individualized. Our transition specialist is a DESE licensed special educator who specializes in transition services and has an extensive background in vocational services, serving both students and adults. Valley has developed transition tools, assessments, and individualized programming for students with a wide range of strengths and needs.

Transitioning to Employment and Life after School

Valley's expert transition specialist helps students transition to the fullest life possible after school, including appropriate employment and/or independent living. Our transition assessment process begins by assessing student readiness for the workplace and/or pre-vocational training including interests, skills, intellectual functioning, sensory and motor abilities, coping/adaptive behavior, employability and "soft skills." Valley also offers planning assistance for students transitioning to post-secondary education. Valley's transition specialist assesses the attributes and "soft skills" associated with self- determination including personal strengths, work preferences, self - advocacy, self -regulation, autonomy and psychological empowerment. For students moving towards independent living, Valley provides assessments of transition skills, adaptive living skills, social skills and leisure skills.

Assisting Districts

Valley's expert staff and extensive resources enable us to provide districts with an ongoing, tiered set of transition services. Valley's transition services streamline the transition process and assist districts in meeting the guidelines set forth in IDEA indicator 13 of the U.S. Department of Education, Office of Special Education programs State Performance Plan Indicators. In addition to assessments, Valley offers consultation, professional development, job coaching, and job development to districts.

Vocational Services

Valley's expert transition specialist helps students transition to the fullest life possible after school, including appropriate employment and/or independent living. Our transition assessment process begins by assessing student readiness for the workplace and/or pre-vocational training including interests, skills,

intellectual functioning, sensory and motor abilities, coping/adaptive behavior, employability and "soft skills." Valley also offers planning assistance for students transitioning to post-secondary education. Valley's transition specialist assesses the attributes and "soft skills" associated with self- determination including personal strengths, work preferences, self - advocacy, self -regulation, autonomy and psychological empowerment. For students moving towards independent living, Valley provides assessments of transition skills, adaptive living skills, social skills and leisure skills.

Contract Services

Valley Collaborative provides a contract service to those districts in need. A contract service is a service that a district needs in their own district and is not provided to a student enrolled in a Valley Collaborative program and can include but is not limited to:

- Therapy (Speech, Occupational & Physical)
- Transition Specialist
- Counseling
- ABA Therapist
- Board Certified Behavior Analyst
- Tutoring
- One-on-one Aide
- One-on-one Nurse
- Restraint Training

A Valley Collaborative Member or Non-Member District may also contract with Valley Collaborative for an assessment for a non-Valley student. The contract services assessments available to districts include:

- Speech Language Evaluation
- Augmentative and Alternative Communication (AAC) Evaluation
- Occupational Therapy Evaluation
- Physical Therapy Evaluation
- Functional Behavioral Assessment
- Transition Assessments
    - Sensory-motor
    - Gross & Fine Motor
    - Coping/Adaptive Behavior
    - Strengths, Preferences and Interests
    - Work Adjustment, Job Readiness
    - Autonomous Living
    - Learning Style
    - Student Observation
    - Adaptive Living
    - Transition
    - Self –Determination
    - Social
    - Employability
    - Person-Centered Planning

- Observational Assessment

Throughout the 2022-2023 school year, Valley provided 7 contracted services to its member districts for students/individuals in their own districts.

Professional Development

The Valley Collaborative offers a limited array of professional development. The professional development is primarily directed to our staff and in some instances includes staff from its member districts.

Cooperative Purchasing

The Collaborative does not offer cooperative purchasing.

Joint Transportation

The Collaborative does not offer joint transportation but participates in it.

Medicaid Billing

The Collaborative does not offer Medicaid billing services but participates in it.

Outreach and Partnerships

Member School Districts

Communication and outreach are key to our success. An annual member district meeting is held in January to review the Annual Report and the Collaborative financials. Member district Superintendents, School Committee Members, Business Directors, Special Education Directors, and members of the public are invited to attend. In addition, the Collaborative hosts periodically a meeting for all its member districts' Special Education Directors. Each meeting has a working agenda of issues we need to collaborate on to better serve our students. Furthermore, the Executive Director meets with member districts and School Committee members to inform them of the progress we are making at the Collaborative, to present financial updates and to obtain various approvals when necessary. Valley was unable to meet in person in FY '22 due to the ongoing global pandemic and therefore meetings were held via video conference.

Community-at-large Outreach

The Collaborative also publishes a quarterly Newsletter which is sent to more than 500 families and state officials, agencies, and businesses. In addition, each school publishes its own Newsletter. If you would like to be on the distribution list, please contact us.

The Collaborative has a newly developed website: www.valleycollaborative.org
The Valley Collaborative participates in the Massachusetts Dual Enrollment Program and enrolls students with disabilities at the Middlesex Community College. The Dual Enrollment Program at the Collaborative serves students with moderate and severe disabilities, and supports college and career success through the provision of a free and appropriate public education in the least restrictive environment. The program:

- Promotes and enhances academic, social, functional, integrated competitive employment skills, and other transition-related goals;
- Provides opportunities for the inclusion of students with moderate and severe disabilities in credit

and non-credit courses alongside their non-disabled peers;
- Promotes participation in the student life of the college community.

Cost Effectiveness of Programs and Services

Please note, Valley Collaborative prides itself in providing its member districts with superb special education programming for its out-of-district students as well as limited contracted services support. Tuition rates have been compared based on program descriptions. Given the differences among programs and services, a proper cost-effective analysis is almost impossible without requiring full disclosure of student to staff ratio per program and transparency on the therapies included in the cost of a tuition rate. I would be happy to discuss how a cost-effective analysis could be more meaningful and accurate if the proper data points were made public.

Service Fees Comparisons

FY '23 VALLEY COLLABORTATIVE VS. PRIVATE SCHOOLS TUITION RATES

Valley Collaborative Program	Boston Higashi School	Cotting School, Inc.	Franciscan Children's Hospital	Landmark Foundation	Lighthouse School	May Institute	Nashoba Learning Group, Inc.	New England Center for Children	Seven Hills Foundation, Inc.	League School of Boston	**Private Schools Average**
Intensive Special Needs (ISN)			$551.94					$581.91			**$566.93**
Elementary School - Emotional Behavioral	$390.81	$536.58			$613.50	$548.12	$534.89		$215.02	$582.66	**$488.80**
Elementary School - Pragmatic, Sensory, and Behavior	$390.81	$536.58			$613.50	$548.12	$534.89		$215.02	$582.66	**$488.80**
Middle School - Emotional Behavioral	$390.81	$536.58				$548.12	$534.89		$215.02		**$445.08**
Middle School – Pragmatic, Sensory, and Behavior	$390.81	$536.58				$548.12	$534.89		$215.02		**$445.08**
High School - School & Vocational Training		$536.58	$551.94		$613.50		$534.89		$215.02		**$490.39**
High School - School & Life Skills Training	$390.81	$536.58	$551.94		$613.50	$548.12	$534.89		$215.02	$582.66	**$496.69**
High School & Middle School - School & Life Skills Training ISN	$390.81	$536.58	$551.94		$613.50		$534.89		$215.02	$582.66	**$489.34**
High School - School to Work Program											**N/A**
High School - Alternative Program				$335.52	$613.50					$582.66	**$510.56**
High School - Alternative Vocational Program											**N/A**

Quantitative Comparisons to Private Schools

FY '23 VALLEY MEMBER & NON-MEMBER TUTION RATES VS. PRIVATE SCHOOLS*

Valley Collaborative Program	Private Schools Average	Member District Per Diem Tuition	Member District Per Diem Savings	Member District Percent Cost Savings	Non-Member District Per Diem Tuition	Non-Member District Per Diem Savings	Non-Member District Percent Cost Savings
Intensive Special Needs (ISN)	$566.93	$294.00	$272.93	**48%**	$367.50	$199.43	**35%**
Elementary School - Emotional Behavioral	$488.80	$240.00	$206.16	**42%**	$300.00	$188.80	**39%**
Elementary School - Pragmatic, Sensory, and Behavior	$488.80	$240.00	$206.16	**42%**	$300.00	$188.80	**39%**
Middle School - Emotional Behavioral	$445.08	$240.00	$188.23	**42%**	$300.00	$145.08	**33%**
Middle School – Pragmatic, Sensory, and Behavior	$445.08	$240.00	$188.23	**42%**	$300.00	$145.08	**33%**
High School - School & Vocational Training	$490.39	$179.00	$265.53	**54%**	$223.75	$266.64	**54%**
High School - School & Life Skills Training	$496.69	$179.00	$271.41	**55%**	$223.75	$272.94	**55%**
High School & Middle School - School & Life Skills Training ISN	$489.34	$294.00	$146.40	**30%**	$367.50	$121.84	**25%**
High School - School to Work Program		$179.00	N/A	**N/A**	$223.75	**N/A**	**N/A**
High School - Alternative Program	$510.56	$210.00	$223.97	**44%**	$262.50	$248.06	**49%**
High School - Alternative Vocational Program		$210.00	N/A	**N/A**	$262.50	**N/A**	**N/A**

FY'23 Financial Audit Summary & Cumulative Surplus Calculation Worksheet

Valley Collaborative

Financial Statements

For the Year Ended June 30, 2023

Valley Collaborative
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For the Year Ended June 30, 2023

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FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Valley Collaborative
Billerica, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Collaborative, a collaborative organized under the Laws of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Valley Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Collaborative, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Funding Progress – Other Postemployment Healthcare Benefits and pension schedules on pages 3-7 and 32-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of Valley Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Valley Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Valley Collaborative's internal control over financial reporting and compliance.

Fitz Associates LLC

Certified Public Accountants

Newburyport, Massachusetts
November 16, 2023

Our discussion and analysis of Valley Collaborative's ("The Collaborative") financial performance provides an overview of the Collaborative's financial activities for the fiscal year ended June 30, 2023 with comparative information from the fiscal years ended June 30, 2022 and 2021. Please read it in conjunction with the financial statements that begin on page 8.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Collaborative's financial statements. The Collaborative's financial statements comprise 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 Statements:

The government-wide financial statements report information about the Collaborative as a whole using accounting methods similar to those used by private sector companies.

- The **Statement of Net Position** presents information on all of the Collaborative's assets and liabilities with the difference between the two reported as net position. It is one way of measuring the Collaborative's financial health or position.

- The **Statement of Activities** presents information showing how the Collaborative's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

Over time, increases or decreases in the Collaborative's net position is an indicator of whether its financial position is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions when evaluating the overall financial health of the Collaborative.

Fund Financial Statements:

Funds are accounting devices used to keep track of specific sources of funding and spending in particular categories: governmental funds, proprietary funds, and fiduciary funds. Presently, the Collaborative has only governmental and fiduciary funds.

- **Governmental funds –** The Collaborative's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Collaborative's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information (reconciliation schedules) is provided following the governmental funds statements that explains the relationship (or differences) between these two types of financial statement presentations.

- **Fiduciary fund** – 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.

Notes to the Financial Statements:

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the Collaborative's financial statements.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Government-Wide Financial Highlights

Collaborative's Net Position:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023	2022	2021
Assets			
Current Assets	$ 9,638,049	$ 8,445,166	$10,490,104
Non-current assets, net**	10,385,960	11,157,458	7,678,271
Total Assets	20,024,009	19,602,624	18,168,375
Deferred Outflows Related to OPEB	1,943,312	2,010,393	1,920,344
Total Assets and Deferred Outflows of Resources	$21,967,321	$21,613,017	$20,088,719

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Liabilities			
Current Liabilities	$ 2,933,189	$ 2,043,673	$ 3,703,018
Long Term Liabilities**	4,925,869	5,328,811	2,489,196
Total Liabilities	7,859,058	7,372,484	6,192,214
Deferred Inflows Related to OPEB	3,037,142	2,508,045	2,544,128
Net Position			
Unrestricted	$ 2,658,926	$ 3,005,486	$ 2,153,213
Restricted – grants and contributions	30,583	23,891	20,893
Restricted – renovation project/capital reserve	1,500,000	1,500,000	1,500,000
Invested in right-of-use assets, net of liabilities**	(58,449)	(32,684)	-
Invested in capital assets, net of related debt	6,940,061	7,235,795	7,678,271
Total Net Position	$11,071,121	$11,732,488	$11,352,377

During the fiscal year ended June 30, 2023, the Collaborative's overall net position decreased by approximately $661,000. Total assets increased by approximately $421,000 primarily as a result of continued strong operations and oversight increasing the overall cash position of the Collaborative. Total liabilities increased by approximately $487,000 which was primarily the result of the board's vote to return approximately $816,000 of cumulative surplus back to member districts that had not yet been paid out by June 30, 2023. Liabilities also increased by $250,000 in prepaid tuition paid by one of the member districts in comparison to fiscal year 2022. The payment of the lease liability for fiscal year 2023 was approximately $450,000. The remaining difference is a result of the timing of payments in comparison to the prior fiscal year. The Collaborative realized a decrease in net position from operations, including depreciation on capital assets right-of-use lease expense and other postemployment benefits expense, of approximately $679,000, and a transfer to the OPEB trust account of approximately $64,000.

During the fiscal year ended June 30, 2022, the Collaborative's overall net position increased by approximately $381,000. Total assets increased by approximately $1,524,000 primarily as a result of implementing GASB Statement No. 87 during 2022 with a right-of-use lease asset of approximately $3,921,000 net of approximately of $1,641,000 of additional cash used to fund the OPEB trust account. The remaining difference was a decrease as a result of operations for the year. Total liabilities increased by approximately $1,180,000 which was primarily result of implementing GASB Statement No. 87. The lease liability totaled approximately $3,954,000. The remaining difference is a result of the utilization of approximately $1,995,000 in member credits and change in the OPEB liability of approximately

$665,000. The Collaborative realized an increase in net position from operations, including depreciation on capital assets and other postemployment benefits expense, of approximately $2,022,000, and a transfer to the OPEB trust account of approximately $1,641,000.

SUMMARY OF ACTIVITIES

	2023	2022	2021
Revenues/Gains*	$21,984,406	$21,050,749	$19,256,330
Program Expenses/Losses*	19,048,642	17,879,061	15,035,772
Administrative Expenses/Losses*	2,137,683	1,941,085	2,017,101
Total Expense*	21,186,325	19,820,146	17,052,873
Change in net position, before increase in net retirement health benefit obligation and credits to member districts	798,081	1,230,603	2,203,457
Increase in net retirement health benefit obligation	(643,839)	(849,716)	(737,163)
Change in net position before credits to member districts	154,242	380,887	1,466,294
Credits to member districts	(815,609)	-	(2,600,000)
Change in Net Position**	($ 661,367)	$ 380,887	($1,133,706)

* Excludes Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, credits to members, and other postemployment benefits funding and expense.

** During 2022, the Collaborative implemented GASB No. 87 and as a result, made adjustments effective July 1, 2021 for right-of-use leased assets and liabilities. The information above includes information reported under GASB Statement No. 87 in the 2023 and 2022 information only and does not adjust for lease assets or liabilities in prior presented years. In addition, the change in net position reflects the 2022 net change, not including the cumulative effect of implementing GASB Statement No. 87 of $776.

Revenues

In the fiscal year ended June 30, 2023, revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $934,000 (5%). In the fiscal year ended June 30, 2022, revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $1,795,000 (9%). The changes within fiscal years are due primarily to changes in student enrollment in the respective years. Changes in fiscal year 2023 enrollment are primarily a result of the recovery from the impacts of the COVID-19 pandemic and student counts returning back to pre-pandemic levels.

Operating Expenses

In the fiscal year ended June 30, 2023, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $1,366,000, or 7%, compared to the fiscal year ended June 30, 2022. Increases in expenses were primarily a result of increased employee and benefit costs, as well as other programmatic costs required to service student enrollment levels. Personnel costs increased by approximately $762,000 in the fiscal year ended June 30, 2023 as a result for the increase in staffing needs. Materials, supplies and equipment costs increased by approximately $119,000, travel expense increased by approximately $47,000, small business related expenses increased by $50,000, lease services increased by $157,000 as a result of a full year lease of 11 Executive Park Drive and field trip expense increased by approximately $22,000. Supplies increased as a result of outfitting new property rented as well as the increase in the student population. Travel and field trips saw increases as a result of travel restrictions and various closures coming to an end. Small business expenses increase as a result of catering and students working in the field started getting back to pre-pandemic levels.

In the fiscal year ended June 30, 2022, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $2,767,000, or 16%, compared to the fiscal year ended June 30, 2021. As a result of the reduction of the COVID-19 pandemic mandates, there were increases in expenses as a result of an increase in enrollment. Personnel costs increased by approximately $2,606,000 in the fiscal year ended June 30, 2022 as a result for the increase in staffing needs and rehiring of previously laid-off employees. Materials, supplies and equipment costs decreased by approximately $137,000, travel expense increased by approximately $124,000, small business related expenses increased by $42,000, and field trip expense increased by approximately $68,000. Supplies decreased as a result of the need to be compliant with COVID-19 requirements in 2021 and the reduction of the mandates in 2022. Travel and field trips saw increases as a result of travel restrictions and various closures coming to an end. Small business expenses increase as a result of catering and students working in the field started getting back to pre-pandemic levels.

Governmental Funds Financial Highlights

The Collaborative reported a total general fund balance of $5,560,807, of which $295,605 was nonspendable and the remaining $5,265,202 was unassigned. The fund balance increased $233,205 over the prior fiscal year, primarily due to net operating surplus of $1,112,888 decreased by $64,074 transferred to the OPEB trust account and $815,609 of credits issued to member districts. Prepaid expenses decreased by $45,287, primarily due to the use of the trade-in credit to purchase new vehicles. Cash increased by $1,258,570.

Due to strong management, since the year ended June 30, 2013, the Collaborative has returned more than $11,815,000 from its general fund in the form of cash and tuition credits to its member districts.

CAPITAL ASSETS AND OTHER OBLIGATIONS

During the fiscal year ended June 30, 2023, the Collaborative purchased and capitalized six vehicles, leasehold improvements and other equipment for use in its program with a total cost of $455,787. The Collaborative did not sell, trade in or dispose of any vehicles or equipment in fiscal year 2023. The remaining trade in credit of $43,576 from June 30, 2022 was completely used during fiscal year 2023 for the vehicle purchases.

During the fiscal year ended June 30, 2022, the Collaborative purchased and capitalized two vehicles, leasehold improvements and other equipment for use in its program with a total cost of $329,816. The Collaborative did not sell, traded in or dispose of any vehicles or equipment in fiscal year 2022. Due to the vehicle shortage as a result of the COVID-19 pandemic, there is a trade in credit of $43,576 that is currently included in prepaid expenses as it is being held by the dealership and will be applied against the purchase price of the new vehicles once received.

As of June 30, 2023, the balance in the capital reserve fund was $1,500,000, and fully funded. This fund is considered restricted until utilized for its intended purpose.

SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) & LEASED ASSETS AND LIABILTIES

During 2023, the Collaborative implemented GASB Statement No. 96 which requires recording right-of-use SBITA assets and related liabilities for all long-term SBITAs. The Collaborative evaluated its contracts effective July 1, 2022 and determined that the Collaborative had no agreements that exceeded a 12-month period. Therefore there is no value recognized in the financial statements as a result of implementing this standard.

During 2022, the Collaborative implemented GASB Statement No. 87 which requires right-of-use leased assets and related liabilities for all long-term leases. The Collaborative recorded the lease assets and liabilities effective July 1, 2021 with a cumulative effect for a change in accounting principal to the prior year ending net position of $776. As of June 30, 2022, the Collaborative recognized right-of-use assets totaling $4,011,146, net of accumulated amortization of $89,483 and lease liabilities of $3,954,347 for all leases. See Note D in the notes to the financial statements for additional information on the Collaborative's leases.

BUDGETARY HIGHLIGHTS

The Collaborative's annual budget for the fiscal year ended June 30, 2023 was approved by its Board of Directors and then amended on April 27, 2023. For the fiscal year ended June 30, 2023, the Collaborative received operating revenues, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $21,963,000 compared to final budgeted revenues of approximately $21,800,000. The difference between actual revenues received and budgeted revenues is primarily due to higher than expected revenues from services the organization provides as well as state contracts. The Collaborative expended operating expenses, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $20,394,000 compared to final budgeted expenses of approximately $21,367,000. The difference between actual expenses incurred and budgeted expenses is primarily from decreases in operating expenses due to continued oversight on spending and operations.

The Collaborative's annual budget for the fiscal year ended June 30, 2022 was approved by its Board of Directors and then amended on December 2, 2021. For the fiscal year ended June 30, 2022, the Collaborative received operating revenues, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $21,004,000 compared to final budgeted revenues of approximately $20,226,000. The difference between actual revenues received and budgeted revenues is primarily due to higher than expected revenues from services the organization provides as well as state contracts. The Collaborative expended operating expenses, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $18,973,000 compared to final budgeted revenues of approximately $18,840,000. The difference between actual expenses incurred and budgeted expenses is primarily due to increase in staffing to address increased enrollment and a decrease in other expenses due to a reduction in spending resulting from the COVID-19 pandemic and required supplies needed to maintain operations.

CONTACTING THE COLLABORATIVE

This financial report is designed to provide readers of the financial statement an overview of the Collaborative's financial activities. If you have questions in regard to this report, contact Chris A. Scott, Ph.D., 25 Linnell Circle, Billerica, MA 01821, or at 978-528-7800.

Valley Collaborative
Statement of Net Position
June 30, 2023

Assets	
Current Assets	
Cash and cash equivalents	$ 6,008,030
Accounts receivable, net	3,334,414
Prepaid expenses and other assets	295,605
Total Current Assets	9,638,049
Non-current Assets	
Right-of-use leased assets, net of accumulated amortization	3,445,899
Capitalized assets, net	6,940,061
Total Non-current Assets	10,385,960
Total Assets	20,024,009
Deferred Outflows of Resources	
Deferred Outflows of Resources Related to OPEB	1,943,312
Total Assets and Deferred Outflows of Resources	$ 21,967,321
Liabilities, Deferred Inflows and Net Position	
Current Liabilities	
Accounts payable and accrued liabilities	$ 1,221,897
Deferred revenues	500,000
Lease liability, current portion	386,530
Credits due to member districts	824,762
Total Current Liabilities	2,933,189
Non-current Liabilities	
Lease liabilities, net of current portion	3,117,818
Net OPEB liability	1,808,051
Total Non-current Liabilities	4,925,869
Total Liabilities	7,859,058
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to OPEB	3,037,142
Net Position	
Net Position	
Unrestricted	2,658,926
Restricted - contributions and other	30,583
Restricted - capital reserve fund	1,500,000
Invested in right-of-use leased assets, net of related liabilities	(58,449)
Invested in capital assets, net of related debt	6,940,061
Total Net Position	11,071,121
Total Liabilities, Deferred Inflows and Net Position	$ 21,967,321

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Activities
For the year ended June 30, 2023

Functions/ Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Administration	$ 2,137,683	$ -	$ -	$ (2,137,683)
Education	17,686,456	17,901,369	4,010,246	4,225,159
Intergovernmental revenue and expense	2,793,171	-	2,793,171	-
Other postemployment benefits	643,839	-	-	(643,839)
Interest expense	134,900	-	-	(134,900)
Capital asset depreciation and amortization	751,522	-	-	(751,522)
Right-of-use asset amortization	475,764	-	-	(475,764)
Total Governmental Activities	$ 24,623,335	$ 17,901,369	$ 6,803,417	$ 81,451
General Revenue and Other:				
Interest				36,296
Other				36,495
Credits to member districts				(815,609)
Total General Revenue and Other				(742,818)
Change in Net Position				(661,367)
Net Position, Beginning of Year				11,732,488
Net Position, End of Year				$ 11,071,121

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,477,447	$ 1,500,000	$ 30,583	$ 6,008,030
Accounts receivable, net	3,334,414	-	-	3,334,414
Prepaid expenses and other assets	295,605	-	-	295,605
Total Assets	$ 8,107,466	$ 1,500,000	$ 30,583	$ 9,638,049
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,221,897	$ -	$ -	$ 1,221,897
Deferred revenues	500,000	-	-	500,000
Credits due to member districts	824,762	-	-	824,762
Total Liabilities	2,546,659	-	-	2,546,659
Fund Balances:				
Nonspendable	295,605	-	-	295,605
Restricted	-	1,500,000	30,583	1,530,583
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	5,265,202	-	-	5,265,202
Total Fund Balances	5,560,807	1,500,000	30,583	7,091,390
Total Liabilities and Fund Balances	$ 8,107,466	$ 1,500,000	$ 30,583	$ 9,638,049

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances, governmental funds	$ 7,091,390
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred inflows relating to the other postemployment benefit obligation is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the government activities of the Statement of Net Position.	(3,037,142)
Right-of-use leased assets, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported in the funds.	3,445,899
Other postemployment benefit (OPEB) liability is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the Statement of Net Position.	(1,808,051)
Long-term lease liabilities related to the right-of-use leased assets is used in governmental activities and are not financial uses and therefore are not reported in the funds.	(3,504,348)
Deferred outflows relating to the other postemployment benefit obligation is not a current financial resource and therefore is not reported in this fund financial statement, but is reported in the government activities of the Statement of Net Position.	1,943,312
Capital assets, net of related debt, used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	6,940,061
Net position of governmental activities	$ 11,071,121

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Tuition and service revenues	$ 17,901,369	$ -	$ -	$ 17,901,369
Grants and contributions	3,988,564	-	21,682	4,010,246
Intergovernmental revenue	2,793,171	-	-	2,793,171
Interest	36,296	-	-	36,296
Other	36,495	-	-	36,495
Credits to member districts	(815,609)	-	-	(815,609)
Total Revenues	23,940,286	-	21,682	23,961,968
Expenditures:				
Administration	2,122,693	-	14,990	2,137,683
Program payroll	13,521,131	-	-	13,521,131
Program fringe benefits and payroll taxes	2,276,723	-	-	2,276,723
Professional and consulting fees	10,058	-	-	10,058
Transportation and travel	210,883	-	-	210,883
Maintenance and other occupancy	440,520	-	-	440,520
Telephone, communications and utilities	169,581	-	-	169,581
Materials, supplies and equipment	679,519	-	-	679,519
Small business expenses	225,435	-	-	225,435
Field trips	101,645	-	-	101,645
Training programs	16,221	-	-	16,221
Other	34,740	-	-	34,740
Intergovernmental expense	2,793,171	-	-	2,793,171
Capital outlay, net of debt incurred	455,787	-	-	455,787
Lease Service:				
Lease interest	134,900	-	-	134,900
Lease financing principal	450,000	-	-	450,000
Total Expenditures	23,643,007	-	14,990	23,657,997
Excess (Deficit) of Revenues over Expenditures	297,279	-	6,692	303,971
Other Financing Sources:				
OPEB obligation funding	(64,074)	-	-	(64,074)
Net Change in Fund Balances	233,205	-	6,692	239,897
Fund Balances, Beginning of Year	5,327,602	1,500,000	23,891	6,851,493
Fund Balances, End of Year	$ 5,560,807	$ 1,500,000	$ 30,583	$ 7,091,390

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances of total governmental funds	$ 239,897

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets and right-to-use leased assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation or amortization expense for the period. Governmental funds do not report inflows from assets held to purchase capital assets or finance leased assets because such assets are not considered current financial resources. In contrast, the Statement of Activities does report the inflows as revenue.

Capital outlay purchases, net of debt incurred	455,787
Depreciation	(751,522)
Amortization	(475,764)

Governmental funds report lease financing payments as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only the current year interest accrued on the liability as expense.

Lease financing principal	450,000

The change in accrual for other postemployment benefits reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.

Net change in other postemployment benefits (OPEB) accrual	(579,765)
Change in net position of governmental activities	$ (661,367)

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Fiduciary Net Position
Retirees' Health Insurance Trust Fund
June 30, 2023

Assets

Assets	
Investments	$ 6,598,707
Total Assets	$ 6,598,707

Net Position

Net Position	
Net position held in trust for retirees' health insurance	$ 6,598,707
Total Net Position	$ 6,598,707

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Changes in Fiduciary Net Position
Retirees' Health Insurance Trust Fund
For the year ended June 30, 2023

Additions:	
Contributions	$ 64,074
Investment gain	523,237
Total Additions	587,311
Deductions:	
Investment expenses	19,577
Total Deductions	19,577
Change in Net Position	567,734
Net Position – Beginning of Year	6,030,973
Net Position – End of Year	$ 6,598,707

See accompanying notes to financial statements and independent auditor's report.

OTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collaborative

Valley Collaborative (The "Collaborative") is an educational collaborative of the school districts of Billerica, Chelmsford, Dracut, Groton-Dunstable Regional, Nashoba Valley Technical, North Middlesex Regional, Tewksbury, Tyngsborough, and Westford. The Collaborative is a public entity under the jurisdiction of its member school committees, whose appointees comprise its board of directors. The Collaborative provides high quality academic, therapeutic and vocational services to individuals referred by local school districts and social service agencies.

Basis of Presentation

The Collaborative's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Collaborative are discussed below.

The Collaborative's basic financial statements include both government-wide (reporting the Collaborative as a whole) and fund financial statements (reporting the Collaborative's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities are generally financed through intergovernmental assessments or other non-exchange transactions. The Collaborative does not have any activities classified as business type activities.

Cumulative effect of change in accounting principle

The Collaborative has fully implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITAs"). Statement No. 96 requires the present value of long-term SBITAs be recorded as an asset of the Collaborative and future payments to be recorded as a liability. The asset is required to be amortized ratably over the SBITA term and payments are allocated between interest expense and liability payments. Previously, SBITA payments were expensed as incurred with no corresponding asset or liability recorded. The significant impact to the Collaborative's financial statements from SBITAs would be to the government-wide financials statements. There was no change in the opening balance in the government-wide or governmental fund balances as a result of the cumulative effect of this change in accounting principle since the Collaborative did not have any long-term SBITA agreements prior to fiscal 2023.

Government-wide Statements

In the government-wide Statement of Net Position, governmental columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long- term assets, receivables and deferred outflows of resources, as well as long-term liabilities, deferred inflows of resources and other liabilities reported on a full accrual basis. The Collaborative's net position is reported in three parts—net investment in capital assets; restricted; and unrestricted. The Collaborative first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Collaborative does allocate indirect expenses to functions in the Statement of Activities if there is a reasonable basis for doing so. Depreciation is reported as one amount, in total, on the Statement of Activities, and is not allocated among the respective functions.

The government-wide focus is more on the sustainability of the Collaborative as an entity and the change in the Collaborative's net position resulting from the current year's activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Fund Financial Statements
The financial transactions of the Collaborative are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB pronouncements set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Collaborative may electively add funds, as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The following governmental fund types are used by the Collaborative - the Collaborative does not use proprietary funds:

Governmental Funds:
The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Collaborative:

General fund - is the general operating fund of the Collaborative. It is used to account for all financial resources not accounted for and reported in another fund.

Capital reserve fund - used to account for and report financial resources that are restricted, committed, or assigned to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

Non-major governmental funds - consist of other special revenue and permanent funds that are aggregated and presented in the non-major governmental funds column on the government funds financial statements.

Fiduciary Funds:
Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Collaborative programs. The reporting focus is on net position and changes in net position presented in fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (retirees) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Measurement Focus and Basis of Accounting
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Cash and Cash Equivalents

The Collaborative considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Collaborative maintains its uncollateralized cash balances in two financial institutions. The balances in one of the financial institutions are insured by the Federal Deposit Insurance Company up to $250,000. From time to time, the Collaborative maintains bank account balances in excess of the federally insured limits. The Collaborative also maintains cash and cash equivalents at the Massachusetts Municipal Depository Trust which is collateralized by its underlying assets. At June 30, 2023, the Collaborative's uninsured cash balances, including reconciling items, totaled $5,758,030. The Collaborative monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Fair Value Measurements and Investments

The Collaborative has contributed $4,854,654 to a public employee retirement trust account with Public Agency Retirement Services as trustee, on behalf of its retirees' health insurance trust fund. The trustee invests the funds in Vanguard mutual funds. As of June 30, 2023, the balance in these investments consisted of the following:

	Cost	Fair Value	Unrealized Gain
Mutual Funds	$4,854,654	$6,598,707	$1,744,053

All investments of the Collaborative are measured at fair value, generally based on quoted market prices in accordance with level 1 of the Fair Value Hierarchy established under GASB Statement No. 72, *Fair Value Measurement and Application*.

Net increase in the fair value on investments for the year ended June 30, 2023 was $503,660. There were no realized gains or losses during the year ended June 30, 2023. Investment fees for the year ended June 30, 2023 were $19,577.

The Collaborative manages its investments in accordance with state public finance laws that require that all moneys held in the name of the Collaborative, which are not required to be kept liquid for purposes of distribution, shall be invested in such a manner as to require the payment of interest on the money at the highest possible rate reasonably available, taking account of safety, liquidity and yield. The Collaborative has directed a local investment management service to manage the funds as conservatively as possible. However, the investments are still subject to market risk of loss. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Collaborative will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Collaborative's investments are uninsured, not registered in the name of the Collaborative, and held by the counterparty's trust department or agent but not in the Collaborative's name.

Operating Revenues and Expenses

Operating revenues consist primarily of billings to member municipalities or other cities and towns for providing programs and services. The Collaborative also receives approximately 19% of its revenues under social service contracts issued by agencies of the Commonwealth of Massachusetts, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments. Operating expenses include educational costs, administrative expenses and depreciation on capital assets.

Accounts Receivable

Accounts receivable consist of all revenues earned at year end and not yet collected. Major receivable balances include tuitions and certain related charges. The Collaborative records its bad debts using the allowance method. As of June 30, 2023, there was an allowance for doubtful accounts of $50,974.

Credits Due to Member Districts

"Credits due to member districts" represent member district credits issued during the fiscal year but not utilized by the district during the fiscal year. The credits are to be applied against future Collaborative invoices or disbursed to the member district and are not considered an agency fund of the Collaborative.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property and Equipment

Property and equipment are capitalized at historical cost. Depreciation is computed on the straight-line method using estimated useful lives of two to five years for websites, computer equipment, furniture, fixtures, vehicles and program equipment and five to ten years for leasehold improvements. The Collaborative has purchased and renovated a building. The building and renovations are depreciated using estimated useful lives of 40 and 20 years, respectively.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - this component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Invested in right-of-use assets, net of liabilities – this component of net position consists of right-of-use assets, net of accumulated amortization, reduced by the outstanding balances of liabilities that are attributable to the leased assets.

Restricted - this component of net position consists of restricted net assets reduced by liabilities and deferred inflows or resources related to those assets. These assets may be restricted by constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - this component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on specific purposes for which amounts in the funds can be spent. Fund balances can be classified in the following components:

Nonspendable fund balance – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – consists of amounts upon which constraints have been placed on their use whether (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – consists of amounts which can only be used for specific purposes pursuant to constraints imposed by the Collaborative's highest level of decision making, the Board of Directors. Any modification or rescission must also be made by a vote of the Board of Directors.

Assigned fund balance – consists of amounts that are constrained by the Collaborative's intent to be used for specific purposes. Intent is expressed by (a) the governing body itself, or (b) a Board of Directors, or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance – consists of the residual classification for the remaining fund balance. It represents amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates used.

Subsequent Events

Subsequent events have been evaluated through November 16, 2023, which is the date the financial statements were available to be issued.

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2023:

Tuition and services to districts	$ 2,947,981
State contracts	437,407
	3,385,388
Allowance for doubtful accounts	(50,974)
	$ 3,334,414

The Collaborative has established an allowance for doubtful accounts in the amount of $50,974. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. For the year ended June 30, 2023, the Collaborative recorded no bad debt expense.

NOTE C – CAPITAL ASSETS

A summary of depreciable capital assets follows:

	Buildings & Improvements	Furniture, Equipment & Software	Vehicles	Total
COST				
Balance, July 1, 2022	$9,161,168	$ 1,290,954	$1,311,535	$11,763,657
Additions	117,973	81,892	255,922	455,787
Disposals	—	—	—	—
	9,279,141	1,372,846	1,567,457	12,219,444
ACCUMULATED DEPRECIATION				
Balance, July 1, 2022	(3,088,186)	(1,109,628)	(1,007,547)	(5,205,361)
Additions	(500,070)	(87,894)	(163,558)	(751,522)
Disposals	—	—	—	—
	(3,588,256)	(1,197,522)	(1,171,105)	(5,956,883)
Net, June 30, 2023	$ 5,690,885	$ 175,324	$ 396,352	$ 6,262,561

Land in the amount of $677,500 is not being depreciated. In fiscal 2023, the Collaborative capitalized $117,973 for building improvements, $255,922 for vehicles, and $81,892 for office furniture and equipment. Depreciation expense of $751,522 was not allocated to governmental functions. It appears unallocated on the Statement of Activities. The capital reserve for future capital purchases is fully funded.

NOTE D –LEASE OBLIGATIONS

The Collaborative leases various classroom and office spaces and office equipment under operating leases. All of its leases qualifying as long-term leases are recorded in accordance with GASB Statement No. 87.

NOTE D –LEASE OBLIGATIONS – ***continued***

During fiscal 2017, the Collaborative entered into a building lease for program use at 135 Coburn Road in Tyngsborough, Massachusetts, commencing July 1, 2016 through June 30, 2033 including extensions. The lease requires quarterly rent payments of $63,988 through June 2028, then it is adjusted to $31,250 through June 2030, and finally adjusted to $94,181 through June 2033. During fiscal 2019, the Collaborative entered into a building lease for program and administrative use at 25 Linnell Circle in Billerica, Massachusetts, commencing July 1, 2018 through June 30, 2025 including extension. The lease requires monthly payments of $13,187 through June 2023, then it is adjusted to $13,583 through June 2024, and finally adjusted to $13,991 through June 2025. During fiscal 2022, the Collaborative entered into a building lease for program use at 11 Executive Park Drive in Billerica, Massachusetts, commencing June 1, 2022 through August 31, 2032. The monthly payments are increased annually by approximately 2% of the prior year. The Coburn Road, Linnell Circle and Executive Park Drive leases represent the total of the right-of-use lease assets and liabilities. Right-of-use assets and initial liabilities are valued using a rate of 6% which represents the Collaborative's incremental borrowing rates at the time the leases and extension were entered into, respectively.

Lease agreements, including modifications, are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 6/30/2023	Net Asset 6/30/2023	Liability Balance 6/30/2023
135 Coburn Road**	7/1/2016	17 years	$255,950 (FY23)	6.00%	$2,133,409	$264,729	$1,868,680	$1,866,378
25 Linnell Circle	7/1/2022	3 years	$158,249 (FY23)	6.00%	448,324	149,441	298,883	310,933
11 Executive Park Drive	6/1/2022	9.25 years	$14,200 (FY23)	6.00%	1,429,413	151,077	1,278,336	1,327,037
Total Lease Agreements					$4,011,146	$565,248	$3,445,899	$3,504,348

**Lease was modified during FY2022.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending 30-Jun	Principal	Interest	Total
2024	$386,530	$206,717	$593,247
2025	340,847	260,900	601,747
2026	277,229	160,361	437,590
2027	298,285	143,155	441,440
2028	320,764	124,646	445,410
Thereafter	1,880,693	334,539	2,215,232
	$3,504,348	$1,230,318	$4,734,666

For the year ended June 30, 2023, total amortization expense of leased assets was $475,764 and total interest expense on lease liabilities was $134,900.

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS

Plan Descriptions:

The Collaborative's employees participate in the Massachusetts Teachers' (MTRS) or State Employee' Retirement System (MSERS), statewide cost-sharing multi-employer defined benefit plans public employee retirement systems (PERS) covering all employees of local school districts within the Commonwealth of Massachusetts. The retirement systems issue publicly available annual reports that includes financial statements and required supplementary information, which may be obtained by writing to Public Employee Retirement Administration Commission (PERAC), 5 Middlesex Avenue, Suite 304, Somerville, Massachusetts, 02145.

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS – *continued*

Benefits Provided:

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions:

Member contributions for MSERS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS – *continued*

Educational collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. During fiscal year 2023, the Collaborative's contributions on behalf of employees totaled $400,940.

Member contributions for MTRS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of $30,000

The Commonwealth is a nonemployer contributor in MTRS and is required by statute to make all actuarially determined employer contributions on behalf of the member employers participating in MTRS. Therefore, the Collaborative is considered to be in a 100% special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in under both MSERS and MTRS. Since the employers do not contribute directly to each system beyond the MSERS annual normal cost, there is no net pension liability to recognize. However, the notes to the financial statements must disclose the portion of the nonemployer contributing entities' share of the collective net pension liability that is associated with the employer. In addition, the Collaborative must recognize its portion of the collective pension expense as both a revenue and pension expense.

The nonemployer contributing entities' share of the collective net pension liability that is associated with the Collaborative was measured as of June 30, 2022 and was $12,958,656 and $21,572,960 under MSERS and MTRS, respectively. In fiscal 2022, the Collaborative recognized revenue and related expense of $1,018,585 (under GASB Statement No. 68) for its portion of the collective pension expense under MSERS. In fiscal 2022, the Collaborative recognized revenue and related expense of $1,774,586 (under GASB Statement No. 68), for its portion of the collective pension expense under MTRS. These amounts are recorded as Intergovernmental revenue and expense in the financial statements.

NOTE F – COMPENSATED ABSENCES

The Collaborative allows eligible employees to carryover unused vacation time up to 10 days per year and to accrue a maximum of 20 days total. At the end of the fiscal year, any unused vacation time in excess of the above amounts is forfeited. The Collaborative's vacation accrual for the year ended June 30, 2023 was $106,753.

NOTE G – RISK MANAGEMENT

The Collaborative is exposed to various risks of loss relating to torts, theft or damage of, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Collaborative has obtained a variety of commercial liability insurance policies that pass the risk of loss listed above to independent third parties. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Collaborative. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

NOTE G – RISK MANAGEMENT – *continued*

The Collaborative offers eligible participants access to various health and life insurance. Payment, in the form of premiums, is generally made monthly. The payments are funded in part from the Collaborative and payroll withholdings from active employee participants or direct payments from certain other eligible participants. In general, the Collaborative pays 75-80% of the cost of health insurance and 100% of the cost of life insurance for those participants that qualify.

NOTE H – COMMITMENTS AND CONTINGENCIES

The Collaborative participates in state and federal contracts, which are governed by various rules and regulations of the agencies. Costs charged to the respective programs are subject to audit and adjustment by agencies; therefore, to the extent that the Collaborative has not complied with the rules and regulations governing the refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the Collaborative, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective contracts; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN

The Collaborative follows the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions."

Description

At the board meeting on June 18, 2015, the Collaborative's board members implemented a postemployment health care plan and voted to create a trust fund for related retiree health benefits to take effect July 1, 2015. The trust fund is held for the benefit of a third party (retiree health insurance participants) and cannot be used to address activities or obligations of the Collaborative, therefore these funds are not incorporated into the government-wide financial statements. All funds of the trust are held at Public Agency Retirement Services and are held in mutual funds. The trust is irrevocable and is exempt from federal and state income taxes under Internal Revenue Code Section 115. The sole purpose of the trust is to provide funds to pay postemployment healthcare benefits to qualified retirees. The plan has the retirees pay for 20% of the premiums for the medical insurance. As a result of establishing the trust, the Collaborative's board members voted to initially transfer $3,150,000 to fund the trust. During the fiscal year ended June 30, 2023 the Collaborative's board voted to transfer an additional $64,074 to the trust for a total transfer to date of $4,854,654.

An employee hired before April 2, 2012 shall become eligible to retire under these programs upon meeting the following conditions:

i. Completion of 10 years of creditable service at the Collaborative
ii. And attainment of age 55 as an active member
iii. Or completion of 20 years of service at the Collaborative, regardless of age

An employee hired after April 2, 2012 shall become eligible to retire under these programs upon meeting the following conditions:

i. Completion of 10 years of creditable service at the Collaborative
ii. And attainment of age 60 as an active member

Funding Policy

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. For the period ending on the June 30, 2023 Measurement Date, total Collaborative premiums plus implicit costs for the retiree medical program were $64,068. The Collaborative also contributed $64,074 to the OPEB Trust for a total contribution during the measurement period of $128,142 to be reported in the financial statements for the fiscal year ending June 30, 2023.

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Investment Policy

The long-term rate of return on assets developed based on the Collaborative Investment Policy is 5.30%. The rate is comprised of a 3.17% real rate of return and 2.50% inflation assumption, net of 0.37% investment expense.

Actuarially Determined Contribution (ADC)

The Collaborative's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which is composed of the service cost and an amortization of the unfunded liability. The calculation used a 30-year flat dollar amortization of the Collaborative's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Collaborative's annual ADC for the fiscal year and the amount actually contributed to the plan:

Actuarially Determined Contribution - Deficiency / (Excess)		
		June 30, 2023
I.	Service Cost	$ 747,196
II.	30-year level dollar amortization of NOL	75,557
III.	Actuarial Determined Contribution [I. + II.]	822,753
IV.	Contributions in relation to the actuarially determined contribution	(128,142)
V.	Contribution deficiency / (excess) [III. + IV.]	$ 694,611
	Covered employee payroll	$14,197,170
	Contribution as a % of covered employee payroll	0.90%
	Discount Rate	4.69%
	Money Weighted Rate of Return	8.31%

OPEB Liability and OPEB Expense

	Fiscal Year Ended June 30, 2023	
	Collaborative Employees and Retirees	**Total**
I. Total OPEB Liability as of June 30, 2023	$8,406,758	$8,406,758
II. Fiduciary Net Position as of June 30, 2023	6,598,707	6,598,707
III. Net OPEB Liability (Asset) as of June 30, 2023 [I.-II.]	1,808,051	1,808,051
IV. Service Cost	747,196	747,196
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	431,978	431,978
VI. Projected Earnings on OPEB Plan Investments	(329,836)	(329,836)
VII. Net Recognition of Deferred (Inflows)/Outflows	(141,431)	(141,431)
VIII. Financial Statement Expense [IV.+V.+VI.+VII.]	707,907	707,907
IX. Employer Share of Costs	(64,068)	(64,068)
X. Employer (Payments) Withdrawals to/from OPEB Trust	(64,074)	(64,074)
XI. Total Employer Contribution [IX.+X.]	(128,142)	(128,142)
XII. Net OPEB Expense [VIII.+XI.]	$ 579,765	$ 579,765

Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Total OPEB Liability as of the June 30, 2023 Measurement Date would increase to $10,985,068 and Net OPEB Liability would increase to $4,386,361. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Total OPEB Liability would decrease to $6,562,707 and the Net OPEB Liability would decrease to $36,000.

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Effect of 1% Change in Discount Rates

As of the June 30, 2023 Measurement Date, if the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to $6,851,545 and the Net OPEB Liability would decrease to $252,838. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to $10,453,802 and the Net OPEB Liability would increase to $3,855,095.

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 plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits 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.

Actuarial Cost Method:	Individual Entry Age Normal
Discount Rate:	4.69% per annum (previously 5.04%)
General Inflation Assumption:	2.50% per annum
Annual Compensation Increases:	3.00% per annum
Actuarial Value of Assets:	Market Value

Recognition of OPEB Trust Assets

The state of Massachusetts has passed legislation allowing municipal entities to establish a Trust for Other Postemployment Benefits ("OPEB") under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 75. This legislation was amended effective November 9, 2016 to clarify who may adopt such a Trust and provide guidance on the ongoing operation of such a Trust. The Collaborative has established an irrevocable trust for the purposes of prefunding liabilities under GASB 74/75.

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Changes in Net OPEB Liability

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances at June 30, 2022	$ 7,855,437	$ 6,030,973	$ 1,824,464
II. Prior Period Adjustment	-	-	-
III. Balances for June 30, 2022 with Adjustment [I.+II.]	7,855,437	6,030,973	1,824,464
Changes for the year:			
IV. Service Cost	747,196	-	747,196
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	431,978	-	431,978
VI. Changes in Benefit Terms*	-	-	-
VII. Changes in assumptions**	714,395	-	714,395
VIII. Differences between actual and expected experience**	(1,278,180)	-	(1,278,180)
IX. Net Investment Income	-	503,660	(503,660)
X. Employer Contributions (Withdrawals) to/from Trust	-	128,142	(128,142)
XI. Benefit payments withdrawn from Trust	-	(64,068)	64,068
XII. Benefit payments excluding Implicit Cost	(54,947)	-	(54,947)
XIII. Implicit Cost Amount	(9,121)	-	(9121)
XIV. Total Benefit payments including Implicit Cost [XII.+XIII.]	(64,068)	-	(64,068)
XV. Administrative and Other Charges	-	-	-
XVI. Other Charges	-	-	-
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	$ 551,321	$ 567,734	($ 16,413)
XVI. Balances at June 30, 2023 [III.+XVII.]	$ 8,406,758	$ 6,598,707	$ 1,808,051

* Recognized immediately

** Amortized over 7 years

Impact of Patient Protection and Affordable Care Act ("PPACA") Excise Tax

The Patient Protection and Affordable Care Act ("PPACA") excise tax has been repealed.

Deferred Inflows/Outflows

	Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of differences between expected & actual experience									
Fiscal	Differences between actual & expected experience	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028	There-after
2019	(1,703,175)	7.00	(486,620)	(243,311)	(243,311)	(243,309)	-	-	-	-
2020	(469)	7.00	(201)	(67)	(67)	(67)	(67)	-	-	-
2021	(1,125,612)	7.00	(643,206)	(160,802)	(160,802)	(160,802)	(160,802)	(160,800)	-	-
2022	0	7.00	-	-	-	-	-	-	-	-
2023	(1,278,180)	7.00	(1,095,583)	(182,597)	(182,597)	(182,597)	(182,597)	(182,597)	(182,597)	(182,598)
Total Remaining Balance			(2,225,610)							
Net increase (decrease) in OPEB Expense				(586,777)	(586,777)	(586,775)	(343,466)	(343,397)	(182,597)	(182,598)

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

	Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of changes in assumptions									
Fiscal	Differences between actual & expected experience	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028	There-after
2019	2,659,477	7.00	759,852	379,925	379,925	379,927	-	-	-	-
2020	-	7.00	-	-	-	-	-	-	-	-
2021	467,416	7.00	267,094	66,774	66,774	66,774	66,774	66,772	-	-
2022	(1,136,144)	7.00	(811,532)	(162,306)	(162,306)	(162,306)	(162,306)	(162,306)	(162,308)	-
2023	714,395	7.00	612,339	102,056	102,056	102,056	102,056	102,056	102,056	102,059
Total Remaining Balance			827,753							
Net increase (decrease) in OPEB Expense				386,449	386,449	386,451	6,524	6,522	(60,252)	102,059

	Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between projected & actual earnings on OPEB plan investments									
Fiscal	Differences between actual & expected experience	Recognition Period (years)	Remaining Balance	2023	2024	2025	2026	2027	2028	There-after
2019	(30,347)	7.00	-	(6,071)	-	-	-	-	-	-
2020	18,043	7.00	3,607	3,609	3,607	-	-	-	-	-
2021	(755,533)	7.00	(302,212)	(151,107)	(151,107)	(151,105)	-	-	-	-
2022	1,236,152	7.00	741,692	247,230	247,230	247,230	247,232	-	-	-
2023	(173,824)	7.00	(139,060)	(34,764)	(34,764)	(34,764)	(34,764)	(34,768)	-	-
Total Remaining Balance			304,027							
Net increase (decrease) in OPEB Expense				58,897	64,966	61,361	212,468	(34,768)	-	-

NOTE J – TAX POSITION

The primary tax positions made by the Collaborative are the existence of Unrelated Business Income Tax and the Collaborative's status as an exempt organization under the Internal Revenue Code. The Collaborative currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, the Collaborative has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Collaborative is not currently under examination by any taxing jurisdiction. As a Chapter 40 governmental entity, the Collaborative is exempt from filing certain non-profit filings and, accordingly, there are no returns currently open for examination.

NOTE K – COMMONWEALTH OF MASSACHUSETTS SURPLUS REVENUE RETENTION (OSD)

The excess (deficiency) of revenue received from departments of the Commonwealth of Massachusetts is the amount in accordance with the Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy, pursuant to 808CMR 1.19(3) of the Pricing, Reporting, and Auditing for Social Programs, which allows a provider to retain, for future use, a portion of annual net surplus. Net surplus from the revenues and expenses with services provided to purchasing agencies, which are subject to 808CMR 1.00, may not exceed 20% of the provider's revenues derived from contracts with state departments annually. For fiscal 2016 and beyond, there is no limit on the cumulative amount of the provider's net surplus. For the year ended June 30, 2023, the Collaborative had no surplus revenue from contracts with state departments.

NOTE L – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW C.40 § 4E

Names, duties and total compensation of the five most highly compensated employees
The five highest compensated employees of the Collaborative during fiscal year 2023 were as follows:

Name	Title	Total Compensation
Chris A. Scott, PhD	Executive Director	$232,244
Joia Mercurio	Deputy Director	$142,580
Nicole Noska	Principal	$140,755
Kari Ann Morrin	Director of Human Resources	$133,407
Nicholas LeClair	Principal	$129,520

Executive Director:
Responsible for the proper fiscal management of Collaborative Programs. Administer and coordinate all programs and services offered by the Collaborative. Develop and propose an annual budget to the Board of Directors. Ensure Collaborative is operating within and in compliance with federal and state laws.

Deputy Director:
Responsible for supervising the effective and efficient implementation of programs and the payroll department. Assist in the creation of required state reports, records and other documentation. Keep the executive director informed about what is happening at the program level.

Director Human Resources:
Responsible for administering personnel programs and policies for the Collaborative and ensuring that proper practices are being followed. Handle all aspects with the hiring process. Manage the day-to-day human resource functions.

Principal:
Responsible to ensure program curriculum is aligned with Massachusetts Curriculum Frameworks. Other responsibilities include, ensure safety and structure of program, coordination and review all IEPs, schedule and participate in IEP meetings, communicate with parents, LEAs and outside agencies, and interview student referrals.

Amounts expended on services for individuals aged 22 years and older
Total direct costs incurred by the Collaborative in its over 21 programs, funded in part by contracts with agencies of the Commonwealth of Massachusetts, totaled $3,953,060 for the year ended June 30, 2023, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments.

Amounts expended on administration and overhead
Administrative expenses of $2,175,043 for the year ended June 30, 2023, include all costs that cannot be directly or reasonably applied to a program of the Collaborative. Administrative expenses include salaries, related benefits and payroll taxes, associated with the Collaborative's administrative office (i.e., Executive Director, finance staff, human resources, etc.), as well as other costs associated with maintaining that office (i.e. occupancy, supplies, etc.). The Collaborative directly applies salaries, where appropriate, to its programs and allocates related employee benefits and taxes to those programs. Occupancy, supplies, maintenance and any other cost that can be directly applied, or reasonably allocated, are reported under program expense.

Accounts held by the Collaborative that may be spent at the discretion of another person or entity
The Collaborative does not hold any accounts that may be spent at the discretion of another person or entity.

Transactions between the Collaborative and any related for-profit or non-profit organization
Other than the leases described below, the Collaborative had no transactions between the Collaborative and any related for-profit or non-profit organization.

NOTE L – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW C.40 § 4E - ***continued***

Transactions or contracts related to purchase, sale, rental or lease of real property

Transactions or contracts related to the purchase, sale, rental, or lease of real property are described in Notes C and D to the financial statements. The Collaborative leases classroom and other program space within Tyngsborough, a member district. For the year ended June 30, 2023, rent expense under this lease was $255,950. During the year ended June 30, 2020, the Collaborative paid $1,000,000 for improvements to the leased space within Tyngsborough. The improvements are depreciated in the government wide financial statements over the lease term.

Annual determination and disclosure of cumulative surplus

Cumulative Surplus Calculation – FY23						Page(s) in financial statements
(A)	**Surplus as of June 30, 2022**			$ 5,327,602	(A)	**p. 12**
	(Breakdown of use of 2021 surplus)					
	B(1) used to support the FY22 budget	$ -				
	B(2) issued as credits to member districts	$ -				
	B(3) issued as a check(s) to member district(s)	$ -				
	B(4) deposited to a restricted account(s)	$ 64,074				
(B)	**Board voted uses of surplus funds during FY23**	*(total from B1:B4)*		$ 64,074	(B)	**p. 12**
(C)	**Unexpended FY23 General Funds**			$ 297,279	(C)	**p. 12**
(D)	Cumulative Surplus as of June 30, 2023	(A) - (B) + (C) = (D)		$ 5,560,807	(D)	**p. 12**
(E)	**FY23 Total General Fund Expenditures***			$ 21,025,021	(E)	**p. 12**
(F)	Cumulative Surplus Percentage	(D) ÷ (E)		**26.45%**	(F)	
	CUMULATIVE SURPLUS REDUCTION					
	Allowable uses of surplus - in excess of the 25% limit					
(G)	Cumulative surplus as of June 30, 2023			$ 5,560,807		
		25% limit (allowed)		$ 5,256,255		
(H)	Cumulative Surplus **REDUCTIONS**					
	(H)1 Credited to member districts for tuition, services, etc.	$ 304,552	***			
	(H)2 Deposited to an established trust and/or reserve fund	$ -				
	(H)3 Returned (check) to school districts/towns	$ -				
		Total Reductions		$ 304,552		
	FY23 Cumulative Surplus Percentage after Reductions			**25.00%**		

NOTE L – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW C.40 § 4E - ***continued***

*****Reconciliation of Total General Fund Expenditures to the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds on page 12:

Total Expenditures:	$23,643,007
OPEB Obligation Funding:	64,074
Intergovernmental Expense:	(2,793,171)
	20,913,910
FY23 depreciation on leasehold improvements:	111,111**
Total General Fund Expenditures per calculation above:	$21,025,021

******During the year ended June 30, 2020, the Collaborative paid for $1,000,000 of improvements to a leased facility. The payment was approved and budgeted by the Collaborative's board of directors. However, because this was a special one-time payment, the Collaborative requested clarification from the Department of Elementary and Secondary Education ("DESE") regarding treatment of the expenditure. DESE requested that the $1,000,000 capital expenditure be treated as an expenditure over the remaining lease term of 9 years for purposes of determining the cumulative surplus funds in excess of 25% of general fund expenditures. The annual amount to be reported as an expenditure is $111,111.

*******Subsequent to June 30, 2023, but prior to issuance of the financial statements, the Collaborative's board of directors voted to return $304,552 of additional funds to member districts ($173,866 approved at the September 2023 board meeting and $130,686 approved at the November 2023 board meeting). The $304,552 is the required excess to be credited or transferred to comply with the 25% cumulative surplus allowance.

Valley Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balance
of the General Fund - Budget to Actual
For the year ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Tuition and services	$ 17,200,000	$ 17,200,000	$ 17,901,369	$ 701,369
Grants and contracts	3,100,000	3,920,000	3,988,564	68,564
Other	400,000	650,000	36,495	(613,505)
Interest	1,000	30,000	36,296	6,296
Intergovernmental revenue	-	-	2,793,171	2,793,171
Total revenue and other support	20,701,000	21,800,000	24,755,895	2,955,895
Expenses:				
Salaries	13,960,150	14,604,102	14,509,449	94,653
Employee benefits and taxes	2,644,756	2,699,055	2,601,052	98,003
Operating expenses	2,659,250	3,457,273	2,664,248	793,025
Leases and rentals	346,750	606,599	619,300	(12,701)
On-behalf retirement payment expense	-	-	2,793,171	(2,793,171)
Total expenses	19,610,906	21,367,029	23,187,220	(1,820,191)
Excess of revenues over expenses	$ 1,090,094	$ 432,971	$ 1,568,675	$ 1,135,704
Other Budget Items:				
Credits to member districts	$ -	$ -	$ 815,609	$ (815,609)
Capital Budget Items	830,000	715,000	455,787	259,213
OPEB obligation funding	-	-	64,074	(64,074)
	$ 830,000	$ 715,000	$ 1,335,470	$ (620,470)

Note: The schedule above is presented on the same basis used by the Collaborative to present its internal budget to actual comparison and account groupings are not necessarily consistent with the Statement of Revenue, Expenditures and Changes in Fund Balances presented on page 12. Also, capital budget items presented above include actual capital outlays and transfers made to or from the Capital Reserve Fund.

See independent auditor's report.

Valley Collaborative
OPEB Plan - Required Supplementary Information
June 30, 2023

Year	Actuarial Determined Contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
June 30, 2019	$ 880,811	$ (61,922)	$ 818,889	$ 11,092,407	0.56%
June 30, 2020	$ 951,385	$ (45,883)	$ 905,502	$ 11,425,179	0.40%
June 30, 2021	$ 903,135	$ (51,730)	$ 851,405	$ 10,818,546	0.48%
June 30, 2022	$ 996,816	$ (1,694,497)	$ (697,681)	$ 11,143,102	15.21%
June 30, 2023	$ 822,753	$ (128,142)	$ 694,611	$ 14,197,170	0.90%

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

Valley Collaborative

OPEB Plan - Required Supplementary Information

As of the June 30, 2023 Measurement Date

Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios						
Valuation Date:	**July 1, 2022**	**July 1, 2021**	**July 1, 2020**	**July 1, 2019**	**July 1, 2018**	**July 1, 2017**
For the Measurement Period ending on the Measurement Date of:	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
For the Reporting Period & Fiscal Year ending on:	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Total OPEB Liability	8,406,758	7,855,437	7,760,675	7,321,481	6,291,640	4,270,784
I. Service Cost	747,196	917,149	804,839	776,751	752,044	608,129
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	431,978	367,674	344,281	299,442	374,432	18,642
III. Changes in Benefit terms	-	-	-	-	-	-
IV. Difference between Expected & Actual Plan Experience	(1,278,180)	-	(1,125,612)	(469)	(1,703,175)	-
V. Changes of Assumption	714,395	(1,136,144)	467,416	-	2,659,477	43,514
VI. Benefit Payments Excluding Implicit Cost	(54,947)	(53,917)	(50,682)	(44,753)	(48,295)	(30,590)
VII. Implicit Cost Amount	(9,121)	-	(1,048)	(1,130)	(13,627)	-
VIII. Total Benefit payments including Implicit Cost [VI.+VII.]	(64,068)	(53,917)	(51,730)	(45,883)	(61,922)	(30,590)
IX. Net Change in OPEB liability [I.+II.+III.+IV.+V.+VIII.]	551,321	94,762	439,194	1,029,841	2,020,856	639,695
X. Total OPEB liability - beginning of period	7,855,437	7,760,675	7,321,481	6,291,640	4,270,784	(148,019)
XI. Prior Period Adjustment for Retirees not Previously Reflected	-	-	-	-	-	-
XII. Total OPEB Liability - end of period [IX.+X.+XI.]	8,406,758	7,855,437	7,760,675	7,321,481	6,291,640	491,676
Plan Fiduciary Net Position	6,598,707	6,030,973	5,271,479	4,266,767	4,039,225	3,779,108
XIII. Earning from Plan Investments	503,660	(881,086)	1,004,712	227,542	260,117	236,892
XIV. Employer Contribution to trust	128,142	1,694,497	51,730	45,883	61,922	30,590
XV. Benefit payments from trust, including refunds of member contributions	(64,068)	(53,917)	(51,730)	(45,883)	(61,922)	(30,590)
XVI. Administrative expense	-	-	-	-	-	-
XVII. Other	-	-	-	-	-	-
XVIII. Net change in plan fiduciary net position [XIII.+XIV.+XV.+XVI.+XVII.]	567,734	759,494	1,004,712	227,542	260,117	236,892
XIX. Plan fiduciary net position - beginning of period	6,030,973	5,271,479	4,266,767	4,039,225	3,779,108	3,542,216
XX. Plan fiduciary net position - end of period [XVIII.+XIX.]	6,598,707	6,030,973	5,271,479	4,266,767	4,039,225	3,779,108
XXI. Net OPEB Liability [XII.-XX.]	1,808,051	1,824,464	2,489,196	3,054,714	2,252,415	491,676
XXII. Plan fiduciary net position as a % of total OPEB liability [XX./XII.]	78.49%	76.77%	67.93%	58.28%	64.20%	768.62%
XXIII. Covered employee payroll	14,197,170	11,143,102	10,818,546	11,425,179	11,092,407	11,775,259
XXIV. Plan NOL as % of covered employee payroll [XXI./XXIII]	12.74%	16.37%	23.01%	26.74%	20.31%	4.18%
Single Discount Rate to calculate Plan Liabilities	4.69%	5.04%	4.25%	4.25%	4.25%	7.50%

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

Valley Collaborative
OPEB Plan - Required Supplementary Information
As of the June 30, 2023 Measurement Date

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2022.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2023.

Actuarial Assumptions:

Investment Rate of Return:	5.30%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Single Equivalent Discount Rate:	4.69%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment:	Not Applicable
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females , set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Valley Collaborative
OPEB Plan - Required Supplementary Information
As of the June 30, 2023 Measurement Date

Notes to Required Supplementary Information (Continued):

Plan Membership

Plan Membership: At July 1, 2020, the OPEB plan membership consisted for the following

Inactive employees or beneficiaries currently receiving benefits:	14
Active Employees:	229
Total:	243

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Changes in Assumptions:

From June 30, 2022 to June 30, 2023:

Due to the GASB 75 standards the discount rate has been changed from 5.04% to 4.69%.

Based on ongoing actuarial research, we have modified our assumption for future increases in healthcare costs using the Getzen model to reflect gigher costs in the near-term.

Contributions/Withdrawals:

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. The Collaborative contributed $64,074 beyond the pay-as-you-go cost for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date total Collaborative premiums plus implicit costs for the retiree medical program were $64,068. $9,121 of the $64,068 represents implicit cost.

Census Data Manipulation:

In the absence of data, the following was assumed:

Spouse Sex:	Male participants had female spouses and vice versa.
Spouse Age:	Male spouses were three years older than female spouses and same sex spouses were the same age.
Hire Age:	Participants who were not on the previous valuation were hired halfway between last valuation and the current valuation. If we did not have census data related to the last valuation, the participants were assumed to have been hired at age forty.
Retiree Age:	Retirees had the same birth date as they had the prior valuation. If we did not have census data related to the last valuation, retirees who were enrolled in Active plans were assumed to be age sixty-two and retirees who were enrolled in Medicare Supplement plans were assumed to be age seventy-two. Those not enrolled in a medical plan were assumed to be sixty-seven.
School Demographics:	N/A
Other Material Changes:	No other data changes were deemed to be material.

Valley Collaborative

Schedule of the Collaborative's Proportionate Share of Net Pension Liability

For the Year Ended June 30, 2023

		MTRS	MSERS
Collaborative's proportion of net pension liability	FY2014	0.10521%	0.02526%
	FY2015	0.07985%	0.02466%
	FY2016	0.08405%	0.07637%
	FY2017	0.08453%	0.08118%
	FY2018	0.09167%	0.08646%
	FY2019	0.08325%	0.10137%
	FY2020	0.08129%	0.08658%
	FY2021	0.07984%	0.07671%
	FY2022	0.08333%	0.09316%
Collaborative's proportionate share of net pension liability	FY2014	$ 16,724,835	$ 1,871,525
	FY2015	$ 16,360,313	$ 2,806,546
	FY2016	$ 18,790,793	$ 10,530,873
	FY2017	$ 19,344,064	$ 10,410,850
	FY2018	$ 21,737,193	$ 11,438,238
	FY2019	$ 20,989,574	$ 14,834,931
	FY2020	$ 23,205,036	$ 14,855,001
	FY2021	$ 18,129,788	$ 8,006,281
	FY2022	$ 21,572,960	$ 12,958,656
Collaborative's covered-employee payroll	FY2014	$ 6,277,563	$ 4,565,446
	FY2015	$ 5,347,143	$ 4,285,929
	FY2016	$ 5,527,894	$ 4,254,279
	FY2017	$ 5,762,613	$ 4,635,195
	FY2018	$ 6,333,668	$ 6,028,713
	FY2019	$ 6,087,231	$ 6,039,995
	FY2020	$ 6,181,687	$ 5,305,358
	FY2021	$ 6,202,814	$ 4,668,914
	FY2022	$ 6,274,492	$ 5,856,826
Collaborative's proportionate share of net pension liability as a percentage of its covered-employee payroll	FY2014	266.42%	40.99%
	FY2015	305.96%	65.48%
	FY2016	339.93%	247.54%
	FY2017	335.68%	224.60%
	FY2018	343.20%	189.73%
	FY2019	344.81%	245.61%
	FY2020	375.38%	280.00%
	FY2021	292.28%	171.48%
	FY2022	343.82%	221.26%
Plan fiduciary net position as a percentage of total pension liability	FY2014	61.64%	76.32%
	FY2015	55.38%	67.87%
	FY2016	52.73%	63.48%
	FY2017	54.25%	67.21%
	FY2018	54.84%	67.91%
	FY2019	53.95%	66.28%
	FY2020	50.67%	62.48%
	FY2021	62.03%	77.54%
	FY2022	57.75%	71.05%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System. MSERS is the Massachusetts State Employees' Retirement System. Also, see Note E to financial statements.

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2022.

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

Valley Collaborative
Schedule of Pension Contributions
For the Year Ended June 30, 2023

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
MTRS									
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collaborative's covered-employee payroll	$ 6,277,563	$ 5,347,143	$ 5,527,894	$ 5,762,613	$ 6,333,668	$ 6,087,231	$ 6,181,687	$ 6,202,814	$ 6,274,492
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MSERS									
Contractually required contribution	$ 255,665	$ 240,012	$ 238,217	$ 259,571	$ 337,608	$ 338,240	$ 323,627	$ 284,804	$ 357,266
Contributions in relation to the contractually required contribution	$ 255,665	$ 240,012	$ 238,217	$ 259,571	$ 337,608	$ 338,240	$ 323,627	$ 284,804	$ 357,266
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collaborative's covered-employee payroll	$ 4,565,446	$ 4,285,929	$ 4,254,279	$ 4,635,195	$ 6,028,713	$ 6,039,995	$ 5,305,358	$ 4,668,914	$ 5,856,826
Contributions as a percentage of covered-employee payroll	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	6.10%	6.10%	6.10%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System. MSERS is the Massachusetts State Employees' Retirement System. Also, see Note E to financial statements.

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2022.

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

Contributions

The Collaborative is required to pay an annual appropriation as established by the Public Employees' Retirement Administration Commission (PERAC) for MSERS. No contribution is required for MTRS. The Commonwealth of Massachusetts as a nonemployer is legally responsible for the entire past service cost related to the Collaborative and therefore has a 100% special funding situation.

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

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

To the Board of Directors of
Valley Collaborative
Billerica, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Collaborative (a collaborative organized under the Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Valley Collaborative's basic financial statements, and have issued our report thereon November 16, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Purpose of this Report

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

Certified Public Accountants

Newburyport, Massachusetts
November 16, 2023

Valley COLLABORATIVE

Central Administration

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ACCEPTANCE OF THE BOARD OF DIRECTORS

We, the Board of Directors of the Valley Collaborative, have voted to accept the representations of management and the expression of the opinions made by Fritz DeGuglielmo LLC as embodied in the financial statements, supplemental schedules and independent auditor's reports for the year ended June 30, 2023.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and under Commonwealth of Massachusetts laws for the year ended June 30, 2023.

Board Chair

11-16-2023

Date

Progress Made Toward Achieving the Purpose and Objectives Set Forth in the Collaborative Agreement

2022-2023 District Improvement Plan Summary

Valley Collaborative's District Improvement Plan

Designed to achieve the Purpose and Objectives set forth in the Collaborative Agreement

Plan Overview

Valley Collaborative's Articles of Agreement **ARTICLE II** **Mission, Objectives, Focus, and Purpose**
The mission of the Collaborative is to conduct educational programs and/or services for member districts in a cost-effective manner and to increase educational opportunities and to improve educational outcomes for its students. The purpose of the Collaborative is to provide high quality intensive educational, therapeutic and transitional programs and related services to individuals with disabilities referred by member districts, non-member districts and social service agencies, including both children and adults, and to provide professional development to educators. The focus of the Collaborative is the provision of special education, transitional, occupational, and therapeutic programs and services in the least restrictive environment and comprehensive professional development within the local communities of the member districts. The overall objectives of the Collaborative include improving the academic achievement and/or occupational skills of students and individuals with disabilities in the least restrictive environment through high quality programs and services; offering a variety of high quality professional development opportunities to general and special education teachers and related service providers; and offering its programs and services in a cost-effective manner.
Mission
To work collaboratively in order to create a diverse, equitable, inclusive, and responsive learning environment that recognizes individuals and empowers them to navigate confidently with optimal independence in their community and fosters lifelong learning.
Vision
Valley Collaborative partners with families, districts, and the community to provide innovative programming that empowers all students and adults to discover their diverse individual strengths, interests, and abilities. In doing so, those we serve become self-actualized members of society who contribute in a responsible manner.
Theory of Action
If we… • Identify students' immediate and long-term individualized goals, strengths, and needs and provide support to meet them, and… • Build the capacity of, and invest in, our staff, and… • Invest in community building across the Collaborative, with all stakeholder groups, *Then we will…* • Increase student independence and prepare students for successful post-secondary placement and adult living • Increase staff professional capacity and the retention of certified staff • Improve the engagement of all stakeholders in the Collaborative community

During the 2022 - 2023 school year, Valley continued to work under the framework of the District Improvement Plan (DIP) Bridge Plan. Through this framework, we focused on curriculum, professional development, and human resources. Additionally, Valley revised our mission statement, vision, and strategic objectives to reflect our commitment to Diversity, Equity, and Inclusion (DEI). This year, Valley's "Leadership at Every Level" Professional Development Series, facilitated by Dr. Anthony Bent, was anchored by the foundational text, *Leading with Dignity,* by Donna Hicks, PhD. Valley plans to host a *Leading with Dignity* book club for all staff in the summer/fall of 2023. This past spring, the leadership team created a survey based Hicks'

ten elements of dignity, which expanded upon our previous Sense of Belonging Survey. This expanded survey tool will be administered in the Fall of 2023. Additionally, Valley is attempting to secure Dr. Hicks as a remote keynote speaker on Orientation Day (September 5, 2023).

In accordance with the criteria embedded in the Coordinated Program Review for Collaboratives, Valley teachers and professional staff have continued to survey our curriculum for bias. This year, we worked to enhance our library to make it more inclusive and diverse.

In order to creatively address the staffing shortage and the competitive labor market for paraprofessionals, Valley developed a new position titled "Special Education Assistant." This position is responsible for providing specialized support to students in a substantially separate classroom setting or within the community and assisting special education teachers and specialists throughout each school day. This position requires completion of Valley Collaborative's "Special Education Academy" – a series of targeted special education training sessions. This position is responsible for data collection in the classroom or community setting, developing therapeutic rapport with students in order to effectively de-escalate situations and assist in providing effective student instruction, actively engage in professional development to further the effective support of the substantially separate classrooms, and follow through with all recommendations put in place by the students' teams.

Valley also formed a partnership this year with the International Institute of New England (IINE), located in Lowell, Massachusetts, to help fill various positions across the Collaborative. IINE creates opportunities for refugees and immigrants to succeed through resettlement, education, career advancement and pathways to citizenship.

In September of 2023, we will work to set next year's initiatives and develop an action plan with the DEI Committee and Leadership Team.

Strategic Objective 3: Valley Collaborative will foster diversity, equity and inclusivity to promote a sense of belonging and engagement for all stakeholders (students, adults, families, staff, districts, community partners).

Initiative: *3.4 Ensure Valley is a diverse, equitable, and inclusive organization:*

Professional Development Initiatives	**Person Responsible**	**Date**	**Status**
Leading with Dignity, Leadership at Every Level Professional Development Series	Dr. Anthony Bent Dr. Chris Scott Jr. & Sr. Leadership teams	Sept-June '23	ongoing
Dignity Survey	Dr. Chris Scott Brian Mihalek Karen Rowe	Draft- Spring '23 Administer- TBD-Fall '23	ongoing
Collaborative wide Summer Book Club Donna Hicks' *Leading with Dignity*	Dr. Chris Scott	Summer '23	ongoing
2022-2023 SY Orientation Day Keynote Speaker- Dr. Regina Robinson, Deputy Commissioner, Massachusetts Department of Elementary and Secondary Education 2023-2024 SY we are looking to secure Donna Hicks, author of *Leading with Dignity*	Dr. Chris Scott	Fall '22 Fall '23	ongoing

Seeing Your School and Students Through Trauma-Informed Lenses- Transitional MS & HS -Noelle Colbert, M.Ed., James Levine and Assoc. (for MPY)	Nicole Noska	04/05/2023	completed
Understanding Anxiety and Avoidance- Transitional MS & HS -Alex Hirshberg, Psy.D., Massachusetts Partnerships for Youth	Nicole Noska	01/25/2023	completed
Perceived Anxiety: Regulating Internal Stimulation- Transitional & Alternative MS & HS -Patrick Barbieri, M.Ed., Educational Consultant (Mass Partnerships for Youth)	Nicole Noska Nicholas LeClair	12/07/2022	completed
Implementing Multi-Modal Community Building Experiences- Alternative HS -Nicholas LeClair	Nicholas LeClair	11/01/2022	completed

Curriculum Initiatives	**Person Responsible**	**Date**	**Status**
Curriculum Bias Survey	Teachers & Therapists	22/23 SY	ongoing
In response to the Curriculum Bias Survey results in the Alternative MS, we worked with an independent MA bookstore to purchase a curated, diverse collection of books (64 chapter books, 42 graphic novels, 7 poetry books, 13 non-fiction books, 19 of the sports genre).	Jake Smith Brian Mihalek	22/23 SY	completed
Winter Holiday Storyteller- Elementary Assembly	Heather Mackay	12/21/2023	completed
"Gather Here" Multicultural assembly-Elementary School	Heather Mackay	02/17/2023	completed
Autism Acceptance Month	Heather Mackay	April '23	completed

Human Resources Initiatives	**Person Responsible**	**Date**	**Status**
SPED Assistant: in order to creatively address the high turnover rate of our paraprofessionals (both transitional and behavioral aides), Valley developed a new position titled "Special Education Assistant." This role is responsible for providing specialized support to students in a substantially separate classroom setting or within the community and assisting special education teachers and specialists throughout each school day. This position requires completion of Valley Collaborative's "Special Education Academy" – a series of targeted special education training sessions.	Kari Morrin Nicole Noska Heather Mackay Nicholas LeClair Dr. Chris Scott	Feb '23	completed
In April '23 approx. 25 Special Education Assistant positions were filled with an additional (approx. 10) positions being added in July '23.	Kari Morrin Nicole Noska Heather Mackay	Feb '23	ongoing

2022-2023 Valley Collaborative Goals - Artifact Tracker Tool

State Agency	Artifact/Action/Benchmark	Administrative Team Member/ Co-contributor	Support Staff	Date/Timeline or Frequency	Category	DESE Standard, Indicator, Element	DDS Indicator	Evidence/Artifact to be Collected
Massachusetts Department of Elementary and Secondary Education (DESE)	SPED Fi - DESE billing system implementation began. SPED Fi is an integrated Business Solutions Suite for special education finance and administration. SPED Fi includes various modules including: Special Education Invoices & Contracts Module, providing a customized, dynamic system for contracts and all billing needs; Data integration that supports the development of additional fully customized add-on modules. SPED Fi is cloud-based, Software-as-a-Service product, powered by Salesforce. Member districts are in the process of being trained on SPEDFi so they have full access to their student financial records. Valley was asked to present at MASBO this business solution for Collaboratives and their sending school districts. The session was well attended by Jay Sullivan (DESE) and approximately 40 School Business Managers from across the Commonwealth.	Chris A. Scott	Joia Mercurio; Gail DeGregory	ongoing	District Improvement Goal	S2A2: Operational Systems	N/A	https://drive.google.com/file/d/17VPlm-zk0Tvvsi71Y18MS2sn9LpM2aet/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Completed and analyzed All Hazards Risk Assessment and implemented strategies to increase safety measures across all Valley	Chris A. Scott, James George, Joia Mercurio, Kari Morrin, Heather Mackay, Nick LeClair, Nicole Noska, Matt Gentile	Renato Silva; Elias Gioumbakis; School Resource Officer	ongoing	District Improvement Goal	S1E3: Improvement of Performance, Effectiveness, and Learning	N/A	https://drive.google.com/file/d/16c3P6sZhmkYN-XiVP-ZPgS5iZac0iRZa/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Financial Management - Valley is projecting $800,000+ over budget for FY'23. If the Board of Directors votes an additional $800,000 to the OPEB trust, the trust would be fully funded. Valley again would be the only Collaborative to have a fully funded OPEB trust in the Commonwealth. We are proud to have met this very important financial goal in spite of the challenges of the pandemic.	Chris A. Scott, James George		ongoing	District Improvement Goal	S2A2: Operational Systems	N/A	June Finance Memo
Massachusetts Department of Elementary and Secondary Education (DESE)	Due to sound fiscal management, there has been a redistribution of millions of dollars of funds to Districts in FY'15, FY'16, FY'17, FY'18, FY'19, FY'20, FY'21, FY'22 and FY'23.	Chris A. Scott, James George, Joia Mercurio, Kari Morrin	N/A	ongoing	District Improvement Goal	S2A2: Operational Systems	N/A	June Finance Memo
Massachusetts Department of Elementary and Secondary Education (DESE)	FY'22 Annual Report and Approval Letter	Chris A. Scott, Joia Mercurio, Kari Morrin		2/16/2022	District Improvement Goal	S2D1: Laws and Policies	N/A	https://drive.google.com/file/d/1PDlp0MgyD5St34Fc1UC0blJUkcpkRLcU/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	FY'22 DESE Annual Independent Audit Report & Approval Letter	Chris A. Scott, James George	Gail Degregory	1/15/2020	District Improvement Goal	S2D1: Laws and Policies	N/A	https://drive.google.com/file/d/1U8sYpF7XLnCBkaAxFRA3WeOEiHzvgzf7/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	In FY'23, there was no increase in tuition rates to member districts.	Chris A. Scott, James George, Joia Mercurio, Kari Morrin, Heather Mackay, Nicholas LeClair, Nicole Noska, Matt Gentile	N/A	ongoing	District Improvement Goal	S2E1: Fiscal Systems	N/A	https://drive.google.com/file/d/1Q2dNvpOvANGhB89kDg45o_RZPGKZm-Qy/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	In an effort to stay ahead of inflation, Valley took the unpresedented step of increasing the FY'24 tuition rates for member districts by 5% and non-member districts by 7% for the upcoming school year.	Chris A. Scott, James George	Joia Mercurio; Kari Morrin	ongoing	District Improvement Goal	S2E1: Fiscal Systems	N/A	https://drive.google.com/file/d/1d_IaS2Eo6rDbNVUz_7zRnfGpnQxdliHn/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Valley tuition and fees continue to be among, if not, the lowest in the Commonwealth and are unparalleled given our staff to student ratios	Chris A. Scott, James George, Joia Mercurio, Kari Morrin, Heather Mackay, Nick LeClair, Nicole Noska	N/A	ongoing	District Improvement Goal	S2E1: Fiscal Systems	N/A	https://drive.google.com/file/d/1Q2dNvpOvANGhB89kDg45o_RZPGKZm-Qy/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Continuously updates, when required, Valley Collaborative's Finance Manual to maintain alignment to all federal and state laws, regulations, and guidelines	Chris A. Scott, James George, Joia Mercurio, Kari Morrin	Human Resources and Payroll Personnel	ongoing	District Improvement Goal	S2E1: Fiscal Systems	N/A	https://drive.google.com/file/d/1H-BUyem5O8A-vUZfMm9kfZXVElq8l0c7/view?usp=sharing

State Agency	Artifact/Action/Benchmark	Administrative Team Member/ Co-contributor	Support Staff	Date/Timeline or Frequency	Category	DESE Standard, Indicator, Element	DDS Indicator	Evidence/Artifact to be Collected
Massachusetts Department of Elementary and Secondary Education (DESE)	Member District School Committee quarterly communications (newsletters)	Chris A. Scott	Donna Driscoll	ongoing	District Improvement Goal	S3A2: Community and Business Engagement	N/A	https://drive.google.com/file/d/1B4MH2L0rrzyVnmjkPTWV6in-Acn2wU_y/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	During the 2022-2023 school year, Valley continued to work under the framework of the District Improvement Plan (DIP) Bridge Plan. Through this framework we focused on curriculum, professional development, and human resources and revised our mission statement, vision, and strategic objectives to reflect our commitment to Diversity, Equity, and Inclusion (DEI). This year the Leadership at Every Level Professional Development Series focused on the book Leading with Dignity by Donna Hicks, Phd.. This summer 2023 the collaborative will host a Leading with Dignity book club for all staff. This past Spring, the leadership team created a survey based on the ten elements of dignity from Hicks' book. The survey will be administered in the Fall of 2023. Additionally, Valley will look to book Dr. Hicks as a keynote speaker in the Fall of 2023. Teachers and professional staff have continued to survey our curriculum for bias. This year, in response to survey results in the Alternative Middle School, we worked with an independent MA bookstore to purchase a curated, diverse collection of books (64 chapter books, 42 graphic novels, 7 poetry books, 13 non-fiction books, 19 of the sports genre). In order to creatively address the high turnover rate of our paraprofessionals (both transitional and behavioral aides), Valley developed a new position titled "Special Education Assistant." This role is responsible for providing specialized support to students in a substantially separate classroom setting or within the community and assisting special education teachers and specialists throughout each school day. This position requires completion of Valley Collaborative's "Special Education Academy" – a series of targeted special education training sessions. This position is responsible for data collection in the classroom or community setting, developing therapeutic rapport with students in order to effectively de-escalate situations and assist in providing effective student instruction, actively engage in professional development to further the effective support of the substantially separate classrooms, and follow through with all recommendations put in place by the students' teams. Additionally, this essential team member must demonstrate a positive and caring attitude and must remain flexible and adaptable in order to meet school needs. Valley also formed a partnership this year with the International Institute of New England (IINE), located in Lowell MA, to help fill various positions across the Collaborative. IINE creates opportunities for refugees and immigrants to succeed through resettlement, education, career advancement and pathways to citizenship. In September of 2023, we will work to set next year's initiatives and develop an action plan with the DEI Committee and Leadership Team.	Chris A. Scott, James George, Joia Mercurio, Kari Morrin, Jessica Scalzi, Heather Mackay, Nick LeClair, Nicole Noska, Renato Silva	Gail Degregory, Kathy Diaz, Sandra Morency	ongoing	District Improvement Goal	S4A2: Mission and Core Values	N/A	https://docs.google.com/document/d/170nVxyG7v9rM3b9i8TJjiPVB5jeMV1uOEbHg22kn08I/edit?usp=sharing
Massachusetts Department of Developmental Services (DDS)	Year over Year Comparison: FY23 DDS, MRC, and Small Business Revenue Increases	Chris A. Scott; David Illg	Matt Gentile, Sean Curran	ongoing	District Improvement Goal	S3A2: Community and Business Engagement	C7; C22; C23; C24; C40; C41; C42; C43; C44;	https://docs.google.com/document/d/1fr7B129c46a0fCW_n14Ubinw9NDTrtLtFR9jQhDpves/edit?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	In an effort to address the global staffing crisis of nurses and its resulting effects at Valley, a nurses salary schedule was instituted to help attract and retain our RN and LPN staff.	Chris A. Scott, Joia Mercurio, Kari Morrin		ongoing	Professional Practice Goal	S2B1: Recruitment & Hiring Strategies		https://drive.google.com/file/d/1K7aEneCiDsQsB3N1hMVKOfb4ZqrYRaYy/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Valley's motto "leadership at every level" was supported again this year with leadership development workshops offered six times over the course of the school year facilitated by Dr. Anthony Bent, targeting the Leadership Team and our "Farm Team" of aides, support staff, and professional staff.	Chris A. Scott, Anthony Bent, Joia Mercurio, Kari Morrin		ongoing	Professional Practice Goal	S2B2: Induction, Professional Development, and Career Growth Strategies	N/A	https://drive.google.com/file/d/1W_y7qSftlyG2AYhJHLd0svkZQN_jyh5B/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Valley was proud to have Dr. Anthony Bent as the keynote speaker and guest speaker Dr. Regina Robinson, DESE Deputy Commissioner, for Valley's Staff Orientation Day on Tuesday, September 6, 2022.	Chris A. Scott		9/6/2022	Professional Practice Goal	S3A2: Community and Business Engagement	N/A	https://drive.google.com/file/d/1C5bQmKqWOC7LIK56G9rp1ISo5m_7pTcx/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Facilitated Valley's Special Education Directors Regional meetings.	Chris A. Scott		ongoing	Professional Practice Goal	S3A2: Community and Business Engagement	N/A	https://drive.google.com/file/d/1NmsrIuOGg5pH1DZ7mOsDcm-IrB2zl8v-/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Continued to engage in professional development opportunities with Lyle Kirtman's Superintendent Leadership Series over the course of the 2022 - 2023 school year.	Chris A. Scott	N/A	ongoing	Professional Practice Goal	S4A1: Commitment to High Standards	N/A	FY23 Certificate of Attendance

State Agency	Artifact/Action/Benchmark	Administrative Team Member/ Co-contributor	Support Staff	Date/Timeline or Frequency	Category	DESE Standard, Indicator, Element	DDS Indicator	Evidence/Artifact to be Collected
Massachusetts Department of Elementary and Secondary Education (DESE)	Performed duties as MOEC Treasurer, Chair of Finance Committee, Chair of Ethics Committee, and Chair of Policy Committee	Chris A. Scott, James George	Gail Degregory, Dan Schaffner	2022 - 2023	Professional Practice Goal	S4A1: Commitment to High Standards	N/A	https://drive.google.com/file/d/1P4eiZXBmiANQeI5xBQQhU34nPQFziJnI/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	In an effort to stabilize Valley's workforce and retain staff, with full support from Valley's Board of Directors, an expanded longevity payment and schedule was instituted to provide a holiday pay based on 1+ years of service.	Chris A. Scott	Joia Mercurio, Kari Morrin, Nicole Noska, Nick LeClair, Heather Mackay, Matt Gentile	ongoing	Professional Practice Goal	S2B1: Recruitment & Hiring Strategies	N/A	https://drive.google.com/file/d/1kEVofhsuPlWEiuuZVKih_-RarSNVm_4u/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Staff have been trained on the new DESE CHAMP online portal/system for collecting and recording the CPR materials and submitting Form 2s.	Chris A. Scott, Joia Mercurio	Kari Morrin, Nicole Noska, Nick LeClair, Heather Mackay	ongoing	Professional Practice Goal	S1E2: School and District Goals	N/A	https://drive.google.com/file/d/1AClhjmQ8FrXLrMwtrLKM3U73UhyYztmX/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	In order to creatively address the high turnover rate of our paraprofessionals (both transitional and behavioral aides), Valley developed a new position titled "Special Education Assistant." This role is responsible for providing specialized support to students in a substantially separate classroom setting or within the community and assisting special education teachers and specialists throughout each school day. This position requires completion of Valley Collaborative's "Special Education Academy" – a series of targeted special education trainings. This position is responsible for data collection in the classroom or community setting, developing therapeutic rapport with students in order to effectively de-escalate situations and assist in providing effective student instruction, actively engage in professional development to further the effective support of the substantially separate classrooms, and follow through with all recommendations put in place by the students' teams. Additionally, this essential team member must demonstrate a positive and caring attitude and must remain flexible and adaptable in order to meet school needs.	Chris A. Scott; Joia Mercurio; Kari Morrin	Nicole Noska, Nick LeClair, Heather Mackay	ongoing	Professional Practice Goal	S2B1: Recruitment & Hiring Strategies	N/A	https://drive.google.com/file/d/1rIJ8jsSyzyZ2myt2hf8t-ygMgdeNGQZJ/view?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	Valley continues to maximize opportunities for students and individuals from the Adult programs through sound fiscal management.	Chris A. Scott, James George	Gail Degregory	ongoing	Student & Adult Learning Goal	S2E1: Fiscal Systems	N/A	https://docs.google.com/document/d/1fr7B129c46a0fCW_n14Ubinw9NDTrtLtFR9jQhDpves/edit?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	The School Based Medicaid Reimbursement procedures at Valley Collaborative continued to be in compliance with requirements of the 2019 Updated Guidance from the School Based Medicaid Program, while tweaking some procedural steps during the course of the school year. Additionally, we are working to build the Therapy Log and Medicaid Modules within SPEDfi, alongside the founder, in order to provide efficiency, transparency, and increased data management for this state/federal reimbursement program.	Chris A. Scott, Kari Morrin	Therapy Department	2021 - 2022	Student & Adult Learning Goal	S4A1: Commitment to High Standards	N/A	https://docs.google.com/document/d/1_CwDaC-mMQY0YPhXhfWkYoJpVp8Pf8O_dMKM1smj110/edit?usp=sharing
Massachusetts Department of Elementary and Secondary Education (DESE)	2022 - 2023 Principal Meetings	Chris A. Scott	Joia Mercurio, Kari Morrin, Nicole Noska, Nick LeClair, Heather Mackay, Matthew Gentile	ongoing	Student & Adult Learning Goal	S4A3: Meetings	N/A	https://drive.google.com/file/d/1sLPBEiAJw_5Ggwvt3ePYcVsjotTCYBl_/view?usp=sharing
Massachusetts Department of Developmental Services (DDS)	The DDS program has experienced its highest enrollment in Valley history.	Chris A. Scott, Matthew Gentile	Sean Curran, Joseph Venskus	ongoing	Student & Adult Learning Goal	S1E1: Knowledge & Use of Data	N/A	https://docs.google.com/document/d/1fr7B129c46a0fCW_n14Ubinw9NDTrtLtFR9jQhDpves/edit?usp=sharing
Massachusetts Rehabilitation Commission (MRC)	Valley continues to serve over 100 individuals find meaningful work in our MRC program, annually.	Chris A. Scott, Matthew Gentile	Patricia Sicard	ongoing	Student & Adult Learning Goal	S1E3: Improvement of Performance, Effectiveness, and Learning	N/A	https://drive.google.com/file/d/1cEDCUVWv4H5BrHqyXlE0HEz281mqaCIY/view?usp=sharing

State Agency	Artifact/Action/Benchmark	Administrative Team Member/ Co-contributor	Support Staff	Date/Timeline or Frequency	Category	DESE Standard, Indicator, Element	DDS Indicator	Evidence/Artifact to be Collected
Massachusetts Department of Developmental Services (DDS)	Valley's Adult Services Program relocated the Today and Tomorrow Program and Mass Rehab Commission team to 11 Executive Park Drive in North Billerica in the fall of 2022.	Chris A. Scott, Matthew Gentile	David Illg	11/7/2022	Student & Adult Learning Goal	S1E2: School and District Goals	N/A	https://drive.google.com/file/d/1aTSDhSoVw2VnoZlZLi5IshwKYMoCimal/view?usp=sharing
Massachusetts Department of Developmental Services (DDS)	Valley continues to adjust current databases to maximize the efficiency and effectiveness in which we capture the work being done and the services being provided to our individuals. Individuals continue to have access to our hybrid classroom model.	Chris A. Scott, David Illg	Matthew Gentile	ongoing	Student & Adult Learning Goal	S1E3: Improvement of Performance, Effectiveness, and Learning	C22; C23; C24; C40; C41; C42; C43; C44;	https://docs.google.com/document/d/1fr7B129c46a0fCW_n14Ubinw9NDTrtLtFR9jQhDpves/edit?usp=sharing
Massachusetts Department of Developmental Services (DDS)	Valley receives the only transportation contract from DDS and we are proud of the fact that it has almost doubled in size, from approximately $500,000 to $800,000.	Chris A. Scott, Matthew Gentile	David Illg	ongoing	Student & Adult Learning Goal	S1E3: Improvement of Performance, Effectiveness, and Learning	C7; C22; C23; C24; C40; C41; C42; C43; C44;	June Finance Memo
Massachusetts Department of Developmental Services (DDS)	Due to the pandemic, the Office of Quality Assurance extended Valley's DDS license through October 2022. This fiscal year, Valley went through its robust QUEST audit, which is a licensure and certification audit. Valley scored a 98% on licensing indicators, with all critical indicators met. Valley scored an 86% on certification indicators.	Chris A. Scott, Matthew Gentile	David Illg, Holly Tierney	ongoing	Student & Adult Learning Goal	S2D1: Laws and Policies	N/A	https://drive.google.com/file/d/15Cwu_PXRv9cSU6oAUMiSOrGmNOWMzJY2/view?usp=sharing

Central Administration

11 Executive Park Drive, N. Billerica, MA 01862 | Tel: (978) 528-7826 | www.valleycollaborative.org

ACCEPTANCE OF THE BOARD OF DIRECTORS

We, the Board of Directors of the Valley Collaborative, have voted to accept Valley Collaborative's FY'23 Annual Report at their December 7, 2023 Board Meeting.

_____

Dr. Jay Lang, Chairman

Dated: _____

Valley COLLABORATIVE

Central Administration

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MEMORANDUM

To: Valley Collaborative Board of Directors
From: Dr. Chris A. Scott, Executive Director
Mr. James George, Accountant/Business Manager
Date: December 07, 2023
Re: FY' 25 Budget Draft Presentation/Budget Drivers

- Overall, operating expenses are expected to increase between FY' 24 and FY' 25 by a little over 6%. The primary drivers of these cost increases are benefit increases due to higher GIC health insurance rates, as well as increases in liability insurance, utilities and supplies due to inflation.
- Total expenses are up 9.30% compared to FY' 24 amended budget, not including capital expenditures.
- Salaries increased from $15,531,226 in the amended FY' 24 budget to $17,173,652 in FY' 25, equating to a 10.5% increase. This increase was made up by the following:
    - COLA for all salaries on a step schedule of 2.75%.
    - 2.75% COLA increase for salaries not included in a salary schedule.
    - Additional positions being hired compared to the prior year amended budget.
- The budget assumes a 5% increase in health insurance cost for FY' 25.
- Overall capital items decreased by $330k, equal to the amount of our original budget for FY '24.
- DDS revenue increased by approximately $700k between FY' 24 and FY' 25.
- FY' 25's services revenue (tuition) is projected to higher by $780k. This increase is based on Valley increasing our tuition rates by 1% to keep up with the increasing costs due to salary increases, insurance increases, and overall inflation of operating costs.
- The revenue increase would be 1% on all programs and services, except for the High School Transitional Programming, which will include a market correction from $184.37 a day currently for member district rates to $203.00 a day and $237.94 a day currently for non-member districts to $259.00 a day. In addition, the current tuition rate sheet reports rates to the penny. In order to simplify calculations, all rates going forward will be rounded up to the nearest dollar.

Required Action:

- Vote to approve the FY'25 Budget will take place at the January 11, 2024 Board Meeting

Attachments:

- FY'25 Budget Draft Presentation

VALLEY COLLABORATIVE

FY2025 BUDGET SUMMARY

Proposed Budget

	FY2022		FY2023		FY2024	FY 2024 Amendment	FY 2025		
	Budget	Actual	Amended Budget	Actual	Original Budget		Approved	vs. 2024 Amendment	% change
REVENUES									
Services	17,268,440	16,133,113	17,200,000	17,323,864	18,170,000	18,420,000	19,200,000	$ 780,000	
State contracts	2,521,300	2,702,043	3,920,000	3,918,012	4,100,000	4,200,000	4,900,000	700,000	
Other	300,800	414,507	650,000	633,398	650,000	650,000	700,000	50,000	
Interest	29,000	1,950	30,000	36,296	5,000	5,000	30,000	25,000	
Total Revenues	$ 20,119,540	$ 19,251,613	$ 21,800,000	21,911,570	$ 22,925,000	$ 23,275,000	$ 24,830,000	$ 1,555,000	6.68%
EXPENSES									
Salaries	13,181,932	11,559,371	14,604,102	14,520,241	15,531,226	15,531,226	17,173,652	1,642,426	
Operating Expenses	5,971,980	5,489,251	6,762,927	6,714,551	6,644,655	6,644,655	7,064,066	419,411	
Total Expenses	$ 19,153,912	$ 17,048,622	$ 21,367,029	21,234,792	$ 22,175,881	$ 22,175,881	$ 24,237,718	$ 2,061,837	9.30%
Revenues over/(under) Expenses	965,628	2,202,991	432,971	676,778	749,119	1,099,119	592,282	(506,837)	
NON-OPERATING									
Capital	725,000	241,871	715,000	-	575,000	905,000	575,000	(330,000)	-36.46%
Board Capital Reserve			-		-	-	-	-	
BUDGETED SURPLUS/(SHORTFALL)	$ 240,628	$ 1,961,120	$ (282,029)	$ 676,778	$ 174,119	$ 194,119	$ 17,282	(176,837)	

VALLEY COLLABORATIVE

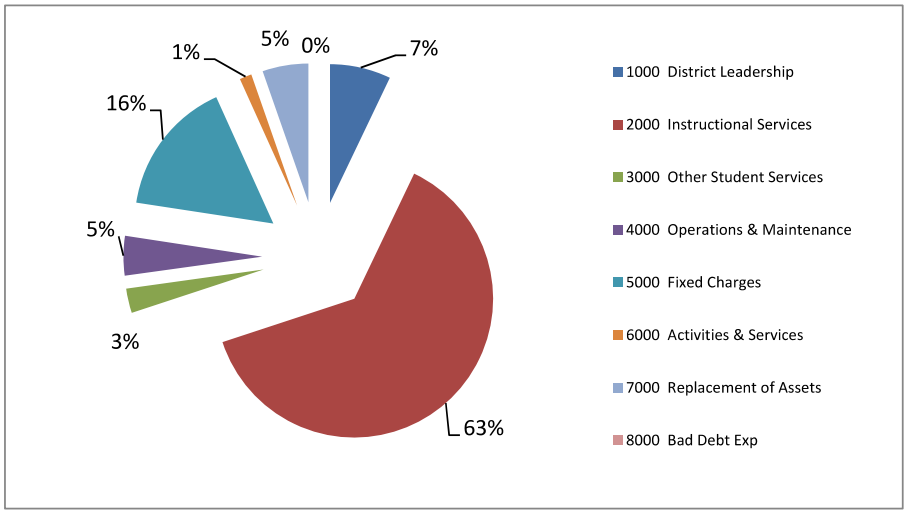
Fiscal Year 2025 Operating Budget, by Program

PROGRAM		PRELIMINARY BUDGET SALARIES	EXPENSES	OTHER	REVENUE	Net Fav/(Unfav)
ADMINISTRATION:						
100	CENTRAL ACTIVITIES	1,880,353	2,450,943	(4,301,297)	30,000	-
POST-SECONDARY:						
101	MRC - EVALUATION & TRAINING	187,101	41,846	49,475	300,000	21,577
102	MRC - SUPPORTED WORK	112,614	28,850	30,570	200,000	27,966
500	DDS - OVER 22	1,935,547	830,906	597,827	5,100,000	1,735,720
HIGH SCHOOL:						
200	SCHOOL AND VOCATIONAL TRAINING	3,811,484	1,357,383	1,116,985	6,389,941	104,088
400	HIGH SCHOOL ALTERNATIVE	1,641,863	580,839	480,323	3,779,866	1,076,842
MIDDLE SCHOOL:						
712	MIDDLE SCHOOL EBS	867,489	356,160	264,429	1,602,719	114,641
711	MIDDLE SCHOOL ASD	829,395	185,612	219,342	1,271,940	37,592
ELEMENTARY SCHOOL:						
660	EBS & BEHAVIORAL	3,748,025	1,207,227	1,070,823	6,155,534	129,458
662	PDD & BEHAVIORAL	0	0	-	0	-
OTHER SERVICES:						
450	CTR FOR ASSESSMENTS & SERVICES	2,159,780	12,200	469,362	0	(2,641,342)
	CAPITAL PLAN			575,000		(575,000)
	TOTALS	17,173,652	7,064,066	575,000	24,830,000	**17,282**

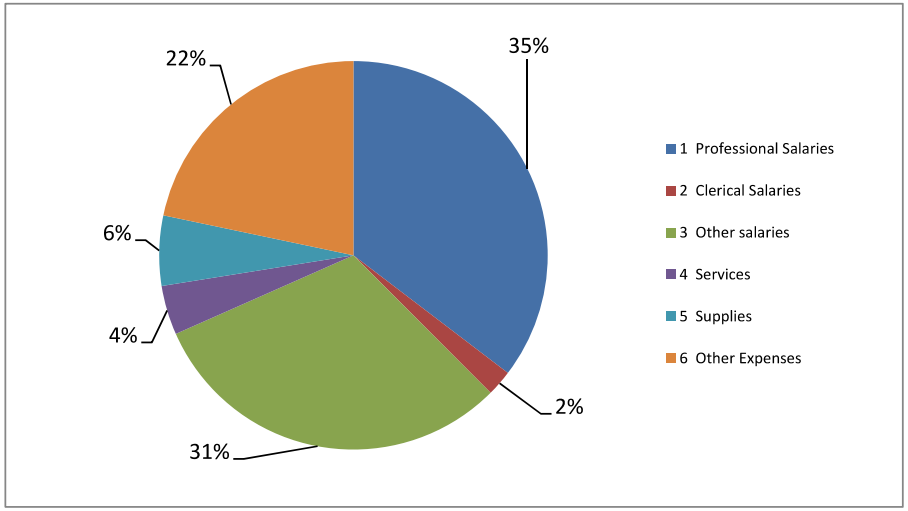
VALLEY COLLABORATIVE

Preliminary FY2025 Budget

DESE FUNCTION:	
1000 District Leadership	1,764,320
2000 Instructional Services	15,590,739
3000 Other Student Services	710,289
4000 Operations & Maintenance	1,141,359
5000 Fixed Charges	3,928,366
6000 Activities & Services	351,646
7000 Replacement of Assets	1,326,000
8000 Bad Debt Exp	0
	24,812,718



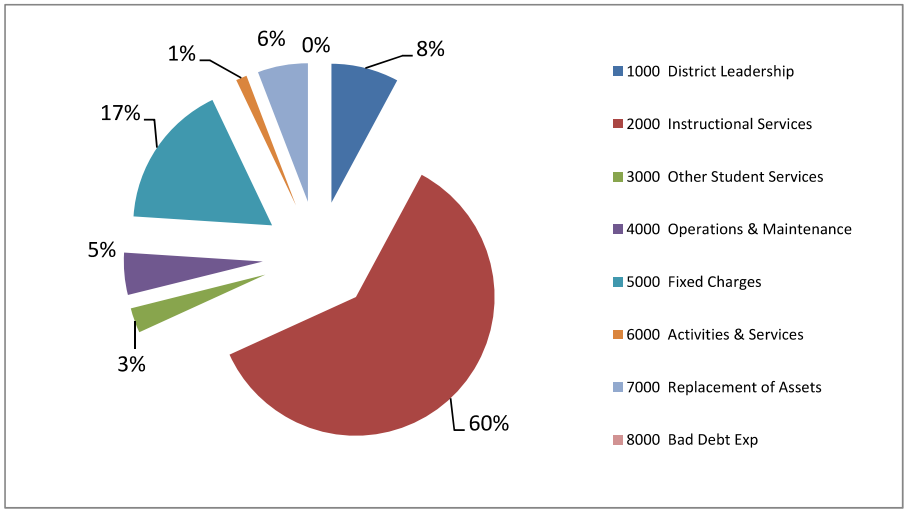
DESE OBJECT:	
1 Professional Salaries	8,774,093
2 Clerical Salaries	536,826
3 Other salaries	7,652,894
4 Services	1,016,250
5 Supplies	1,449,039
6 Other Expenses	5,383,616
	24,812,718



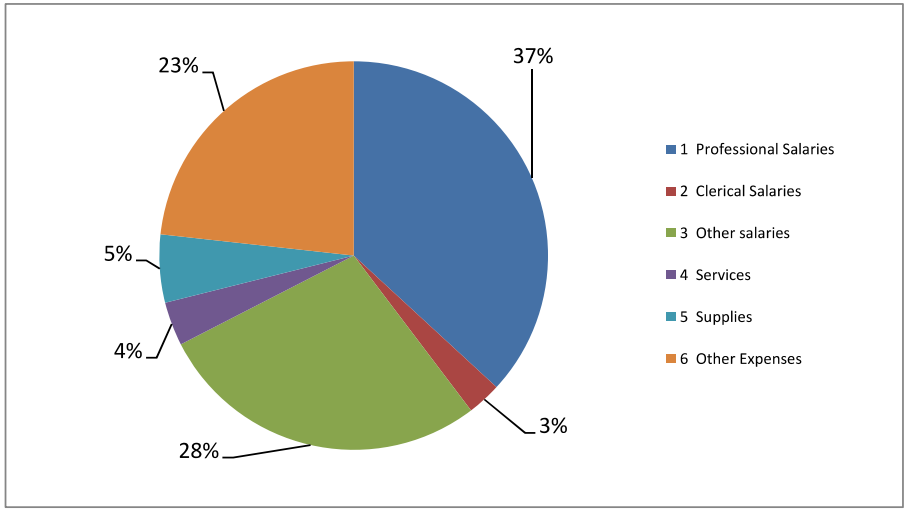
VALLEY COLLABORATIVE

Preliminary FY2024 Budget

DESE FUNCTION:	
1000 District Leadership	1,789,603
2000 Instructional Services	13,721,725
3000 Other Student Services	666,985
4000 Operations & Maintenance	1,116,261
5000 Fixed Charges	3,847,217
6000 Activities & Services	283,090
7000 Replacement of Assets	1,326,000
8000 Bad Debt Exp	0
	22,750,881



DESE OBJECT:	
1 Professional Salaries	8,383,186
2 Clerical Salaries	638,579
3 Other salaries	6,324,593
4 Services	833,650
5 Supplies	1,280,096
6 Other Expenses	5,290,777
	22,750,881



VALLEY COLLABORATIVE
Recommended Capital Plan
FY2025-2029

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Budget	Five-Year Plan FY2025	FY2026	FY2027	FY2028	FY2029	5-year TOTALS
FACILITIES ACQUISITION										-
FACILITIES IMPROVEMENTS	129,459	234,000	199,865	315,000	125,000	125,000	125,000	125,000	125,000	625,000
SITE IMPROVEMENTS	-	-	-							-
LEASEHOLD IMPROVEMENTS	-	-	-							-
VEHICLES	67,871	83,340	224,880	310,000	250,000	250,000	250,000	250,000	250,000	1,250,000
TECHNOLOGY PLAN	331,889	119,725	200,671	180,000	150,000	150,000	150,000	150,000	150,000	750,000
FURNISHINGS & EQUIPMENT	32,297	16,588	29,007	100,000	50,000	50,000	50,000	50,000	50,000	250,000
TOTALS	**$ 561,516**	**$ 453,653**	**$ 654,423**	**$ 905,000**	**$ 575,000**	**$ 575,000**	**$ 575,000**	**$ 575,000**	**$ 575,000**	**$ 2,875,000**

Valley Collaborative 2024 - 2025 Tuition Rates

Program	Grades	Member District Rates					Non-Member District Rates				
		School Year Per Diem	School Year (180 Days)	Summer Per Diem	Summer (30 Days)	Total Tuition (SY+Summer)	School Year Per Diem	School Year (180 Days)	Summer Per Diem	Summer (30 Days)	Total Tuition (SY+Summer)
Intensive Special Needs (ISN) Member and Non-Member Tuition Includes: SLP, OT, PT, BCBA, SW	K – Age 22	$306	$55,080	$312	$9,360	$64,440	$390	$70,200	$452	$13,560	$83,760
Elementary School - Emotional Behavioral Member and Non-Member Tuition Includes: SLP, OT, PT, BCBA, SW	K-6	$250	$45,000	$255	$7,650	$52,650	$319	$57,420	$379	$11,370	$68,790
Elementary School - Pragmatic, Sensory, and Behavior Member and Non-Member Tuition Includes: SLP, OT, PT, BCBA, SW	K-6	$250	$45,000	$255	$7,650	$52,650	$319	$57,420	$379	$11,370	$68,790
Middle School - Emotional Behavioral Member and Non-Member Tuition Includes: SLP, OT, PT, BCBA, SW	6-8	$250	$45,000	$255	$7,650	$52,650	$319	$57,420	$379	$11,370	$68,790
Middle School - Pragmatic, Sensory, and Behavior Member and Non-Member Tuition Includes: SLP, OT, PT, BCBA, SW	6-8	$250	$45,000	$255	$7,650	$52,650	$319	$57,420	$379	$11,370	$68,790
High School & Middle School - School & Life Skills Training ISN Member and Non-Member Tuition Includes: SLP, OT, PT, BCBA, SW	6 – Age 22	$306	$55,080	$312	$9,360	$64,440	$390	$70,200	$452	$13,560	$83,760
High School - School & Vocational Training Member District Tuition Includes: SLP, OT, PT, BCBA, SW Non-Member District Tuition Includes: BCBA, SW	9 – Age 22	$203	$36,540	$207	$6,210	$42,750	$259	$46,620	$323	$9,690	$56,310
High School - School & Life Skills Training Member District Tuition Includes: SLP, OT, PT, BCBA, SW Non-Member District Tuition Includes: BCBA, SW	9 – Age 22	$203	$36,540	$207	$6,210	$42,750	$259	$46,620	$323	$9,690	$56,310
High School - School to Work Program Member District Tuition Includes: SLP, OT, PT, BCBA, SW Non-Member District Tuition Includes: BCBA, SW	9 – Age 22	$203	$36,540	$207	$6,210	$42,750	$259	$46,620	$323	$9,690	$56,310
High School - Alternative Program Member District Tuition Includes: SLP, OT, PT, BCBA, SW Non-Member District Tuition Includes: BCBA, SW	9-12	$219	$39,420	$223	$6,690	$46,110	$279	$50,220	$338	$10,140	$60,360
High School - Alternative Vocational Program Member District Tuition Includes: SLP, OT, PT, BCBA, SW Non-Member District Tuition Includes: BCBA, SW	9-12	$219	$39,420	$223	$6,690	$46,110	$279	$50,220	$338	$10,140	$60,360

Valley Collaborative 2024 -2025 Contract & Related Services Rates

Hourly Services	Member District	Non-Member District
Speech, Occupational, and Physical Therapy	$104/hr.	$135/hr.
Board Certified Behavior Analyst	$104/hr.	$135/hr.
Social Work	$104/hr.	$135/hr.
Reading Specialist	$104/hr.	$135/hr.
Transition Specialist	$104/hr.	$135/hr.
Cognitive/Intelligence Testing – Three Year Evaluations	$104/hr.	$135/hr.
Tutoring	$104/hr.	$135/hr.
1:1 District Paid Aide	$104/hr.	$135/hr.
Nurse	Contingent on qualifications	Contingent on qualifications
Interim Alternative Education Setting – Extended Evaluation	program tuition day rate + $52/hr. related services	program tuition day rate + $68/hr. related services
Initial/Reevaluation/ 3 year Evaluations	N/A	billed at the hourly rate for the appropriate service

Valley COLLABORATIVE

Central Administration

11 Executive Park Drive, N. Billerica, MA 01862 | Tel: (978) 528-7826 | www.valleycollaborative.org

MEMORANDUM

To: Valley Collaborative Board of Directors
From: Dr. Chris A. Scott, Executive Director
Date: December 07, 2023
Re: Final FY'23 Audit completed by Fritz DeGuglielmo LLC

Please find enclosed the approved FY'23 Audit – finding free.

Required Action:

- None

Attachments:

- Board of Directors Letter
- Financial Statements

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

November 16, 2023

To the Board of Directors of
Valley Collaborative
40 Linnell Circle
Billerica, Massachusetts 01821

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Collaborative for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 16, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Valley Collaborative are described in Note A to the financial statements. The Collaborative fully implemented the requirements of GASB Statement No. 96 during fiscal year 2023, which impacts recording and reporting of Collaborative subscription-based information technology agreements. We noted no transactions entered into by the Collaborative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of depreciation expense is based on guidelines established by the Commonwealth of Massachusetts for contracting purposes. Management's estimate of the post-employment health benefit obligation is based on an actuarial valuation, which included actuarial assumptions of returns on investments, inflation, and annual compensation increase rates. Management's estimate of pension on-behalf payments is based on audited plan financial statements issued by the retirement systems. Management's calculation of lease assets, liabilities, amortization and interest based on actual lease payments and a discount rate of the Collaborative's implicit borrowing rate. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 16, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Valley Collaborative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Valley Collaborative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, OPEB Plan – Required Supplementary Information and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Information in Documents Containing Audited Financial Statements

The Collaborative is required to file a Uniform Financial Report (UFR) annually with the Commonwealth of Massachusetts. The UFR includes the audited financial statements. We were requested to assist in completing and reconciling the supplementary schedules to the underlying accounting records used to prepare the financial statements. We also reviewed the supplementary schedules after completion, which was part of our original engagement with the Collaborative.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Valley Collaborative and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

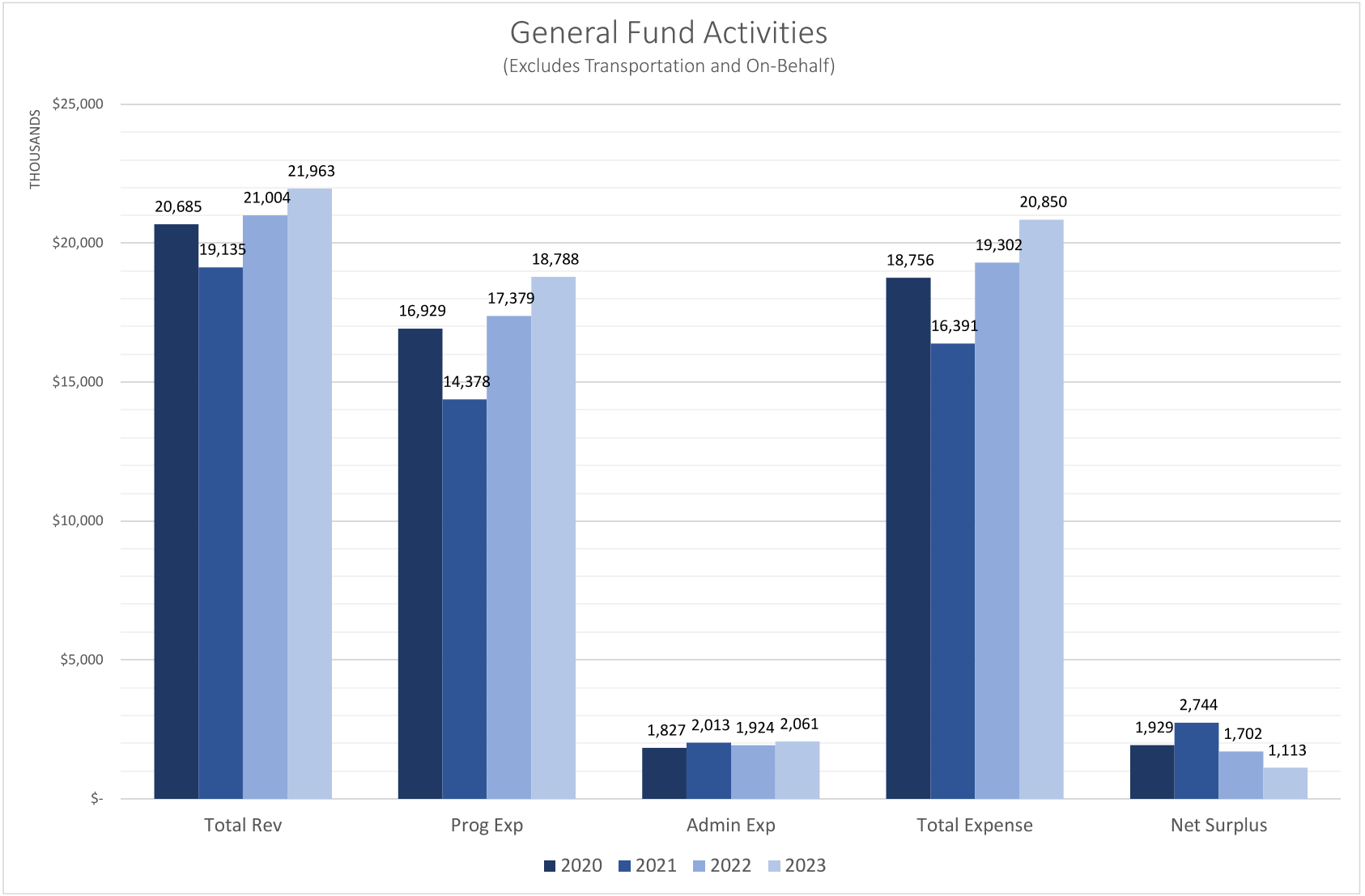
Fritz DeGuglielmo LLC

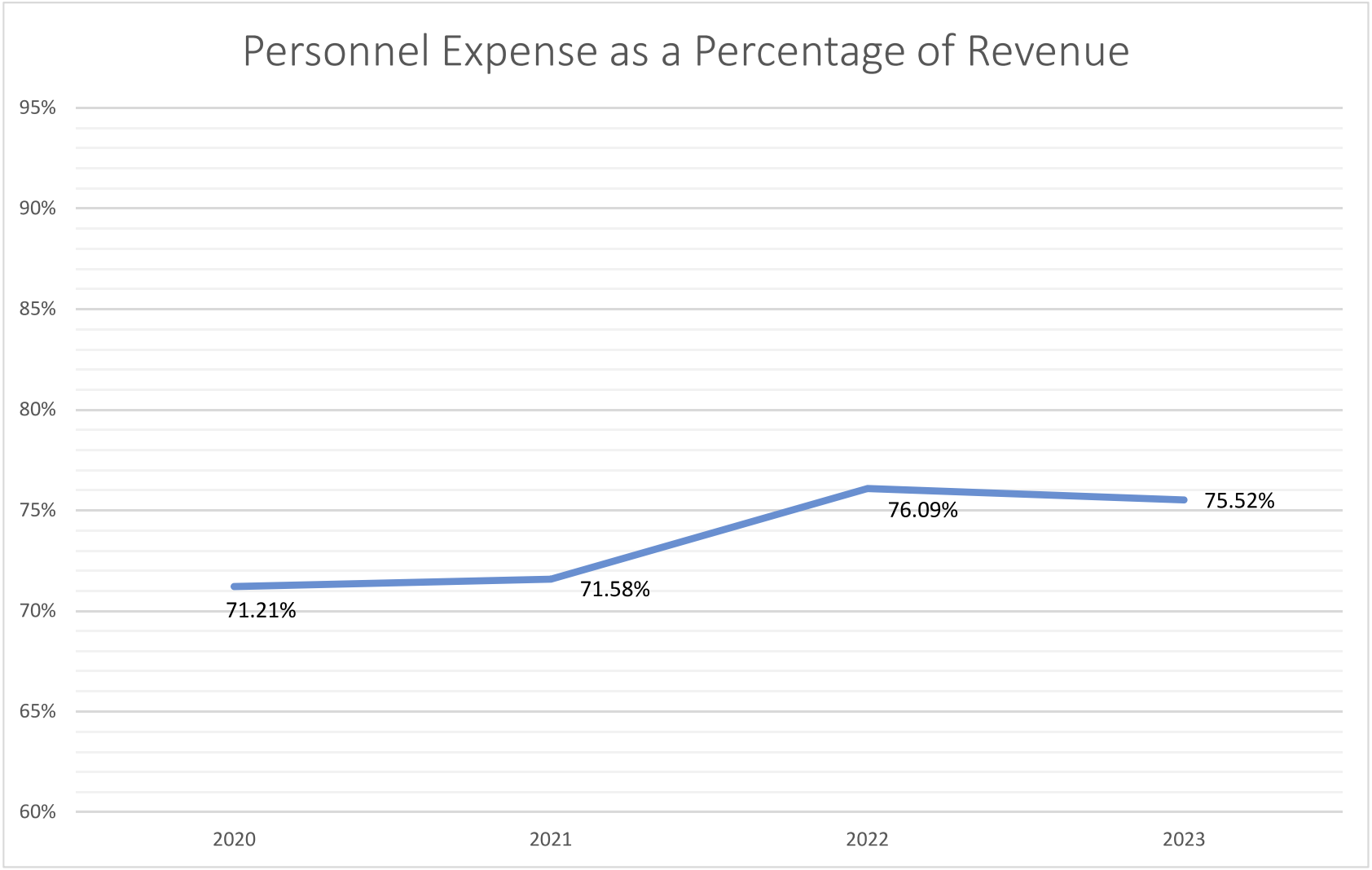
Fritz DeGuglielmo LLC

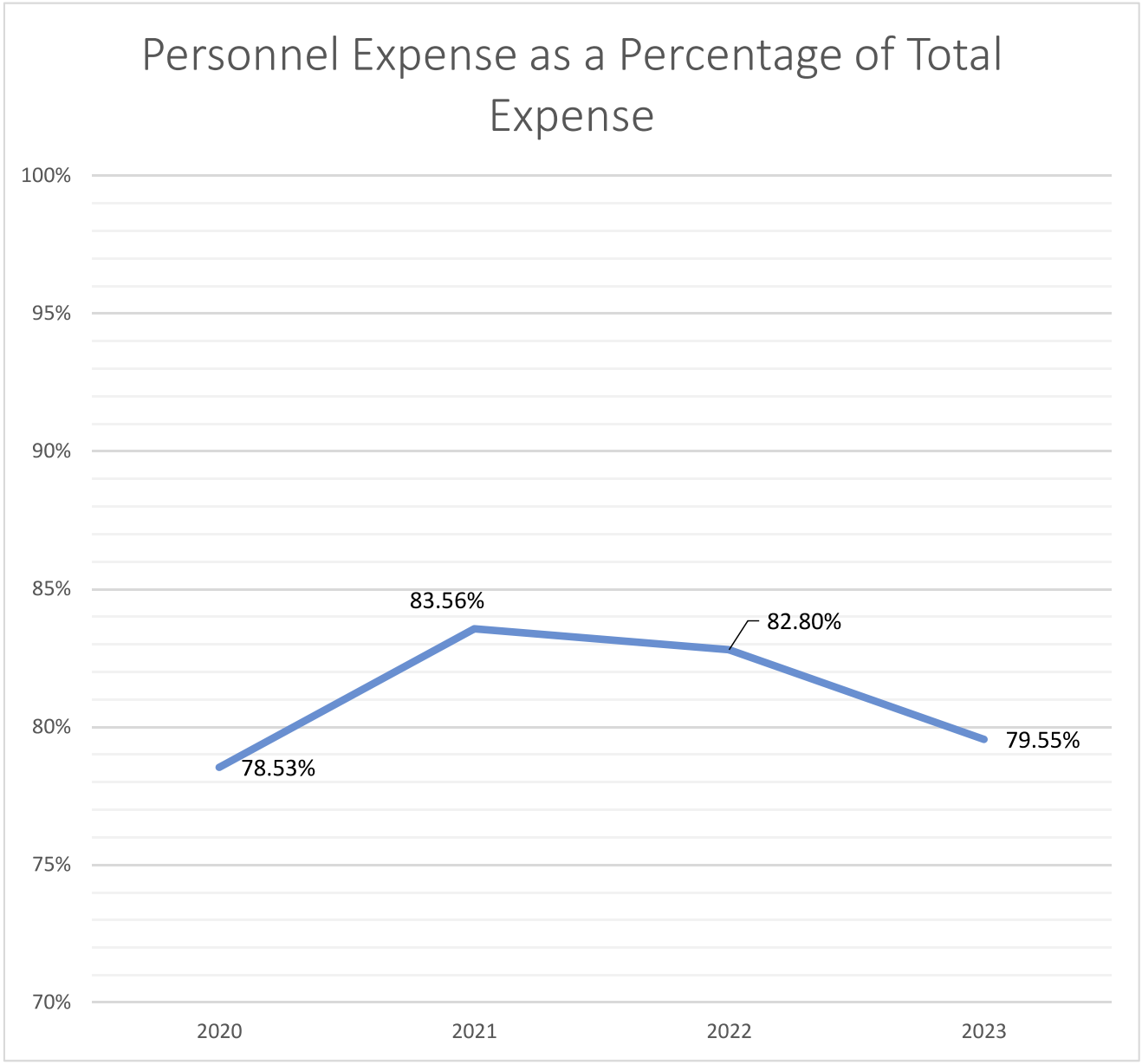
Valley Collaborative

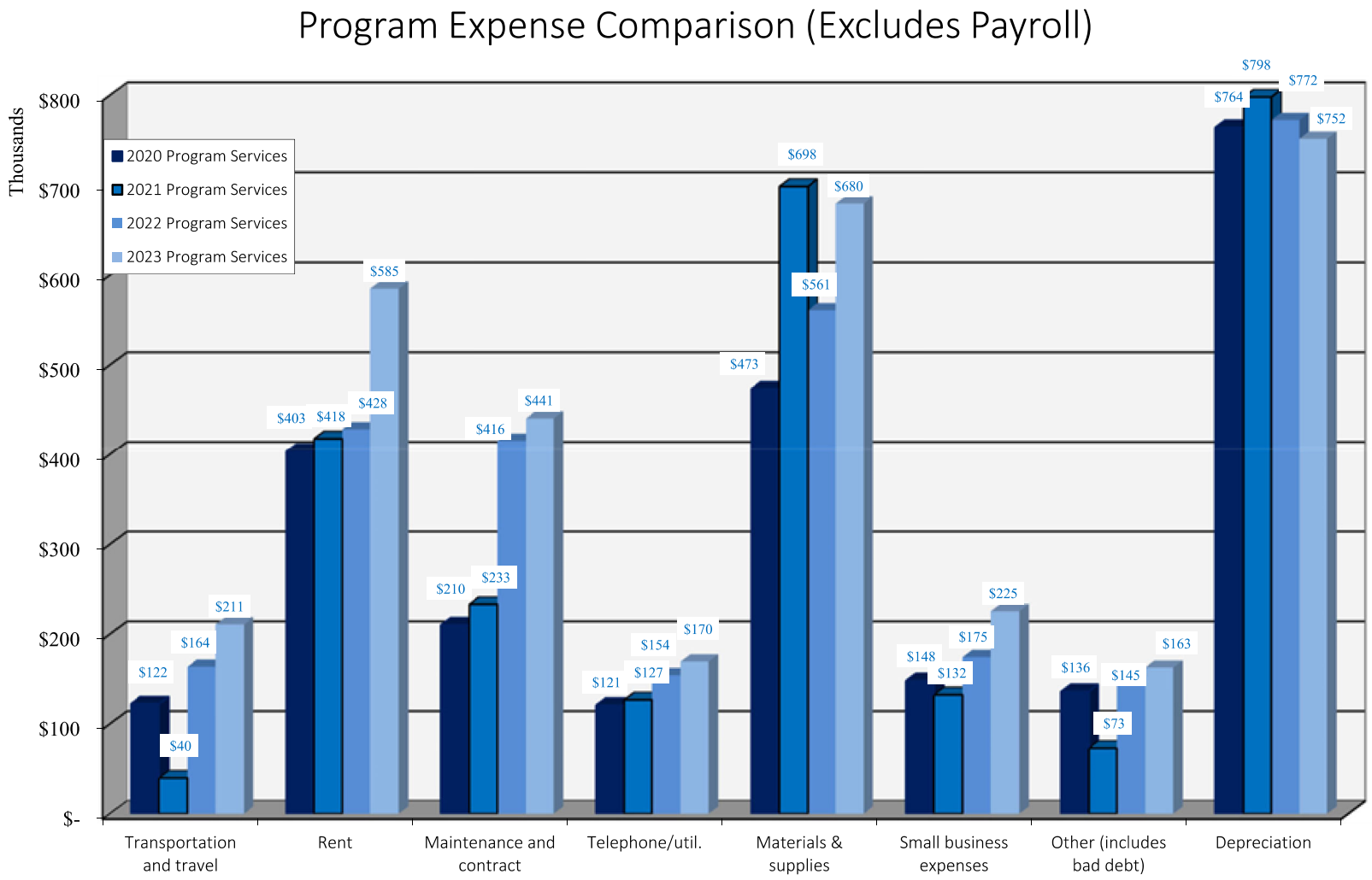
Summary of Financial Activity

For the year ended June 30, 2023


General Fund Activities
(Excludes Transportation and On-Behalf)
THOUSANDS
$25,000
$20,000
$15,000
$10,000
$5,000
$-
20,685
19,135
21,004
21,963
16,929
14,378
17,379
18,788
1,827
2,013
1,924
2,061
18,756
16,391
19,302
20,850
1,929
2,744
1,702
1,113
Total Rev
Prog Exp
Admin Exp
Total Expense
Net Surplus
2020
2021
2022
2023


Personnel Expense as a Percentage of Revenue
95%
90%
85%
80%
75%
70%
65%
60%
71.21%
71.58%
76.09%
75.52%
2020
2021
2022
2023


Personnel Expense as a Percentage of Total Expense
100%
95%
90%
85%
80%
75%
70%
83.56%
82.80%
78.53%
79.55%
2020
2021
2022
2023



Derived from audited financial statements for discussion purposes only.

Valley Collaborative

Financial Statements

For the Year Ended June 30, 2023

Valley Collaborative
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For the Year Ended June 30, 2023

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FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Valley Collaborative
Billerica, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Collaborative, a collaborative organized under the Laws of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Valley Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Collaborative, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Funding Progress – Other Postemployment Healthcare Benefits and pension schedules on pages 3-7 and 32-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of Valley Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Valley Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Valley Collaborative's internal control over financial reporting and compliance.

Fritz DeGuglielmo LLC

Certified Public Accountants

Newburyport, Massachusetts
November 16, 2023

Valley Collaborative
Management's Discussion and Analysis
(unaudited)
June 30, 2023

Our discussion and analysis of Valley Collaborative's ("The Collaborative") financial performance provides an overview of the Collaborative's financial activities for the fiscal year ended June 30, 2023 with comparative information from the fiscal years ended June 30, 2022 and 2021. Please read it in conjunction with the financial statements that begin on page 8.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Collaborative's financial statements. The Collaborative's financial statements comprise 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 Statements:

The government-wide financial statements report information about the Collaborative as a whole using accounting methods similar to those used by private sector companies.

- The **Statement of Net Position** presents information on all of the Collaborative's assets and liabilities with the difference between the two reported as net position. It is one way of measuring the Collaborative's financial health or position.

- The **Statement of Activities** presents information showing how the Collaborative's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

Over time, increases or decreases in the Collaborative's net position is an indicator of whether its financial position is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions when evaluating the overall financial health of the Collaborative.

Fund Financial Statements:

Funds are accounting devices used to keep track of specific sources of funding and spending in particular categories: governmental funds, proprietary funds, and fiduciary funds. Presently, the Collaborative has only governmental and fiduciary funds.

- **Governmental funds –** The Collaborative's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Collaborative's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information (reconciliation schedules) is provided following the governmental funds statements that explains the relationship (or differences) between these two types of financial statement presentations.

- **Fiduciary fund** – 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.

Notes to the Financial Statements:

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the Collaborative's financial statements.

Valley Collaborative
Management's Discussion and Analysis
(unaudited)
June 30, 2023

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Government-Wide Financial Highlights

Collaborative's Net Position:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023	2022	2021
Assets			
Current Assets	$ 9,638,049	$ 8,445,166	$10,490,104
Non-current assets, net**	10,385,960	11,157,458	7,678,271
Total Assets	20,024,009	19,602,624	18,168,375
Deferred Outflows Related to OPEB	1,943,312	2,010,393	1,920,344
Total Assets and Deferred Outflows of Resources	$21,967,321	$21,613,017	$20,088,719

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Liabilities			
Current Liabilities	$ 2,933,189	$ 2,043,673	$ 3,703,018
Long Term Liabilities**	4,925,869	5,328,811	2,489,196
Total Liabilities	7,859,058	7,372,484	6,192,214
Deferred Inflows Related to OPEB	3,037,142	2,508,045	2,544,128
Net Position			
Unrestricted	$ 2,658,926	$ 3,005,486	$ 2,153,213
Restricted – grants and contributions	30,583	23,891	20,893
Restricted – renovation project/capital reserve	1,500,000	1,500,000	1,500,000
Invested in right-of-use assets, net of liabilities**	(58,449)	(32,684)	-
Invested in capital assets, net of related debt	6,940,061	7,235,795	7,678,271
Total Net Position	$11,071,121	$11,732,488	$11,352,377

During the fiscal year ended June 30, 2023, the Collaborative's overall net position decreased by approximately $661,000. Total assets increased by approximately $421,000 primarily as a result of continued strong operations and oversight increasing the overall cash position of the Collaborative. Total liabilities increased by approximately $487,000 which was primarily the result of the board's vote to return approximately $816,000 of cumulative surplus back to member districts that had not yet been paid out by June 30, 2023. Liabilities also increased by $250,000 in prepaid tuition paid by one of the member districts in comparison to fiscal year 2022. The payment of the lease liability for fiscal year 2023 was approximately $450,000. The remaining difference is a result of the timing of payments in comparison to the prior fiscal year. The Collaborative realized a decrease in net position from operations, including depreciation on capital assets right-of-use lease expense and other postemployment benefits expense, of approximately $679,000, and a transfer to the OPEB trust account of approximately $64,000.

During the fiscal year ended June 30, 2022, the Collaborative's overall net position increased by approximately $381,000. Total assets increased by approximately $1,524,000 primarily as a result of implementing GASB Statement No. 87 during 2022 with a right-of-use lease asset of approximately $3,921,000 net of approximately of $1,641,000 of additional cash used to fund the OPEB trust account. The remaining difference was a decrease as a result of operations for the year. Total liabilities increased by approximately $1,180,000 which was primarily result of implementing GASB Statement No. 87. The lease liability totaled approximately $3,954,000. The remaining difference is a result of the utilization of approximately $1,995,000 in member credits and change in the OPEB liability of approximately

Valley Collaborative
Management's Discussion and Analysis
(unaudited)
June 30, 2023

$665,000. The Collaborative realized an increase in net position from operations, including depreciation on capital assets and other postemployment benefits expense, of approximately $2,022,000, and a transfer to the OPEB trust account of approximately $1,641,000.

SUMMARY OF ACTIVITIES

	2023	2022	2021
Revenues/Gains*	$21,984,406	$21,050,749	$19,256,330
Program Expenses/Losses*	19,048,642	17,879,061	15,035,772
Administrative Expenses/Losses*	2,137,683	1,941,085	2,017,101
Total Expense*	21,186,325	19,820,146	17,052,873
Change in net position, before increase in net retirement health benefit obligation and credits to member districts	798,081	1,230,603	2,203,457
Increase in net retirement health benefit obligation	(643,839)	(849,716)	(737,163)
Change in net position before credits to member districts	154,242	380,887	1,466,294
Credits to member districts	(815,609)	-	(2,600,000)
Change in Net Position**	($ 661,367)	$ 380,887	($1,133,706)

* Excludes Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, credits to members, and other postemployment benefits funding and expense.

** During 2022, the Collaborative implemented GASB No. 87 and as a result, made adjustments effective July 1, 2021 for right-of-use leased assets and liabilities. The information above includes information reported under GASB Statement No. 87 in the 2023 and 2022 information only and does not adjust for lease assets or liabilities in prior presented years. In addition, the change in net position reflects the 2022 net change, not including the cumulative effect of implementing GASB Statement No. 87 of $776.

Revenues

In the fiscal year ended June 30, 2023, revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $934,000 (5%). In the fiscal year ended June 30, 2022, revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $1,795,000 (9%). The changes within fiscal years are due primarily to changes in student enrollment in the respective years. Changes in fiscal year 2023 enrollment are primarily a result of the recovery from the impacts of the COVID-19 pandemic and student counts returning back to pre-pandemic levels.

Operating Expenses

In the fiscal year ended June 30, 2023, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $1,366,000, or 7%, compared to the fiscal year ended June 30, 2022. Increases in expenses were primarily a result of increased employee and benefit costs, as well as other programmatic costs required to service student enrollment levels. Personnel costs increased by approximately $762,000 in the fiscal year ended June 30, 2023 as a result for the increase in staffing needs. Materials, supplies and equipment costs increased by approximately $119,000, travel expense increased by approximately $47,000, small business related expenses increased by $50,000, lease services increased by $157,000 as a result of a full year lease of 11 Executive Park Drive and field trip expense increased by approximately $22,000. Supplies increased as a result of outfitting new property rented as well as the increase in the student population. Travel and field trips saw increases as a result of travel restrictions and various closures coming to an end. Small business expenses increase as a result of catering and students working in the field started getting back to pre-pandemic levels.

In the fiscal year ended June 30, 2022, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $2,767,000, or 16%, compared to the fiscal year ended June 30, 2021. As a result of the reduction of the COVID-19 pandemic mandates, there were increases in expenses as a result of an increase in enrollment. Personnel costs increased by approximately $2,606,000 in the fiscal year ended June 30, 2022 as a result for the increase in staffing needs and rehiring of previously laid-off employees. Materials, supplies and equipment costs decreased by approximately $137,000, travel expense increased by approximately $124,000, small business related expenses increased by $42,000, and field trip expense increased by approximately $68,000. Supplies decreased as a result of the need to be compliant with COVID-19 requirements in 2021 and the reduction of the mandates in 2022. Travel and field trips saw increases as a result of travel restrictions and various closures coming to an end. Small business expenses increase as a result of catering and students working in the field started getting back to pre-pandemic levels.

Governmental Funds Financial Highlights

The Collaborative reported a total general fund balance of $5,560,807, of which $295,605 was nonspendable and the remaining $5,265,202 was unassigned. The fund balance increased $233,205 over the prior fiscal year, primarily due to net operating surplus of $1,112,888 decreased by $64,074 transferred to the OPEB trust account and $815,609 of credits issued to member districts. Prepaid expenses decreased by $45,287, primarily due to the use of the trade-in credit to purchase new vehicles. Cash increased by $1,258,570.

Due to strong management, since the year ended June 30, 2013, the Collaborative has returned more than $11,815,000 from its general fund in the form of cash and tuition credits to its member districts.

CAPITAL ASSETS AND OTHER OBLIGATIONS

During the fiscal year ended June 30, 2023, the Collaborative purchased and capitalized six vehicles, leasehold improvements and other equipment for use in its program with a total cost of $455,787. The Collaborative did not sell, trade in or dispose of any vehicles or equipment in fiscal year 2023. The remaining trade in credit of $43,576 from June 30, 2022 was completely used during fiscal year 2023 for the vehicle purchases.

During the fiscal year ended June 30, 2022, the Collaborative purchased and capitalized two vehicles, leasehold improvements and other equipment for use in its program with a total cost of $329,816. The Collaborative did not sell, traded in or dispose of any vehicles or equipment in fiscal year 2022. Due to the vehicle shortage as a result of the COVID-19 pandemic, there is a trade in credit of $43,576 that is currently included in prepaid expenses as it is being held by the dealership and will be applied against the purchase price of the new vehicles once received.

As of June 30, 2023, the balance in the capital reserve fund was $1,500,000, and fully funded. This fund is considered restricted until utilized for its intended purpose.

SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) & LEASED ASSETS AND LIABILTIES

During 2023, the Collaborative implemented GASB Statement No. 96 which requires recording right-of-use SBITA assets and related liabilities for all long-term SBITAs. The Collaborative evaluated its contracts effective July 1, 2022 and determined that the Collaborative had no agreements that exceeded a 12-month period. Therefore there is no value recognized in the financial statements as a result of implementing this standard.

During 2022, the Collaborative implemented GASB Statement No. 87 which requires right-of-use leased assets and related liabilities for all long-term leases. The Collaborative recorded the lease assets and liabilities effective July 1, 2021 with a cumulative effect for a change in accounting principal to the prior year ending net position of $776. As of June 30, 2022, the Collaborative recognized right-of-use assets totaling $4,011,146, net of accumulated amortization of $89,483 and lease liabilities of $3,954,347 for all leases. See Note D in the notes to the financial statements for additional information on the Collaborative's leases.

BUDGETARY HIGHLIGHTS

The Collaborative's annual budget for the fiscal year ended June 30, 2023 was approved by its Board of Directors and then amended on April 27, 2023. For the fiscal year ended June 30, 2023, the Collaborative received operating revenues, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $21,963,000 compared to final budgeted revenues of approximately $21,800,000. The difference between actual revenues received and budgeted revenues is primarily due to higher than expected revenues from services the organization provides as well as state contracts. The Collaborative expended operating expenses, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $20,394,000 compared to final budgeted expenses of approximately $21,367,000. The difference between actual expenses incurred and budgeted expenses is primarily from decreases in operating expenses due to continued oversight on spending and operations.

The Collaborative's annual budget for the fiscal year ended June 30, 2022 was approved by its Board of Directors and then amended on December 2, 2021. For the fiscal year ended June 30, 2022, the Collaborative received operating revenues, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $21,004,000 compared to final budgeted revenues of approximately $20,226,000. The difference between actual revenues received and budgeted revenues is primarily due to higher than expected revenues from services the organization provides as well as state contracts. The Collaborative expended operating expenses, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $18,973,000 compared to final budgeted revenues of approximately $18,840,000. The difference between actual expenses incurred and budgeted expenses is primarily due to increase in staffing to address increased enrollment and a decrease in other expenses due to a reduction in spending resulting from the COVID-19 pandemic and required supplies needed to maintain operations.

CONTACTING THE COLLABORATIVE

This financial report is designed to provide readers of the financial statement an overview of the Collaborative's financial activities. If you have questions in regard to this report, contact Chris A. Scott, Ph.D., 25 Linnell Circle, Billerica, MA 01821, or at 978-528-7800.

Valley Collaborative
Statement of Net Position
June 30, 2023

Assets	
Current Assets	
Cash and cash equivalents	$ 6,008,030
Accounts receivable, net	3,334,414
Prepaid expenses and other assets	295,605
Total Current Assets	9,638,049
Non-current Assets	
Right-of-use leased assets, net of accumulated amortization	3,445,899
Capitalized assets, net	6,940,061
Total Non-current Assets	10,385,960
Total Assets	20,024,009
Deferred Outflows of Resources	
Deferred Outflows of Resources Related to OPEB	1,943,312
Total Assets and Deferred Outflows of Resources	$ 21,967,321
Liabilities, Deferred Inflows and Net Position	
Current Liabilities	
Accounts payable and accrued liabilities	$ 1,221,897
Deferred revenues	500,000
Lease liability, current portion	386,530
Credits due to member districts	824,762
Total Current Liabilities	2,933,189
Non-current Liabilities	
Lease liabilities, net of current portion	3,117,818
Net OPEB liability	1,808,051
Total Non-current Liabilities	4,925,869
Total Liabilities	7,859,058
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to OPEB	3,037,142
Net Position	
Net Position	
Unrestricted	2,658,926
Restricted - contributions and other	30,583
Restricted - capital reserve fund	1,500,000
Invested in right-of-use leased assets, net of related liabilities	(58,449)
Invested in capital assets, net of related debt	6,940,061
Total Net Position	11,071,121
Total Liabilities, Deferred Inflows and Net Position	$ 21,967,321

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Activities
For the year ended June 30, 2023

Functions/ Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Administration	$ 2,137,683	$ -	$ -	$ (2,137,683)
Education	17,686,456	17,901,369	4,010,246	4,225,159
Intergovernmental revenue and expense	2,793,171	-	2,793,171	-
Other postemployment benefits	643,839	-	-	(643,839)
Interest expense	134,900	-	-	(134,900)
Capital asset depreciation and amortization	751,522	-	-	(751,522)
Right-of-use asset amortization	475,764	-	-	(475,764)
Total Governmental Activities	$ 24,623,335	$ 17,901,369	$ 6,803,417	$ 81,451
General Revenue and Other:				
Interest				36,296
Other				36,495
Credits to member districts				(815,609)
Total General Revenue and Other				(742,818)
Change in Net Position				(661,367)
Net Position, Beginning of Year				11,732,488
Net Position, End of Year				$ 11,071,121

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,477,447	$ 1,500,000	$ 30,583	$ 6,008,030
Accounts receivable, net	3,334,414	-	-	3,334,414
Prepaid expenses and other assets	295,605	-	-	295,605
Total Assets	$ 8,107,466	$ 1,500,000	$ 30,583	$ 9,638,049
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,221,897	$ -	$ -	$ 1,221,897
Deferred revenues	500,000	-	-	500,000
Credits due to member districts	824,762	-	-	824,762
Total Liabilities	2,546,659	-	-	2,546,659
Fund Balances:				
Nonspendable	295,605	-	-	295,605
Restricted	-	1,500,000	30,583	1,530,583
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	5,265,202	-	-	5,265,202
Total Fund Balances	5,560,807	1,500,000	30,583	7,091,390
Total Liabilities and Fund Balances	$ 8,107,466	$ 1,500,000	$ 30,583	$ 9,638,049

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances, governmental funds	$ 7,091,390
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred inflows relating to the other postemployment benefit obligation is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the government activities of the Statement of Net Position.	(3,037,142)
Right-of-use leased assets, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported in the funds.	3,445,899
Other postemployment benefit (OPEB) liability is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the Statement of Net Position.	(1,808,051)
Long-term lease liabilities related to the right-of-use leased assets is used in governmental activities and are not financial uses and therefore are not reported in the funds.	(3,504,348)
Deferred outflows relating to the other postemployment benefit obligation is not a current financial resource and therefore is not reported in this fund financial statement, but is reported in the government activities of the Statement of Net Position.	1,943,312
Capital assets, net of related debt, used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	6,940,061
Net position of governmental activities	$ 11,071,121

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Tuition and service revenues	$ 17,901,369	$ -	$ -	$ 17,901,369
Grants and contributions	3,988,564	-	21,682	4,010,246
Intergovernmental revenue	2,793,171	-	-	2,793,171
Interest	36,296	-	-	36,296
Other	36,495	-	-	36,495
Credits to member districts	(815,609)	-	-	(815,609)
Total Revenues	23,940,286	-	21,682	23,961,968
Expenditures:				
Administration	2,122,693	-	14,990	2,137,683
Program payroll	13,521,131	-	-	13,521,131
Program fringe benefits and payroll taxes	2,276,723	-	-	2,276,723
Professional and consulting fees	10,058	-	-	10,058
Transportation and travel	210,883	-	-	210,883
Maintenance and other occupancy	440,520	-	-	440,520
Telephone, communications and utilities	169,581	-	-	169,581
Materials, supplies and equipment	679,519	-	-	679,519
Small business expenses	225,435	-	-	225,435
Field trips	101,645	-	-	101,645
Training programs	16,221	-	-	16,221
Other	34,740	-	-	34,740
Intergovernmental expense	2,793,171	-	-	2,793,171
Capital outlay, net of debt incurred	455,787	-	-	455,787
Lease Service:				
Lease interest	134,900	-	-	134,900
Lease financing principal	450,000	-	-	450,000
Total Expenditures	23,643,007	-	14,990	23,657,997
Excess (Deficit) of Revenues over Expenditures	297,279	-	6,692	303,971
Other Financing Sources:				
OPEB obligation funding	(64,074)	-	-	(64,074)
Net Change in Fund Balances	233,205	-	6,692	239,897
Fund Balances, Beginning of Year	5,327,602	1,500,000	23,891	6,851,493
Fund Balances, End of Year	$ 5,560,807	$ 1,500,000	$ 30,583	$ 7,091,390

See accompanying notes to financial statements and independent auditor's report.
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Valley Collaborative
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances of total governmental funds	$ 239,897

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets and right-to-use leased assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation or amortization expense for the period. Governmental funds do not report inflows from assets held to purchase capital assets or finance leased assets because such assets are not considered current financial resources. In contrast, the Statement of Activities does report the inflows as revenue.

Capital outlay purchases, net of debt incurred	455,787
Depreciation	(751,522)
Amortization	(475,764)

Governmental funds report lease financing payments as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only the current year interest accrued on the liability as expense.

Lease financing principal	450,000

The change in accrual for other postemployment benefits reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.

Net change in other postemployment benefits (OPEB) accrual	(579,765)
Change in net position of governmental activities	$ (661,367)

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Fiduciary Net Position
Retirees' Health Insurance Trust Fund
June 30, 2023

Assets

Assets	
Investments	$ 6,598,707
Total Assets	$ 6,598,707

Net Position

Net Position	
Net position held in trust for retirees' health insurance	$ 6,598,707
Total Net Position	$ 6,598,707

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Changes in Fiduciary Net Position
Retirees' Health Insurance Trust Fund
For the year ended June 30, 2023

Additions:	
Contributions	$ 64,074
Investment gain	523,237
Total Additions	587,311
Deductions:	
Investment expenses	19,577
Total Deductions	19,577
Change in Net Position	567,734
Net Position – Beginning of Year	6,030,973
Net Position – End of Year	$ 6,598,707

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

OTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collaborative

Valley Collaborative (The "Collaborative") is an educational collaborative of the school districts of Billerica, Chelmsford, Dracut, Groton-Dunstable Regional, Nashoba Valley Technical, North Middlesex Regional, Tewksbury, Tyngsborough, and Westford. The Collaborative is a public entity under the jurisdiction of its member school committees, whose appointees comprise its board of directors. The Collaborative provides high quality academic, therapeutic and vocational services to individuals referred by local school districts and social service agencies.

Basis of Presentation

The Collaborative's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Collaborative are discussed below.

The Collaborative's basic financial statements include both government-wide (reporting the Collaborative as a whole) and fund financial statements (reporting the Collaborative's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities are generally financed through intergovernmental assessments or other non-exchange transactions. The Collaborative does not have any activities classified as business type activities.

Cumulative effect of change in accounting principle

The Collaborative has fully implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITAs"). Statement No. 96 requires the present value of long-term SBITAs be recorded as an asset of the Collaborative and future payments to be recorded as a liability. The asset is required to be amortized ratably over the SBITA term and payments are allocated between interest expense and liability payments. Previously, SBITA payments were expensed as incurred with no corresponding asset or liability recorded. The significant impact to the Collaborative's financial statements from SBITAs would be to the government-wide financials statements. There was no change in the opening balance in the government-wide or governmental fund balances as a result of the cumulative effect of this change in accounting principle since the Collaborative did not have any long-term SBITA agreements prior to fiscal 2023.

Government-wide Statements

In the government-wide Statement of Net Position, governmental columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long- term assets, receivables and deferred outflows of resources, as well as long-term liabilities, deferred inflows of resources and other liabilities reported on a full accrual basis. The Collaborative's net position is reported in three parts—net investment in capital assets; restricted; and unrestricted. The Collaborative first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Collaborative does allocate indirect expenses to functions in the Statement of Activities if there is a reasonable basis for doing so. Depreciation is reported as one amount, in total, on the Statement of Activities, and is not allocated among the respective functions.

The government-wide focus is more on the sustainability of the Collaborative as an entity and the change in the Collaborative's net position resulting from the current year's activities.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Fund Financial Statements
The financial transactions of the Collaborative are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB pronouncements set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Collaborative may electively add funds, as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The following governmental fund types are used by the Collaborative - the Collaborative does not use proprietary funds:

Governmental Funds:
The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Collaborative:

General fund - is the general operating fund of the Collaborative. It is used to account for all financial resources not accounted for and reported in another fund.

Capital reserve fund - used to account for and report financial resources that are restricted, committed, or assigned to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

Non-major governmental funds - consist of other special revenue and permanent funds that are aggregated and presented in the non-major governmental funds column on the government funds financial statements.

Fiduciary Funds:
Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Collaborative programs. The reporting focus is on net position and changes in net position presented in fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (retirees) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Measurement Focus and Basis of Accounting
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Cash and Cash Equivalents

The Collaborative considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Collaborative maintains its uncollateralized cash balances in two financial institutions. The balances in one of the financial institutions are insured by the Federal Deposit Insurance Company up to $250,000. From time to time, the Collaborative maintains bank account balances in excess of the federally insured limits. The Collaborative also maintains cash and cash equivalents at the Massachusetts Municipal Depository Trust which is collateralized by its underlying assets. At June 30, 2023, the Collaborative's uninsured cash balances, including reconciling items, totaled $5,758,030. The Collaborative monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Fair Value Measurements and Investments

The Collaborative has contributed $4,854,654 to a public employee retirement trust account with Public Agency Retirement Services as trustee, on behalf of its retirees' health insurance trust fund. The trustee invests the funds in Vanguard mutual funds. As of June 30, 2023, the balance in these investments consisted of the following:

	Cost	Fair Value	Unrealized Gain
Mutual Funds	$4,854,654	$6,598,707	$1,744,053

All investments of the Collaborative are measured at fair value, generally based on quoted market prices in accordance with level 1 of the Fair Value Hierarchy established under GASB Statement No. 72, *Fair Value Measurement and Application*.

Net increase in the fair value on investments for the year ended June 30, 2023 was $503,660. There were no realized gains or losses during the year ended June 30, 2023. Investment fees for the year ended June 30, 2023 were $19,577.

The Collaborative manages its investments in accordance with state public finance laws that require that all moneys held in the name of the Collaborative, which are not required to be kept liquid for purposes of distribution, shall be invested in such a manner as to require the payment of interest on the money at the highest possible rate reasonably available, taking account of safety, liquidity and yield. The Collaborative has directed a local investment management service to manage the funds as conservatively as possible. However, the investments are still subject to market risk of loss. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Collaborative will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Collaborative's investments are uninsured, not registered in the name of the Collaborative, and held by the counterparty's trust department or agent but not in the Collaborative's name.

Operating Revenues and Expenses

Operating revenues consist primarily of billings to member municipalities or other cities and towns for providing programs and services. The Collaborative also receives approximately 19% of its revenues under social service contracts issued by agencies of the Commonwealth of Massachusetts, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments. Operating expenses include educational costs, administrative expenses and depreciation on capital assets.

Accounts Receivable

Accounts receivable consist of all revenues earned at year end and not yet collected. Major receivable balances include tuitions and certain related charges. The Collaborative records its bad debts using the allowance method. As of June 30, 2023, there was an allowance for doubtful accounts of $50,974.

Credits Due to Member Districts

"Credits due to member districts" represent member district credits issued during the fiscal year but not utilized by the district during the fiscal year. The credits are to be applied against future Collaborative invoices or disbursed to the member district and are not considered an agency fund of the Collaborative.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property and Equipment

Property and equipment are capitalized at historical cost. Depreciation is computed on the straight-line method using estimated useful lives of two to five years for websites, computer equipment, furniture, fixtures, vehicles and program equipment and five to ten years for leasehold improvements. The Collaborative has purchased and renovated a building. The building and renovations are depreciated using estimated useful lives of 40 and 20 years, respectively.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - this component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Invested in right-of-use assets, net of liabilities – this component of net position consists of right-of-use assets, net of accumulated amortization, reduced by the outstanding balances of liabilities that are attributable to the leased assets.

Restricted - this component of net position consists of restricted net assets reduced by liabilities and deferred inflows or resources related to those assets. These assets may be restricted by constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - this component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on specific purposes for which amounts in the funds can be spent. Fund balances can be classified in the following components:

Nonspendable fund balance – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – consists of amounts upon which constraints have been placed on their use whether (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – consists of amounts which can only be used for specific purposes pursuant to constraints imposed by the Collaborative's highest level of decision making, the Board of Directors. Any modification or rescission must also be made by a vote of the Board of Directors.

Assigned fund balance – consists of amounts that are constrained by the Collaborative's intent to be used for specific purposes. Intent is expressed by (a) the governing body itself, or (b) a Board of Directors, or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance – consists of the residual classification for the remaining fund balance. It represents amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Use of Estimates
Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates used.

Subsequent Events
Subsequent events have been evaluated through November 16, 2023, which is the date the financial statements were available to be issued.

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2023:

Tuition and services to districts	$ 2,947,981
State contracts	437,407
	3,385,388
Allowance for doubtful accounts	(50,974)
	$ 3,334,414

The Collaborative has established an allowance for doubtful accounts in the amount of $50,974. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. For the year ended June 30, 2023, the Collaborative recorded no bad debt expense.

NOTE C – CAPITAL ASSETS

A summary of depreciable capital assets follows:

	Buildings & Improvements	Furniture, Equipment & Software	Vehicles	Total
COST				
Balance, July 1, 2022	$9,161,168	$ 1,290,954	$1,311,535	$11,763,657
Additions	117,973	81,892	255,922	455,787
Disposals	—	—	—	—
	9,279,141	1,372,846	1,567,457	12,219,444
ACCUMULATED DEPRECIATION				
Balance, July 1, 2022	(3,088,186)	(1,109,628)	(1,007,547)	(5,205,361)
Additions	(500,070)	(87,894)	(163,558)	(751,522)
Disposals	—	—	—	—
	(3,588,256)	(1,197,522)	(1,171,105)	(5,956,883)
Net, June 30, 2023	$ 5,690,885	$ 175,324	$ 396,352	$ 6,262,561

Land in the amount of $677,500 is not being depreciated. In fiscal 2023, the Collaborative capitalized $117,973 for building improvements, $255,922 for vehicles, and $81,892 for office furniture and equipment. Depreciation expense of $751,522 was not allocated to governmental functions. It appears unallocated on the Statement of Activities. The capital reserve for future capital purchases is fully funded.

NOTE D –LEASE OBLIGATIONS

The Collaborative leases various classroom and office spaces and office equipment under operating leases. All of its leases qualifying as long-term leases are recorded in accordance with GASB Statement No. 87.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE D –LEASE OBLIGATIONS – *continued*

During fiscal 2017, the Collaborative entered into a building lease for program use at 135 Coburn Road in Tyngsborough, Massachusetts, commencing July 1, 2016 through June 30, 2033 including extensions. The lease requires quarterly rent payments of $63,988 through June 2028, then it is adjusted to $31,250 through June 2030, and finally adjusted to $94,181 through June 2033. During fiscal 2019, the Collaborative entered into a building lease for program and administrative use at 25 Linnell Circle in Billerica, Massachusetts, commencing July 1, 2018 through June 30, 2025 including extension. The lease requires monthly payments of $13,187 through June 2023, then it is adjusted to $13,583 through June 2024, and finally adjusted to $13,991 through June 2025. During fiscal 2022, the Collaborative entered into a building lease for program use at 11 Executive Park Drive in Billerica, Massachusetts, commencing June 1, 2022 through August 31, 2032. The monthly payments are increased annually by approximately 2% of the prior year. The Coburn Road, Linnell Circle and Executive Park Drive leases represent the total of the right-of-use lease assets and liabilities. Right-of-use assets and initial liabilities are valued using a rate of 6% which represents the Collaborative's incremental borrowing rates at the time the leases and extension were entered into, respectively.

Lease agreements, including modifications, are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 6/30/2023	Net Asset 6/30/2023	Liability Balance 6/30/2023
135 Coburn Road**	7/1/2016	17 years	$255,950 (FY23)	6.00%	$2,133,409	$264,729	$1,868,680	$1,866,378
25 Linnell Circle	7/1/2022	3 years	$158,249 (FY23)	6.00%	448,324	149,441	298,883	310,933
11 Executive Park Drive	6/1/2022	9.25 years	$14,200 (FY23)	6.00%	1,429,413	151,077	1,278,336	1,327,037
Total Lease Agreements					$4,011,146	$565,248	$3,445,899	$3,504,348

**Lease was modified during FY2022.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending 30-Jun	Principal	Interest	Total
2024	$386,530	$206,717	$593,247
2025	340,847	260,900	601,747
2026	277,229	160,361	437,590
2027	298,285	143,155	441,440
2028	320,764	124,646	445,410
Thereafter	1,880,693	334,539	2,215,232
	$3,504,348	$1,230,318	$4,734,666

For the year ended June 30, 2023, total amortization expense of leased assets was $475,764 and total interest expense on lease liabilities was $134,900.

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS

Plan Descriptions:

The Collaborative's employees participate in the Massachusetts Teachers' (MTRS) or State Employee' Retirement System (MSERS), statewide cost-sharing multi-employer defined benefit plans public employee retirement systems (PERS) covering all employees of local school districts within the Commonwealth of Massachusetts. The retirement systems issue publicly available annual reports that includes financial statements and required supplementary information, which may be obtained by writing to Public Employee Retirement Administration Commission (PERAC), 5 Middlesex Avenue, Suite 304, Somerville, Massachusetts, 02145.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS – *continued*

Benefits Provided:
MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions:

Member contributions for MSERS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE E – MASSACHUSETTS TEACHERS' AND STATE EMPLOYEES' RETIREE SYSTEMS – *continued*

Educational collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. During fiscal year 2023, the Collaborative's contributions on behalf of employees totaled $400,940.

Member contributions for MTRS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of $30,000

The Commonwealth is a nonemployer contributor in MTRS and is required by statute to make all actuarially determined employer contributions on behalf of the member employers participating in MTRS. Therefore, the Collaborative is considered to be in a 100% special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in under both MSERS and MTRS. Since the employers do not contribute directly to each system beyond the MSERS annual normal cost, there is no net pension liability to recognize. However, the notes to the financial statements must disclose the portion of the nonemployer contributing entities' share of the collective net pension liability that is associated with the employer. In addition, the Collaborative must recognize its portion of the collective pension expense as both a revenue and pension expense.

The nonemployer contributing entities' share of the collective net pension liability that is associated with the Collaborative was measured as of June 30, 2022 and was $12,958,656 and $21,572,960 under MSERS and MTRS, respectively. In fiscal 2022, the Collaborative recognized revenue and related expense of $1,018,585 (under GASB Statement No. 68) for its portion of the collective pension expense under MSERS. In fiscal 2022, the Collaborative recognized revenue and related expense of $1,774,586 (under GASB Statement No. 68), for its portion of the collective pension expense under MTRS. These amounts are recorded as Intergovernmental revenue and expense in the financial statements.

NOTE F – COMPENSATED ABSENCES

The Collaborative allows eligible employees to carryover unused vacation time up to 10 days per year and to accrue a maximum of 20 days total. At the end of the fiscal year, any unused vacation time in excess of the above amounts is forfeited. The Collaborative's vacation accrual for the year ended June 30, 2023 was $106,753.

NOTE G – RISK MANAGEMENT

The Collaborative is exposed to various risks of loss relating to torts, theft or damage of, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Collaborative has obtained a variety of commercial liability insurance policies that pass the risk of loss listed above to independent third parties. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Collaborative. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE G – RISK MANAGEMENT – *continued*

The Collaborative offers eligible participants access to various health and life insurance. Payment, in the form of premiums, is generally made monthly. The payments are funded in part from the Collaborative and payroll withholdings from active employee participants or direct payments from certain other eligible participants. In general, the Collaborative pays 75-80% of the cost of health insurance and 100% of the cost of life insurance for those participants that qualify.

NOTE H – COMMITMENTS AND CONTINGENCIES

The Collaborative participates in state and federal contracts, which are governed by various rules and regulations of the agencies. Costs charged to the respective programs are subject to audit and adjustment by agencies; therefore, to the extent that the Collaborative has not complied with the rules and regulations governing the refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the Collaborative, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective contracts; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN

The Collaborative follows the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions."

Description
At the board meeting on June 18, 2015, the Collaborative's board members implemented a postemployment health care plan and voted to create a trust fund for related retiree health benefits to take effect July 1, 2015. The trust fund is held for the benefit of a third party (retiree health insurance participants) and cannot be used to address activities or obligations of the Collaborative, therefore these funds are not incorporated into the government-wide financial statements. All funds of the trust are held at Public Agency Retirement Services and are held in mutual funds. The trust is irrevocable and is exempt from federal and state income taxes under Internal Revenue Code Section 115. The sole purpose of the trust is to provide funds to pay postemployment healthcare benefits to qualified retirees. The plan has the retirees pay for 20% of the premiums for the medical insurance. As a result of establishing the trust, the Collaborative's board members voted to initially transfer $3,150,000 to fund the trust. During the fiscal year ended June 30, 2023 the Collaborative's board voted to transfer an additional $64,074 to the trust for a total transfer to date of $4,854,654.

An employee hired before April 2, 2012 shall become eligible to retire under these programs upon meeting the following conditions:

i. Completion of 10 years of creditable service at the Collaborative
ii. And attainment of age 55 as an active member
iii. Or completion of 20 years of service at the Collaborative, regardless of age

An employee hired after April 2, 2012 shall become eligible to retire under these programs upon meeting the following conditions:

i. Completion of 10 years of creditable service at the Collaborative
ii. And attainment of age 60 as an active member

Funding Policy
The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. For the period ending on the June 30, 2023 Measurement Date, total Collaborative premiums plus implicit costs for the retiree medical program were $64,068. The Collaborative also contributed $64,074 to the OPEB Trust for a total contribution during the measurement period of $128,142 to be reported in the financial statements for the fiscal year ending June 30, 2023.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Investment Policy

The long-term rate of return on assets developed based on the Collaborative Investment Policy is 5.30%. The rate is comprised of a 3.17% real rate of return and 2.50% inflation assumption, net of 0.37% investment expense.

Actuarially Determined Contribution (ADC)

The Collaborative's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which is composed of the service cost and an amortization of the unfunded liability. The calculation used a 30-year flat dollar amortization of the Collaborative's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Collaborative's annual ADC for the fiscal year and the amount actually contributed to the plan:

Actuarially Determined Contribution - Deficiency / (Excess)		
		June 30, 2023
I.	Service Cost	$ 747,196
II.	30-year level dollar amortization of NOL	75,557
III.	Actuarial Determined Contribution [I. + II.]	822,753
IV.	Contributions in relation to the actuarially determined contribution	(128,142)
V.	Contribution deficiency / (excess) [III. + IV.]	$ 694,611
	Covered employee payroll	$14,197,170
	Contribution as a % of covered employee payroll	0.90%
	Discount Rate	4.69%
	Money Weighted Rate of Return	8.31%

OPEB Liability and OPEB Expense

	Fiscal Year Ended June 30, 2023	
	Collaborative Employees and Retirees	**Total**
I. Total OPEB Liability as of June 30, 2023	$8,406,758	$8,406,758
II. Fiduciary Net Position as of June 30, 2023	6,598,707	6,598,707
III. Net OPEB Liability (Asset) as of June 30, 2023 [I.-II.]	1,808,051	1,808,051
IV. Service Cost	747,196	747,196
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	431,978	431,978
VI. Projected Earnings on OPEB Plan Investments	(329,836)	(329,836)
VII. Net Recognition of Deferred (Inflows)/Outflows	(141,431)	(141,431)
VIII. Financial Statement Expense [IV.+V.+VI.+VII.]	707,907	707,907
IX. Employer Share of Costs	(64,068)	(64,068)
X. Employer (Payments) Withdrawals to/from OPEB Trust	(64,074)	(64,074)
XI. Total Employer Contribution [IX.+X.]	(128,142)	(128,142)
XII. Net OPEB Expense [VIII.+XI.]	$ 579,765	$ 579,765

Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Total OPEB Liability as of the June 30, 2023 Measurement Date would increase to $10,985,068 and Net OPEB Liability would increase to $4,386,361. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Total OPEB Liability would decrease to $6,562,707 and the Net OPEB Liability would decrease to $36,000.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Effect of 1% Change in Discount Rates

As of the June 30, 2023 Measurement Date, if the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to $6,851,545 and the Net OPEB Liability would decrease to $252,838. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to $10,453,802 and the Net OPEB Liability would increase to $3,855,095.

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 plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits 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.

Actuarial Cost Method:	Individual Entry Age Normal
Discount Rate:	4.69% per annum (previously 5.04%)
General Inflation Assumption:	2.50% per annum
Annual Compensation Increases:	3.00% per annum
Actuarial Value of Assets:	Market Value

Recognition of OPEB Trust Assets

The state of Massachusetts has passed legislation allowing municipal entities to establish a Trust for Other Postemployment Benefits ("OPEB") under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 75. This legislation was amended effective November 9, 2016 to clarify who may adopt such a Trust and provide guidance on the ongoing operation of such a Trust. The Collaborative has established an irrevocable trust for the purposes of prefunding liabilities under GASB 74/75.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
I. Balances at June 30, 2022	$ 7,855,437	$ 6,030,973	$ 1,824,464
II. Prior Period Adjustment	-	-	-
III. Balances for June 30, 2022 with Adjustment [I.+II.]	7,855,437	6,030,973	1,824,464
Changes for the year:			
IV. Service Cost	747,196	-	747,196
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	431,978	-	431,978
VI. Changes in Benefit Terms*	-	-	-
VII. Changes in assumptions**	714,395	-	714,395
VIII. Differences between actual and expected experience**	(1,278,180)	-	(1,278,180)
IX. Net Investment Income	-	503,660	(503,660)
X. Employer Contributions (Withdrawals) to/from Trust	-	128,142	(128,142)
XI. Benefit payments withdrawn from Trust	-	(64,068)	64,068
XII. Benefit payments excluding Implicit Cost	(54,947)	-	(54,947)
XIII. Implicit Cost Amount	(9,121)	-	(9121)
XIV. Total Benefit payments including Implicit Cost [XII.+XIII.]	(64,068)	-	(64,068)
XV. Administrative and Other Charges	-	-	-
XVI. Other Charges	-	-	-
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	$ 551,321	$ 567,734	($ 16,413)
XVI. Balances at June 30, 2023 [III.+XVII.]	$ 8,406,758	$ 6,598,707	$ 1,808,051

* Recognized immediately
** Amortized over 7 years

Impact of Patient Protection and Affordable Care Act ("PPACA") Excise Tax
The Patient Protection and Affordable Care Act ("PPACA") excise tax has been repealed.

Deferred Inflows/Outflows

	Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of differences between expected & actual experience									
Fiscal	**Differences between actual & expected experience**	**Recognition Period (years)**	**Remaining Balance**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**There-after**
2019	(1,703,175)	7.00	(486,620)	(243,311)	(243,311)	(243,309)	-	-	-	-
2020	(469)	7.00	(201)	(67)	(67)	(67)	(67)	-	-	-
2021	(1,125,612)	7.00	(643,206)	(160,802)	(160,802)	(160,802)	(160,802)	(160,800)	-	-
2022	0	7.00	-	-	-	-	-	-	-	-
2023	(1,278,180)	7.00	(1,095,583)	(182,597)	(182,597)	(182,597)	(182,597)	(182,597)	(182,597)	(182,598)
Total Remaining Balance			(2,225,610)							
Net increase (decrease) in OPEB Expense				(586,777)	(586,777)	(586,775)	(343,466)	(343,397)	(182,597)	(182,598)

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

	Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of changes in assumptions									
Fiscal	**Differences between actual & expected experience**	**Recognition Period (years)**	**Remaining Balance**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**There-after**
2019	2,659,477	7.00	759,852	379,925	379,925	379,927	-	-	-	-
2020	-	7.00	-	-	-	-	-	-	-	-
2021	467,416	7.00	267,094	66,774	66,774	66,774	66,774	66,772	-	-
2022	(1,136,144)	7.00	(811,532)	(162,306)	(162,306)	(162,306)	(162,306)	(162,306)	(162,308)	-
2023	714,395	7.00	612,339	102,056	102,056	102,056	102,056	102,056	102,056	102,059
Total Remaining Balance			827,753							
Net increase (decrease) in OPEB Expense				386,449	386,449	386,451	6,524	6,522	(60,252)	102,059

	Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between projected & actual earnings on OPEB plan investments									
Fiscal	**Differences between actual & expected experience**	**Recognition Period (years)**	**Remaining Balance**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**There-after**
2019	(30,347)	7.00	-	(6,071)	-	-	-	-	-	-
2020	18,043	7.00	3,607	3,609	3,607	-	-	-	-	-
2021	(755,533)	7.00	(302,212)	(151,107)	(151,107)	(151,105)	-	-	-	-
2022	1,236,152	7.00	741,692	247,230	247,230	247,230	247,232	-	-	-
2023	(173,824)	7.00	(139,060)	(34,764)	(34,764)	(34,764)	(34,764)	(34,768)	-	-
Total Remaining Balance			304,027							
Net increase (decrease) in OPEB Expense				58,897	64,966	61,361	212,468	(34,768)	-	-

NOTE J – TAX POSITION

The primary tax positions made by the Collaborative are the existence of Unrelated Business Income Tax and the Collaborative's status as an exempt organization under the Internal Revenue Code. The Collaborative currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, the Collaborative has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Collaborative is not currently under examination by any taxing jurisdiction. As a Chapter 40 governmental entity, the Collaborative is exempt from filing certain non-profit filings and, accordingly, there are no returns currently open for examination.

NOTE K – COMMONWEALTH OF MASSACHUSETTS SURPLUS REVENUE RETENTION (OSD)

The excess (deficiency) of revenue received from departments of the Commonwealth of Massachusetts is the amount in accordance with the Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy, pursuant to 808CMR 1.19(3) of the Pricing, Reporting, and Auditing for Social Programs, which allows a provider to retain, for future use, a portion of annual net surplus. Net surplus from the revenues and expenses with services provided to purchasing agencies, which are subject to 808CMR 1.00, may not exceed 20% of the provider's revenues derived from contracts with state departments annually. For fiscal 2016 and beyond, there is no limit on the cumulative amount of the provider's net surplus. For the year ended June 30, 2023, the Collaborative had no surplus revenue from contracts with state departments.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE L – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW C.40 § 4E

Names, duties and total compensation of the five most highly compensated employees
The five highest compensated employees of the Collaborative during fiscal year 2023 were as follows:

Name	Title	Total Compensation
Chris A. Scott, PhD	Executive Director	$232,244
Joia Mercurio	Deputy Director	$142,580
Nicole Noska	Principal	$140,755
Kari Ann Morrin	Director of Human Resources	$133,407
Nicholas LeClair	Principal	$129,520

Executive Director:
Responsible for the proper fiscal management of Collaborative Programs. Administer and coordinate all programs and services offered by the Collaborative. Develop and propose an annual budget to the Board of Directors. Ensure Collaborative is operating within and in compliance with federal and state laws.

Deputy Director:
Responsible for supervising the effective and efficient implementation of programs and the payroll department. Assist in the creation of required state reports, records and other documentation. Keep the executive director informed about what is happening at the program level.

Director Human Resources:
Responsible for administering personnel programs and policies for the Collaborative and ensuring that proper practices are being followed. Handle all aspects with the hiring process. Manage the day-to-day human resource functions.

Principal:
Responsible to ensure program curriculum is aligned with Massachusetts Curriculum Frameworks. Other responsibilities include, ensure safety and structure of program, coordination and review all IEPs, schedule and participate in IEP meetings, communicate with parents, LEAs and outside agencies, and interview student referrals.

Amounts expended on services for individuals aged 22 years and older
Total direct costs incurred by the Collaborative in its over 21 programs, funded in part by contracts with agencies of the Commonwealth of Massachusetts, totaled $3,953,060 for the year ended June 30, 2023, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments.

Amounts expended on administration and overhead
Administrative expenses of $2,175,043 for the year ended June 30, 2023, include all costs that cannot be directly or reasonably applied to a program of the Collaborative. Administrative expenses include salaries, related benefits and payroll taxes, associated with the Collaborative's administrative office (i.e., Executive Director, finance staff, human resources, etc.), as well as other costs associated with maintaining that office (i.e. occupancy, supplies, etc.). The Collaborative directly applies salaries, where appropriate, to its programs and allocates related employee benefits and taxes to those programs. Occupancy, supplies, maintenance and any other cost that can be directly applied, or reasonably allocated, are reported under program expense.

Accounts held by the Collaborative that may be spent at the discretion of another person or entity
The Collaborative does not hold any accounts that may be spent at the discretion of another person or entity.

Transactions between the Collaborative and any related for-profit or non-profit organization
Other than the leases described below, the Collaborative had no transactions between the Collaborative and any related for-profit or non-profit organization.

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE L – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW C.40 § 4E - ***continued***

Transactions or contracts related to purchase, sale, rental or lease of real property

Transactions or contracts related to the purchase, sale, rental, or lease of real property are described in Notes C and D to the financial statements. The Collaborative leases classroom and other program space within Tyngsborough, a member district. For the year ended June 30, 2023, rent expense under this lease was $255,950. During the year ended June 30, 2020, the Collaborative paid $1,000,000 for improvements to the leased space within Tyngsborough. The improvements are depreciated in the government wide financial statements over the lease term.

Annual determination and disclosure of cumulative surplus

	Cumulative Surplus Calculation – FY23					Page(s) in financial statements
(A)	**Surplus as of June 30, 2022**		$ 5,327,602	(A)	**p. 12**
	(Breakdown of use of 2021 surplus)				
	B(1) used to support the FY22 budget	$ -			
	B(2) issued as credits to member districts	$ -			
	B(3) issued as a check(s) to member district(s)	$ -			
	B(4) deposited to a restricted account(s)	$ 64,074			
(B)	**Board voted uses of surplus funds during FY23**	*(total from B1:B4)*	$ 64,074	(B)	**p. 12**
(C)	**Unexpended FY23 General Funds**		$ 297,279	(C)	**p. 12**
(D)	Cumulative Surplus as of June 30, 2023	(A) - (B) + (C) = (D)	$ 5,560,807	(D)	**p. 12**
(E)	**FY23 Total General Fund Expenditures***		$ 21,025,021	(E)	**p. 12**
(F)	Cumulative Surplus Percentage	(D) ÷ (E)	**26.45%**	(F)	
	CUMULATIVE SURPLUS REDUCTION				
	Allowable uses of surplus - in excess of the 25% limit				
(G)	Cumulative surplus as of June 30, 2023		$ 5,560,807		
		25% limit (allowed)	$ 5,256,255		
(H)	Cumulative Surplus **REDUCTIONS**				
	(H)1 Credited to member districts for tuition, services, etc.	$ 304,552	***		
	(H)2 Deposited to an established trust and/or reserve fund	$ -			
	(H)3 Returned (check) to school districts/towns	$ -			
		Total Reductions	$ 304,552		
	FY23 Cumulative Surplus Percentage after Reductions		**25.00%**		

Valley Collaborative
Notes to Financial Statements
June 30, 2023

NOTE L – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW C.40 § 4E - ***continued***

*****Reconciliation of Total General Fund Expenditures to the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds on page 12:

Total Expenditures:	$23,643,007
OPEB Obligation Funding:	64,074
Intergovernmental Expense:	(2,793,171)
	20,913,910
FY23 depreciation on leasehold improvements:	111,111**
Total General Fund Expenditures per calculation above:	$21,025,021

**During the year ended June 30, 2020, the Collaborative paid for $1,000,000 of improvements to a leased facility. The payment was approved and budgeted by the Collaborative's board of directors. However, because this was a special one-time payment, the Collaborative requested clarification from the Department of Elementary and Secondary Education ("DESE") regarding treatment of the expenditure. DESE requested that the $1,000,000 capital expenditure be treated as an expenditure over the remaining lease term of 9 years for purposes of determining the cumulative surplus funds in excess of 25% of general fund expenditures. The annual amount to be reported as an expenditure is $111,111.

***Subsequent to June 30, 2023, but prior to issuance of the financial statements, the Collaborative's board of directors voted to return $304,552 of additional funds to member districts ($173,866 approved at the September 2023 board meeting and $130,686 approved at the November 2023 board meeting). The $304,552 is the required excess to be credited or transferred to comply with the 25% cumulative surplus allowance.

Valley Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balance
of the General Fund - Budget to Actual
For the year ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Tuition and services	$ 17,200,000	$ 17,200,000	$ 17,901,369	$ 701,369
Grants and contracts	3,100,000	3,920,000	3,988,564	68,564
Other	400,000	650,000	36,495	(613,505)
Interest	1,000	30,000	36,296	6,296
Intergovernmental revenue	-	-	2,793,171	2,793,171
Total revenue and other support	20,701,000	21,800,000	24,755,895	2,955,895
Expenses:				
Salaries	13,960,150	14,604,102	14,509,449	94,653
Employee benefits and taxes	2,644,756	2,699,055	2,601,052	98,003
Operating expenses	2,659,250	3,457,273	2,664,248	793,025
Leases and rentals	346,750	606,599	619,300	(12,701)
On-behalf retirement payment expense	-	-	2,793,171	(2,793,171)
Total expenses	19,610,906	21,367,029	23,187,220	(1,820,191)
Excess of revenues over expenses	$ 1,090,094	$ 432,971	$ 1,568,675	$ 1,135,704
Other Budget Items:				
Credits to member districts	$ -	$ -	$ 815,609	$ (815,609)
Capital Budget Items	830,000	715,000	455,787	259,213
OPEB obligation funding	-	-	64,074	(64,074)
	$ 830,000	$ 715,000	$ 1,335,470	$ (620,470)

Note: The schedule above is presented on the same basis used by the Collaborative to present its internal budget to actual comparison and account groupings are not necessarily consistent with the Statement of Revenue, Expenditures and Changes in Fund Balances presented on page 12. Also, capital budget items presented above include actual capital outlays and transfers made to or from the Capital Reserve Fund.

See independent auditor's report.

Valley Collaborative
OPEB Plan - Required Supplementary Information
June 30, 2023

Year	Actuarial Determined Contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
June 30, 2019	$ 880,811	$ (61,922)	$ 818,889	$ 11,092,407	0.56%
June 30, 2020	$ 951,385	$ (45,883)	$ 905,502	$ 11,425,179	0.40%
June 30, 2021	$ 903,135	$ (51,730)	$ 851,405	$ 10,818,546	0.48%
June 30, 2022	$ 996,816	$ (1,694,497)	$ (697,681)	$ 11,143,102	15.21%
June 30, 2023	$ 822,753	$ (128,142)	$ 694,611	$ 14,197,170	0.90%

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

Valley Collaborative

OPEB Plan - Required Supplementary Information

As of the June 30, 2023 Measurement Date

Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios						
Valuation Date:	**July 1, 2022**	**July 1, 2021**	**July 1, 2020**	**July 1, 2019**	**July 1, 2018**	**July 1, 2017**
For the Measurement Period ending on the Measurement Date of:	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
For the Reporting Period & Fiscal Year ending on:	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Total OPEB Liability	8,406,758	7,855,437	7,760,675	7,321,481	6,291,640	4,270,784
I. Service Cost	747,196	917,149	804,839	776,751	752,044	608,129
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	431,978	367,674	344,281	299,442	374,432	18,642
III. Changes in Benefit terms	-	-	-	-	-	-
IV. Difference between Expected & Actual Plan Experience	(1,278,180)	-	(1,125,612)	(469)	(1,703,175)	-
V. Changes of Assumption	714,395	(1,136,144)	467,416	-	2,659,477	43,514
VI. Benefit Payments Excluding Implicit Cost	(54,947)	(53,917)	(50,682)	(44,753)	(48,295)	(30,590)
VII. Implicit Cost Amount	(9,121)	-	(1,048)	(1,130)	(13,627)	-
VIII. Total Benefit payments including Implicit Cost [VI.+VII.]	(64,068)	(53,917)	(51,730)	(45,883)	(61,922)	(30,590)
IX. Net Change in OPEB liability [I.+II.+III.+IV.+V.+VIII.]	551,321	94,762	439,194	1,029,841	2,020,856	639,695
X. Total OPEB liability - beginning of period	7,855,437	7,760,675	7,321,481	6,291,640	4,270,784	(148,019)
XI. Prior Period Adjustment for Retirees not Previously Reflected	-	-	-	-	-	-
XII. Total OPEB Liability - end of period [IX.+X.+XI.]	8,406,758	7,855,437	7,760,675	7,321,481	6,291,640	491,676
Plan Fiduciary Net Position	6,598,707	6,030,973	5,271,479	4,266,767	4,039,225	3,779,108
XIII. Earning from Plan Investments	503,660	(881,086)	1,004,712	227,542	260,117	236,892
XIV. Employer Contribution to trust	128,142	1,694,497	51,730	45,883	61,922	30,590
XV. Benefit payments from trust, including refunds of member contributions	(64,068)	(53,917)	(51,730)	(45,883)	(61,922)	(30,590)
XVI. Administrative expense	-	-	-	-	-	-
XVII. Other	-	-	-	-	-	-
XVIII. Net change in plan fiduciary net position [XIII.+XIV.+XV.+XVI.+XVII.]	567,734	759,494	1,004,712	227,542	260,117	236,892
XIX. Plan fiduciary net position - beginning of period	6,030,973	5,271,479	4,266,767	4,039,225	3,779,108	3,542,216
XX. Plan fiduciary net position - end of period [XVIII.+XIX.]	6,598,707	6,030,973	5,271,479	4,266,767	4,039,225	3,779,108
XXI. Net OPEB Liability [XII.-XX.]	1,808,051	1,824,464	2,489,196	3,054,714	2,252,415	491,676
XXII. Plan fiduciary net position as a % of total OPEB liability [XX./XII.]	78.49%	76.77%	67.93%	58.28%	64.20%	768.62%
XXIII. Covered employee payroll	14,197,170	11,143,102	10,818,546	11,425,179	11,092,407	11,775,259
XXIV. Plan NOL as % of covered employee payroll [XXI./XXIII]	12.74%	16.37%	23.01%	26.74%	20.31%	4.18%
Single Discount Rate to calculate Plan Liabilities	4.69%	5.04%	4.25%	4.25%	4.25%	7.50%

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

Valley Collaborative
OPEB Plan - Required Supplementary Information
As of the June 30, 2023 Measurement Date

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2022.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2023.
Actuarial Assumptions:	
Investment Rate of Return:	5.30%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Single Equivalent Discount Rate:	4.69%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment:	Not Applicable
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females , set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

See independent auditor's report.

Valley Collaborative
OPEB Plan - Required Supplementary Information
As of the June 30, 2023 Measurement Date

Notes to Required Supplementary Information (Continued):

Plan Membership

Plan Membership: At July 1, 2020, the OPEB plan membership consisted for the following

Inactive employees or beneficiaries currently receiving benefits:	14
Active Employees:	229
Total:	243

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Changes in Assumptions:

From June 30, 2022 to June 30, 2023:

Due to the GASB 75 standards the discount rate has been changed from 5.04% to 4.69%.

Based on ongoing actuarial research, we have modified our assumption for future increases in healthcare costs using the Getzen model to reflect gigher costs in the near-term.

Contributions/Withdrawals:

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. The Collaborative contributed $64,074 beyond the pay-as-you-go cost for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date total Collaborative premiums plus implicit costs for the retiree medical program were $64,068. $9,121 of the $64,068 represents implicit cost.

Census Data Manipulation:

In the absence of data, the following was assumed:

Spouse Sex:	Male participants had female spouses and vice versa.
Spouse Age:	Male spouses were three years older than female spouses and same sex spouses were the same age.
Hire Age:	Participants who were not on the previous valuation were hired halfway between last valuation and the current valuation. If we did not have census data related to the last valuation, the participants were assumed to have been hired at age forty.
Retiree Age:	Retirees had the same birth date as they had the prior valuation. If we did not have census data related to the last valuation, retirees who were enrolled in Active plans were assumed to be age sixty-two and retirees who were enrolled in Medicare Supplement plans were assumed to be age seventy-two. Those not enrolled in a medical plan were assumed to be sixty-seven.
School Demographics:	N/A
Other Material Changes:	No other data changes were deemed to be material.

Valley Collaborative

Schedule of the Collaborative's Proportionate Share of Net Pension Liability

For the Year Ended June 30, 2023

		MTRS	MSERS
Collaborative's proportion of net pension liability	FY2014	0.10521%	0.02526%
	FY2015	0.07985%	0.02466%
	FY2016	0.08405%	0.07637%
	FY2017	0.08453%	0.08118%
	FY2018	0.09167%	0.08646%
	FY2019	0.08325%	0.10137%
	FY2020	0.08129%	0.08658%
	FY2021	0.07984%	0.07671%
	FY2022	0.08333%	0.09316%
Collaborative's proportionate share of net pension liability	FY2014	$ 16,724,835	$ 1,871,525
	FY2015	$ 16,360,313	$ 2,806,546
	FY2016	$ 18,790,793	$ 10,530,873
	FY2017	$ 19,344,064	$ 10,410,850
	FY2018	$ 21,737,193	$ 11,438,238
	FY2019	$ 20,989,574	$ 14,834,931
	FY2020	$ 23,205,036	$ 14,855,001
	FY2021	$ 18,129,788	$ 8,006,281
	FY2022	$ 21,572,960	$ 12,958,656
Collaborative's covered-employee payroll	FY2014	$ 6,277,563	$ 4,565,446
	FY2015	$ 5,347,143	$ 4,285,929
	FY2016	$ 5,527,894	$ 4,254,279
	FY2017	$ 5,762,613	$ 4,635,195
	FY2018	$ 6,333,668	$ 6,028,713
	FY2019	$ 6,087,231	$ 6,039,995
	FY2020	$ 6,181,687	$ 5,305,358
	FY2021	$ 6,202,814	$ 4,668,914
	FY2022	$ 6,274,492	$ 5,856,826
Collaborative's proportionate share of net pension liability as a percentage of its covered-employee payroll	FY2014	266.42%	40.99%
	FY2015	305.96%	65.48%
	FY2016	339.93%	247.54%
	FY2017	335.68%	224.60%
	FY2018	343.20%	189.73%
	FY2019	344.81%	245.61%
	FY2020	375.38%	280.00%
	FY2021	292.28%	171.48%
	FY2022	343.82%	221.26%
Plan fiduciary net position as a percentage of total pension liability	FY2014	61.64%	76.32%
	FY2015	55.38%	67.87%
	FY2016	52.73%	63.48%
	FY2017	54.25%	67.21%
	FY2018	54.84%	67.91%
	FY2019	53.95%	66.28%
	FY2020	50.67%	62.48%
	FY2021	62.03%	77.54%
	FY2022	57.75%	71.05%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System. MSERS is the Massachusetts State Employees' Retirement System. Also, see Note E to financial statements.

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2022.

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

Valley Collaborative
Schedule of Pension Contributions
For the Year Ended June 30, 2023

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
MTRS									
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collaborative's covered-employee payroll	$ 6,277,563	$ 5,347,143	$ 5,527,894	$ 5,762,613	$ 6,333,668	$ 6,087,231	$ 6,181,687	$ 6,202,814	$ 6,274,492
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MSERS									
Contractually required contribution	$ 255,665	$ 240,012	$ 238,217	$ 259,571	$ 337,608	$ 338,240	$ 323,627	$ 284,804	$ 357,266
Contributions in relation to the contractually required contribution	$ 255,665	$ 240,012	$ 238,217	$ 259,571	$ 337,608	$ 338,240	$ 323,627	$ 284,804	$ 357,266
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collaborative's covered-employee payroll	$ 4,565,446	$ 4,285,929	$ 4,254,279	$ 4,635,195	$ 6,028,713	$ 6,039,995	$ 5,305,358	$ 4,668,914	$ 5,856,826
Contributions as a percentage of covered-employee payroll	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	6.10%	6.10%	6.10%

Notes to Required Supplementary Information

MTRS is the Massachusetts Teachers' Retirement System. MSERS is the Massachusetts State Employees' Retirement System. Also, see Note E to financial statements.

Measurement Date

The amounts presented in this schedule were determined as of June 30, 2022.

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

Contributions

The Collaborative is required to pay an annual appropriation as established by the Public Employees' Retirement Administration Commission (PERAC) for MSERS. No contribution is required for MTRS. The Commonwealth of Massachusetts as a nonemployer is legally responsible for the entire past service cost related to the Collaborative and therefore has a 100% special funding situation.

See independent auditor's report.

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

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

To the Board of Directors of
Valley Collaborative
Billerica, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Collaborative (a collaborative organized under the Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Valley Collaborative's basic financial statements, and have issued our report thereon November 16, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Purpose of this Report

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

Fritz DeGuglielmo LLC

Certified Public Accountants

Newburyport, Massachusetts
November 16, 2023

Valley COLLABORATIVE

Central Administration

11 Executive Park Drive, N. Billerica, MA 01862 | Tel: (978) 528-7826 | www.valleycollaborative.org

ACCEPTANCE OF THE BOARD OF DIRECTORS

We, the Board of Directors of the Valley Collaborative, have voted to accept the representations of management and the expression of the opinions made by Fritz DeGuglielmo LLC as embodied in the financial statements, supplemental schedules and independent auditor's reports for the year ended June 30, 2023.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and under Commonwealth of Massachusetts laws for the year ended June 30, 2023.

Board Chair

11-16-2023

Date

From: Chris Scott
To: All Valley Collaborative Staff
Subject: Thank You - Longevity Payment
Date: Monday, December 4, 2023 2:35:38 PM
Attachments: Memo - Longevity Payment.pdf

Dear Valley Family,

During this holiday season, the Valley Board of Directors and our Leadership Team want to express our gratitude for your consistent efforts to ensure that our Collaborative executes excellence on a daily basis. We wish good health and fortune for you and your families in the year ahead.

In recognition of your hard work and dedication to the most vulnerable among us, I am happy to remind everyone that a longevity stipend for all staff who have been working at Valley for at least one year will be issued the first pay in December. Please see the original memo for more details regarding the distribution of our longevity payments.

I'm eternally grateful for your effort and commitment to our students, DDS/MRC participants, and our Valley family. Wishing you and your loved ones a happy holiday season.

My door is always open,
-Chris

Chris A. Scott, Ph.D.
Executive Director

Valley
COLLABORATIVE

11 Executive Park Drive
N. Billerica, MA 01862
978-528-7826

Valley COLLABORATIVE

Central Administration

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MEMORANDUM

To: All Valley Collaborative Staff
From: Dr. Chris A. Scott, Executive Director
Date: November 18, 2022
Re: Longevity Payment

LONGEVITY PAYMENT

The Collaborative provides longevity pay to recognize and show appreciation for long-time service. Employees shall be eligible for annual longevity payments upon the completion of a fixed number of years of continuous service with the Collaborative. Longevity payments shall be paid annually to employees based on an employee's years of service on the first pay of December as outlined below.

Years of Continuous Service	Annual Longevity Payment
1-4 years	$750
5-9 years	$1,000
10-14 years	$1,500
15-19 years	$2,000
20+ years	$2,500

Under this policy, continuous service shall mean uninterrupted employment with the Collaborative and may include years of service in different positions. Interruption of employment for the purpose of FMLA leave, parental leave, or military leave of up to five (5) years of cumulative service under the Uniform Services Employment and Reemployment Rights Act shall not be deemed an interruption in service for the purpose of calculating continuous service for longevity pay.