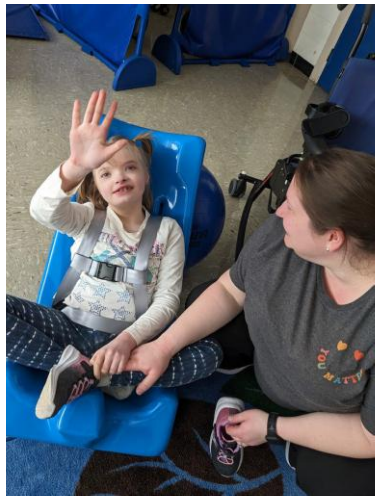
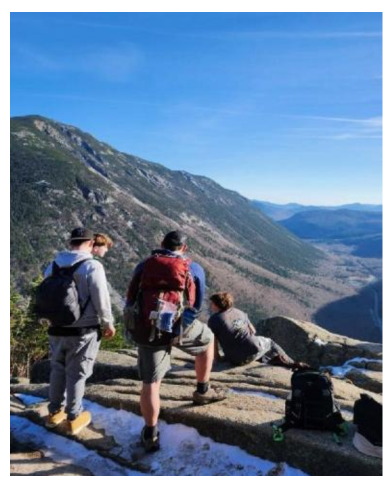
# Valley Collaborative 2024 Annual Report



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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:*** 2023-2024 – FY '24

## 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'24 school year was very successful programmatically and financially.

The 2023/24 school year has been a very successful year at Valley Collaborative. Valley continues to enjoy a reputation for high quality programming and operational excellence. FY'24 resulted in an overall enrollment increase in our K12 and DDS programs. Valley was inundated with audits this past year. Our small but mighty team excels under pressure and tight timelines. Here's an overview:

• DESE Coordinated Program Review – Mid-Cycle Review: Valley has concluded its Mid-Cycle Review and the feedback from the DESE Office of Approved Special Education Schools (OASES) included, below.
**Results:** A+/Exemplary

- Administrative teams had an impressively long tenure. (This is significant because we are in a field where it is typical for key positions to be vacant and/or hard to fill. Fortunately, when people come to Valley, they fall in love with our mission and vision and stay for a very long time.)
- Students were engaged in rigorous curriculum/programming.
- They observed Valley's staff interacting with students in a caring and compassionate manner.
- Our systems throughout the Collaborative were consistent and followed with fidelity.
- Staff were well trained including but not limited to top tier therapeutic teams, educators who deliver high quality programs consistent with the state standards, and highly trained Special Education Assistants. (Valley's successful efforts to put into place the Academy for Special Education Assistants is noteworthy.)
- DESE protocols and procedures were followed with fidelity.
- Staff were committed and devoted to the mission of Valley.
- They wished that Valley could train other Collaboratives on how to do the exceptional work they witnessed.

• DESE Collaborative Financial Review: Valley still has not received the draft results from the DESE Collaborative Financial Review performed by MARCUM Accounting for DESE in May 2024. The Department continues to work through some technical matters regarding how certain DESE guidance and regulations are being interpreted by Collaboratives across the Commonwealth. It is not clear when we will have a draft version to review. Valley is proud to be a thought partner and the pilot site for this new financial review process that all Collaboratives will undergo every six years.
**Tentative Results:** the feedback to date has been Exemplary

• FY'24 Independent Financial Audit: Valley's FY'24 Independent Financial Audit, performed by Fritz DeGuglielmo, LLC, has been completed. Daniel Schaffner, CPA, and his team. Valley is proud to say that the audit was again this year finding-free and demonstrates Valley's commitment to sound, competent, financial management/oversight. The Board of Directors and Valley's Administration team take very seriously its responsibility to be good stewards of public funds. Valley had another financially successful year in FY'24, ending the year with $2.0M in profit with $1.67M being returned to Member School Districts. Our systems and processes have never been more effective. Daniel Schaffner reported out to the Board at the November 21, 2024 Board of Directors meeting.
**Results:** A+/Exemplary

• DDS CORI Audit: for the first time, on September 24, 2024 DDS performed a CORI audit to ensure Valley Collaborative was in full-compliance with all procedures and protocols.
**Results:** A+/Exemplary

• DDS DPPC Audit: to ensure compliance with Nicky's Law, the Disabled Persons Protection Commission (DPPC) is authorized to conduct periodic compliance reviews of DDS and agencies defined as Employers (Valley Collaborative). Valley completed its first compliance review on September 6, 2024. This review included DDS staff hired after July 1, 2023, along with their signed DPPC Consent Form and Valley's internal policies and procedures to adhere to M.G.L. c. 19C § 15.
**Results:** A+/Exemplary

**Financial Highlights:**
• During the fiscal year ended June 30, 2024, the Collaborative's overall net position increased by approximately $1,091,000.
• Total assets increased by approximately $1,555,000 primarily as a result of continued strong operations and oversight increasing the overall cash position of the Collaborative.
• Total liabilities decreased by approximately $638,000 which was primarily the result of the decrease in the year's pay down of lease liability of approximately $387,000 and the adjustment in the OPEB liability of approximately $588,000 due to the updated actuarial study and $758,000 as a result of the timing of the payback of credit to the member districts that occurred in fiscal year 2023 but not in fiscal year 2024.
• The Collaborative realized an increase in net position from operations, including depreciation on capital assets, right-of-use lease expense and other post-employment benefits expense, of approximately $1,091,000.
• The total assets at June 30, 2024 were $22,669,446.
• Valley's Capital fund remains fully funded with $1.5 million in FY '24.

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.

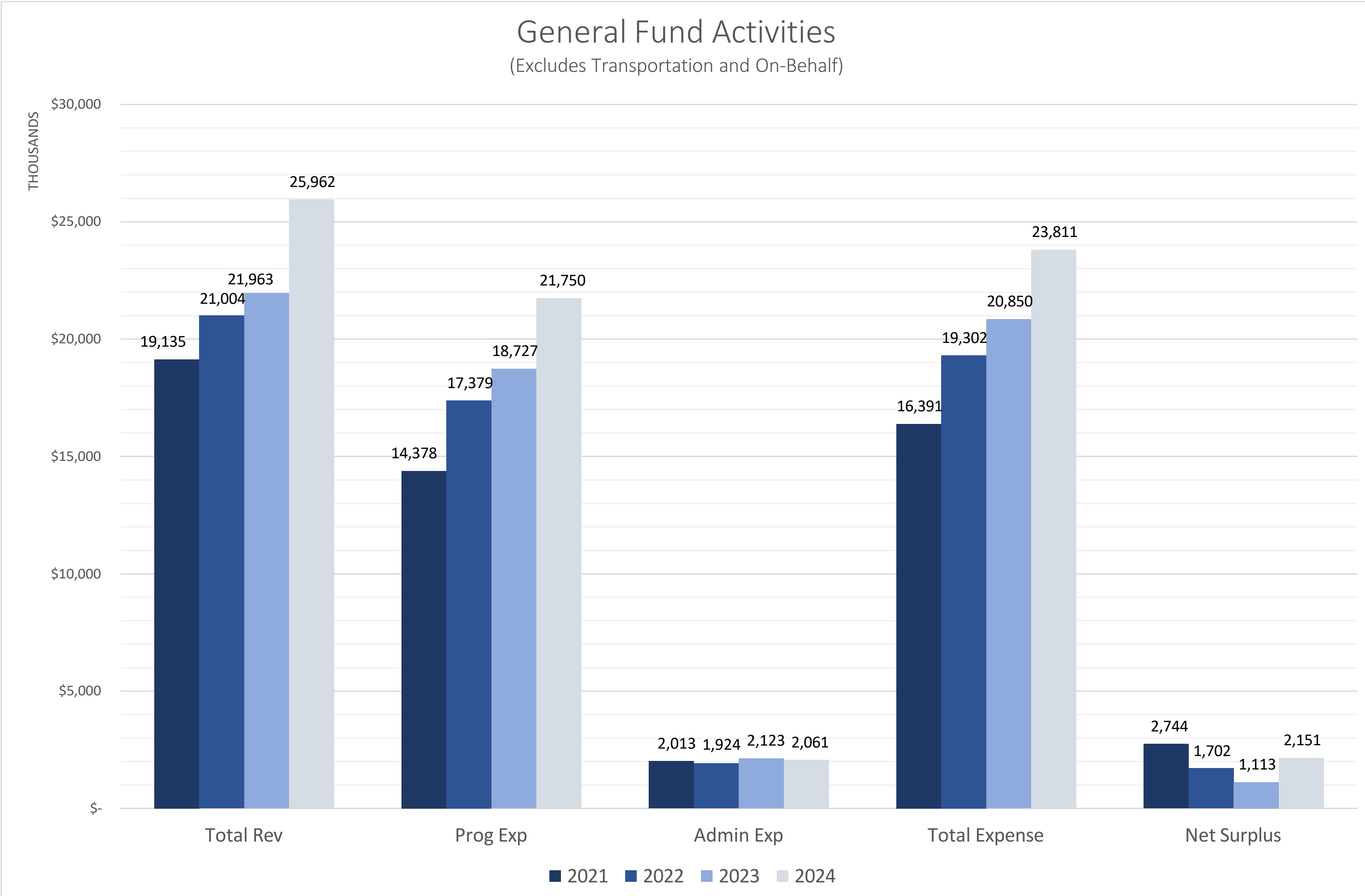
My best to you always,

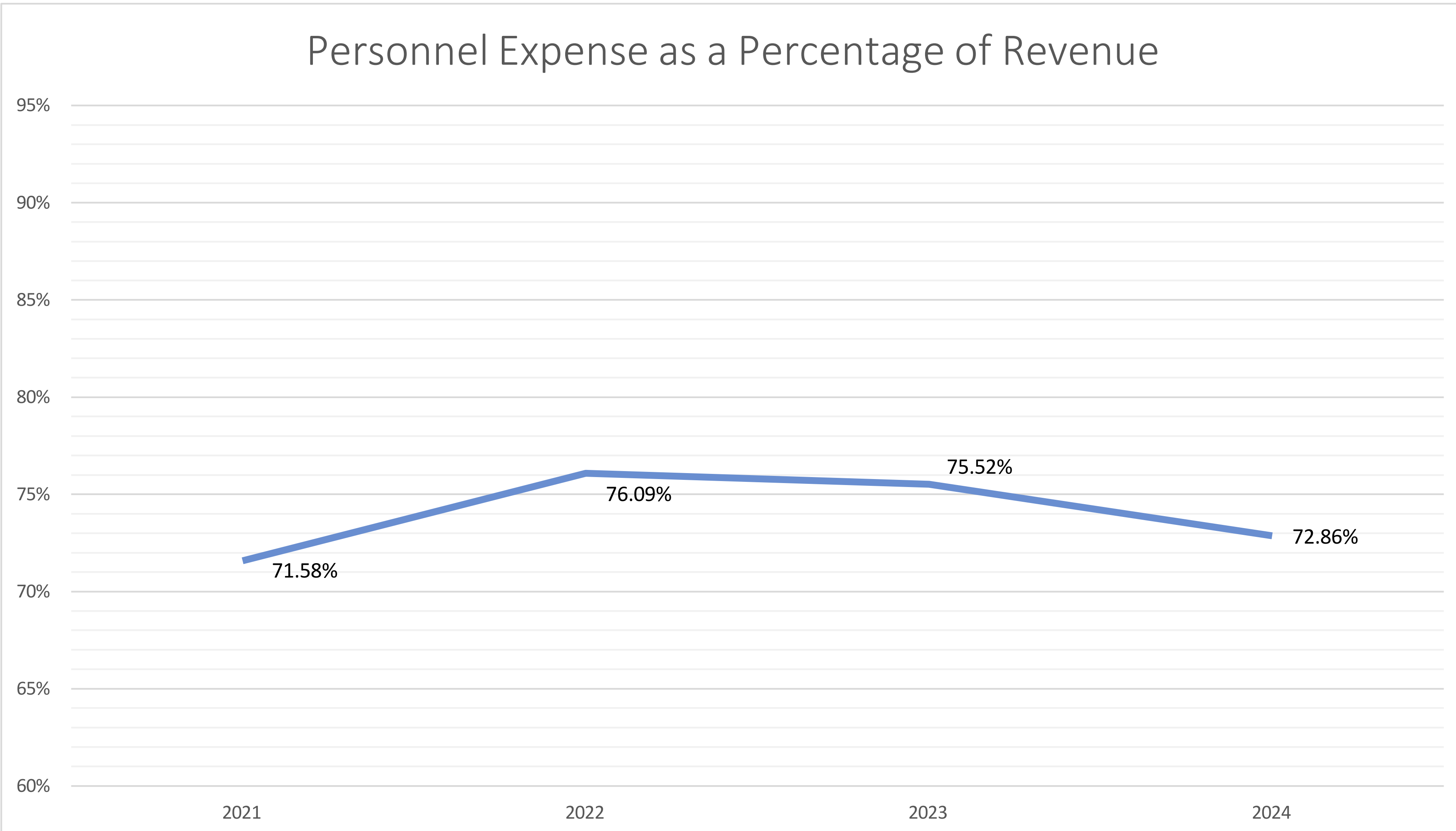
Chris A. Scott
Executive Director Valley Collaborative

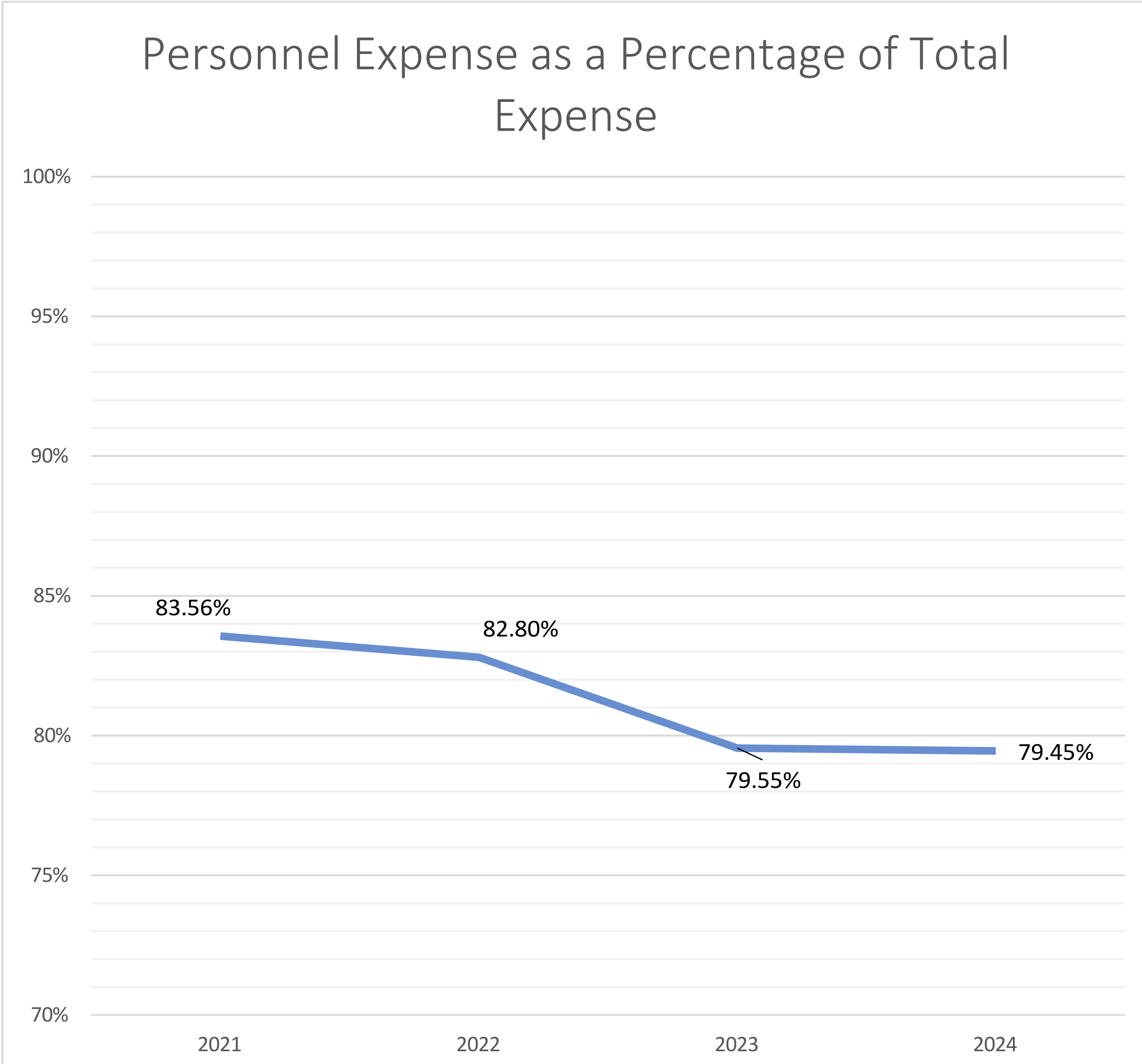
Valley Collaborative

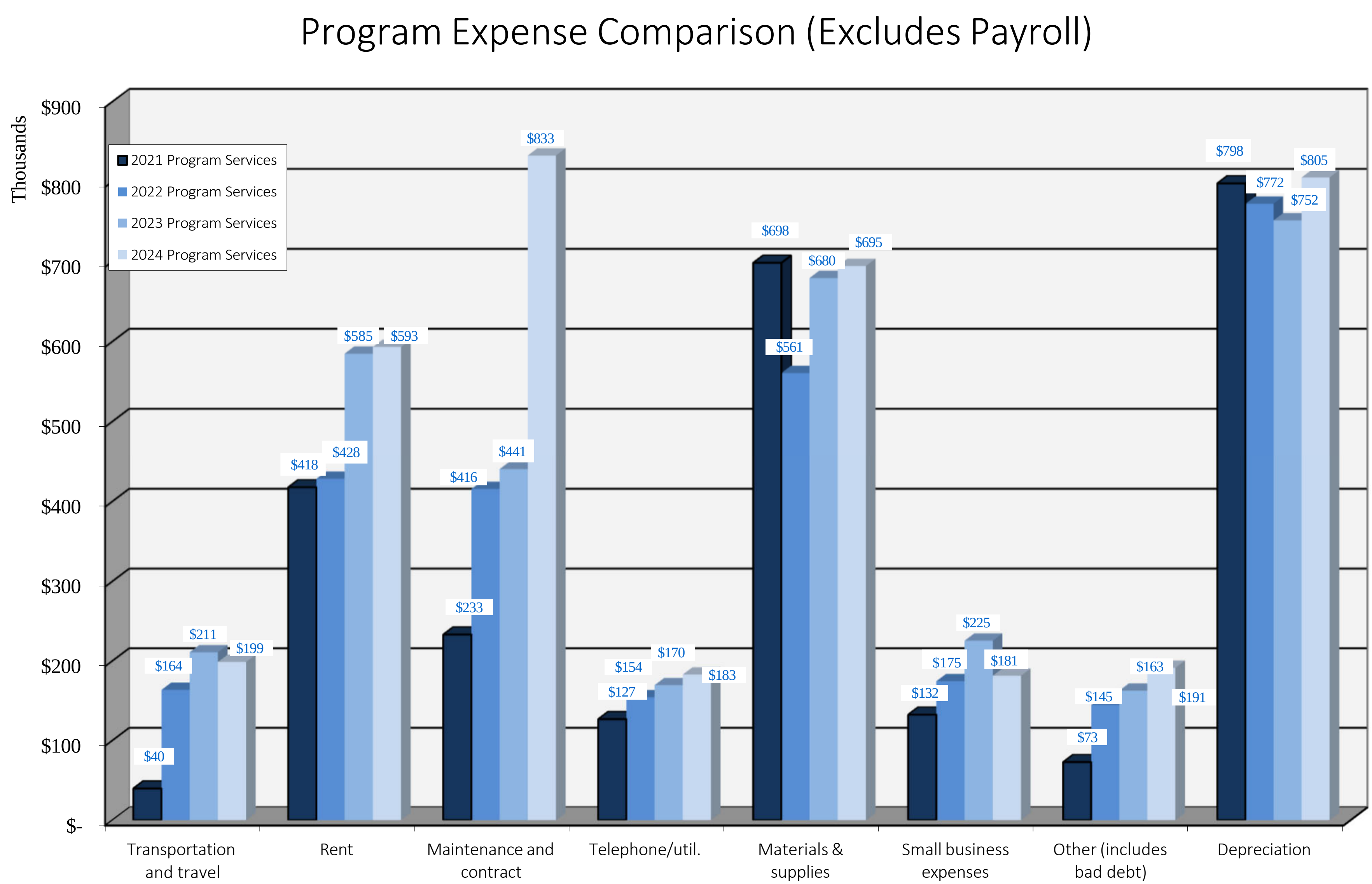
Summary of Financial Activity

For the year ended June 30, 2024


General Fund Activities
(Excludes Transportation and On-Behalf)
THOUSANDS
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$-
19,135
21,004
21,963
25,962
14,378
17,379
18,727
21,750
2,013
1,924
2,123
2,061
16,391
19,302
20,850
23,811
2,744
1,702
1,113
2,151
Total Rev
Prog Exp
Admin Exp
Total Expense
Net Surplus
2021
2022
2023
2024


Personnel Expense as a Percentage of Revenue
95%
90%
85%
80%
75%
70%
65%
60%
71.58%
76.09%
75.52%
72.86%
2021
2022
2023
2024


Personnel Expense as a Percentage of Total Expense
100%
95%
90%
85%
80%
75%
70%
83.56%
82.80%
79.55%
79.45%
2021
2022
2023
2024




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 48 years.

## Revenue and Expenditure Information for the Subject Year

Please see full financial audit, posted on the website and page 28 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 '24 were:

Chairperson Dr. Jay Lang, Superintendent of the Chelmsford Public Schools
Dr. Kerry Clery, Superintendent of the Billerica Public Schools
Dr. Michael Flanagan, Superintendent of the Tyngsborough 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:

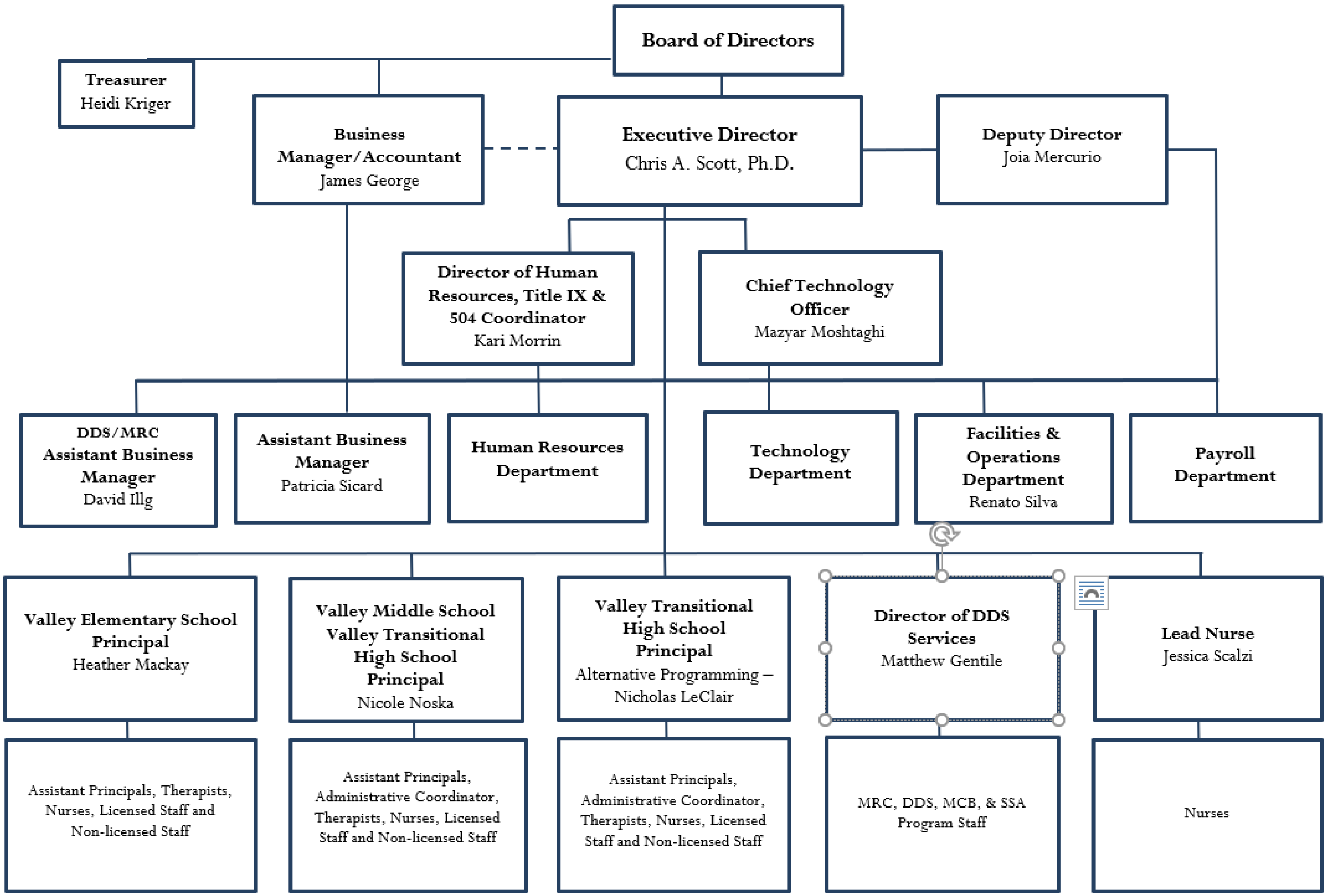
Dr. Chris A. Scott, Executive Director
Mr. James George, Business Manager/Accountant
Ms. Joia Mercurio, Deputy Director
Ms. Kari Morrin, Director of Human Resources

Mr. Matthew Gentile, Director of DDS
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

## 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.

## 2023-2024 Average Number of Students

Valley Collaborative served 310 students (K-Age22) during the 2023-2024 school year. Valley's Adult Services served 147 individuals in our DDS program and 170 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 2023-2024 school year, Valley provided 4 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.

### 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 '24 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) | | | $616.35 | | | | | $663.38 | | | **$639.87** |
| Elementary School - Emotional Behavioral | $445.53 | $611.71 | | | $699.38 | $622.12 | $609.77 | | $245.12 | $582.66 | **$545.18** |
| Elementary School - Pragmatic, Sensory, and Behavior | $445.53 | $611.71 | | | $699.38 | $622.12 | $609.77 | | $245.12 | $582.66 | **$545.18** |
| Middle School - Emotional Behavioral | $445.53 | $611.71 | | | | $622.12 | $609.77 | | $245.12 | | **$506.85** |
| Middle School – Pragmatic, Sensory, and Behavior | $445.53 | $611.71 | | | | $622.12 | $609.77 | | $245.12 | | **$506.85** |
| High School & Middle School - School & Life Skills Training ISN | $445.53 | $611.71 | $616.35 | | $699.38 | | $609.77 | | $245.12 | $582.66 | **$544.36** |
| High School - School & Vocational Training | | $611.71 | $616.35 | | $699.38 | | $609.77 | | $245.12 | | **$556.47** |
| High School - School & Life Skills Training | $445.53 | $611.71 | $616.35 | | $699.38 | $622.12 | $609.77 | | $245.12 | $582.66 | **$554.08** |
| High School - School to Work Program | | | | | | | | | | | **N/A** |
| High School - Alternative Program | | | | $382.49 | $699.38 | | | | | $582.66 | **$554.84** |
| High School - Alternative Vocational Program | | | | | | | | | | | **N/A** |

## Quantitative Comparisons to Private Schools

**FY '24 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) | $639.87 | $302.82 | $337.05 | **53%** | $385.88 | $253.99 | **40%** |
| Elementary School - Emotional Behavioral | $545.18 | $247.20 | $206.16 | **38%** | $315.00 | $230.18 | **42%** |
| Elementary School - Pragmatic, Sensory, and Behavior | $545.18 | $247.20 | $206.16 | **38%** | $315.00 | $230.18 | **42%** |
| Middle School - Emotional Behavioral | $506.85 | $247.20 | $188.23 | **37%** | $315.00 | $191.85 | **38%** |
| Middle School – Pragmatic, Sensory, and Behavior | $506.85 | $247.20 | $188.23 | **37%** | $315.00 | $191.85 | **38%** |
| High School & Middle School - School & Life Skills Training ISN | $544.36 | $302.82 | $146.40 | **27%** | $385.88 | $158.49 | **29%** |
| High School - School & Vocational Training | $556.47 | $184.37 | $265.53 | **48%** | $234.94 | $321.53 | **58%** |
| High School - School & Life Skills Training | $554.08 | $184.37 | $271.41 | **49%** | $234.94 | $319.14 | **58%** |
| High School - School to Work Program | | $184.37 | N/A | **N/A** | $234.94 | **N/A** | **N/A** |
| High School - Alternative Program | $554.84 | $216.30 | $223.97 | **40%** | $275.63 | $279.22 | **50%** |
| High School - Alternative Vocational Program | | $216.30 | N/A | **N/A** | $275.63 | **N/A** | **N/A** |

# Valley Collaborative

Financial Statements

For the Year Ended June 30, 2024

**Valley Collaborative**

Contents

For the Year Ended June 30, 2024

**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, 2024, 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, 2024, 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, OPEB plan required supplementary information 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 21, 2024, 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.

certified Public Accountants

Newburyport, Massachusetts
November 21, 2024

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, 2024 with comparative information from the fiscal years ended June 30, 2023 and 2022. 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

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Assets | | | |
| Current Assets | $11,859,954 | $ 9,638,049 | $ 8,445,166 |
| Non-current assets, net** | 9,718,962 | 10,385,960 | 11,157,458 |
| Total Assets | 21,578,916 | 20,024,009 | 19,602,624 |
| Deferred Outflows Related to OPEB | 1,090,530 | 1,943,312 | 2,010,393 |
| Total Assets and Deferred Outflows of Resources | $22,669,446 | $21,967,321 | $21,613,017 |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Liabilities | | | |
| Current Liabilities | $ 3,163,986 | $ 2,933,189 | $ 2,043,673 |
| Long Term Liabilities** | 4,057,503 | 4,925,869 | 5,328,811 |
| Total Liabilities | 7,221,489 | 7,859,058 | 7,372,484 |
| Deferred Inflows Related to OPEB | 3,285,540 | 3,037,142 | 2,508,045 |
| Net Position | | | |
| Unrestricted | $ 4,023,633 | $ 2,658,926 | $ 3,005,486 |
| Restricted – grants and contributions | 37,641 | 30,583 | 23,891 |
| Restricted – renovation project/capital reserve | 1,500,000 | 1,500,000 | 1,500,000 |
| Invested in right-of-use assets, net of liabilities** | ( 147,684) | ( 58,449) | ( 32,684) |
| Invested in capital assets, net of related debt | 6,748,827 | 6,940,061 | 7,235,795 |
| Total Net Position | $12,162,417 | $11,071,121 | $11,732,488 |

During the fiscal year ended June 30, 2024, the Collaborative's overall net position increased by approximately $1,091,000. Total assets increased by approximately $1,555,000 primarily as a result of continued strong operations and oversight increasing the overall cash position of the Collaborative. Total liabilities decreased by approximately $638,000 which was primarily the result of the decrease in the year's pay down of lease liability of approximately $387,000 and the adjustment in the OPEB liability of approximately $588,000 due to the updated actuarial study and $758,000 as a result of the timing of the payback of credit to the member districts that occurred in fiscal year 2023 but not in fiscal year 2024. Liabilities also increased by $510,000 in prepaid tuition paid by two of the member districts in comparison to fiscal year 2023. The remaining difference is a result of the timing of payments in comparison to the prior fiscal year relating to the various accrued expenses and payables. The Collaborative realized an increase in net position from operations, including depreciation on capital assets, right-of-use lease expense and other postemployment benefits expense, of approximately $1,091,000.

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.

SUMMARY OF ACTIVITIES

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Revenues/Gains* | $26,075,648 | $21,984,406 | $21,050,749 |
| Program Expenses/Losses* | 22,030,507 | 19,048,642 | 17,879,061 |
| Administrative Expenses/Losses* | 2,075,632 | 2,137,683 | 1,941,085 |
| Total Expense* | 24,106,139 | 21,186,325 | 19,820,146 |
| Change in net position, before increase in net retirement health benefit obligation and credits to member districts | 1,969,509 | 798,081 | 1,230,603 |
| Increase in net retirement health benefit obligation | (573,661) | (643,839) | (849,716) |
| Change in net position before credits to member districts | 1,395,848 | 154,242 | 380,887 |
| Credits to member districts | ( 304,552) | ( 815,609) | - |
| Change in Net Position** | $ 1,091,296 | ($ 661,367) | $ 380,887 |

* 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 2024 and 2023 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, 2024, revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $4,091,000 (19%). 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%). The changes within fiscal years are due primarily to changes in student enrollment in the respective years. Changes in fiscal year 2024 enrollment are primarily a result of expanding of programs and offerings to the area districts.

Operating Expenses

In the fiscal year ended June 30, 2024, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, increased by approximately $2,920,000, or 14%, compared to the fiscal year ended June 30, 2023. Increases in expenses were primarily a result of increased employee and benefit costs, as well as maintenance and occupancy costs. Personnel costs increased by approximately $2,395,000 in the fiscal year ended June 30, 2024 as a result for the increase in staffing needs to support operations. Maintenance and occupancy costs increased by approximately $480,000 and training expenses increased by approximately $20,000. Maintenance and occupancy costs increased as a result of the repairs and updates made across the properties occupied by the Collaborative as well as general increases in utilities. Training expenses saw increases as a result of the increase in new staff employed by the Collaborative as well as the full integration of the SPEDfi program and getting all users acclimated to the system.

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.

## Governmental Funds Financial Highlights

The Collaborative reported a total general fund balance of $7,499,174, of which $46,380 was nonspendable and the remaining $7,452,794 was unassigned. The fund balance increased $1,938,367 over the prior fiscal year, primarily due to net operating surplus of $2,151,119 plus $91,800 received as trade-in value for vehicles disposed of to be used against the purchase price of new vehicles and decreased by $304,552 of credits issued to member districts. Prepaid expenses decreased by $249,225, primarily due to the use of the prepaid rent included as part of the Tyngsborough agreement. Cash increased by $1,985,566 and accounts receivable increased by $485,564.

Due to strong management, since the year ended June 30, 2013, the Collaborative has returned more than $12,119,000 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, 2024, the Collaborative purchased and capitalized eight vehicles, leasehold improvements and other equipment for use in its program with a total cost of $613,951. The Collaborative did trade in seven vehicles in fiscal year 2024 totaling a trade-in value of $91,800.

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.

As of June 30, 2024, 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, 2024 was approved by its Board of Directors and then amended on January 11, 2024. For the fiscal year ended June 30, 2024, the Collaborative received operating revenues, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $25,963,000 compared to final budgeted revenues of approximately $24,805,000. 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 $23,198,000 compared to final budgeted expenses of approximately $23,076,000. The difference between actual expenses incurred and budgeted expenses is primarily from increases relating to the hiring of additional staff.

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.

## 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., 40 Linnell Circle, Billerica, MA 01821, or at 978-528-7800.

**Valley Collaborative**
Statement of Net Position
June 30, 2024

## Assets

| | |
|---|---|
| Current Assets | |
| Cash and cash equivalents | $ 7,993,596 |
| Accounts receivable, net | 3,819,978 |
| Prepaid expenses and other assets | 46,380 |
| Total Current Assets | 11,859,954 |
| Non-current Assets | |
| Right-of-use leased assets, net of accumulated amortization | 2,970,135 |
| Capitalized assets, net | 6,748,827 |
| Total Non-current Assets | 9,718,962 |
| Total Assets | 21,578,916 |
| **Deferred Outflows of Resources** | |
| Deferred Outflows of Resources Related to OPEB | 1,090,530 |
| **Total Assets and Deferred Outflows of Resources** | $ 22,669,446 |
| **Liabilities, Deferred Inflows and Net Position** | |
| Current Liabilities | |
| Accounts payable and accrued liabilities | $ 1,746,167 |
| Deferred revenues | 1,010,000 |
| Credits due to member districts | 66,972 |
| Lease liability, current portion | 340,847 |
| Total Current Liabilities | 3,163,986 |
| Non-current Liabilities | |
| Lease liabilities, net of current portion | 2,776,972 |
| Net OPEB liability | 1,280,531 |
| Total Non-current Liabilities | 4,057,503 |
| Total Liabilities | 7,221,489 |
| **Deferred Inflows of Resources** | |
| Deferred Inflows of Resources Related to OPEB | 3,285,540 |
| **Net Position** | |
| Net Position | |
| Unrestricted | 4,023,633 |
| Restricted - contributions and other | 37,641 |
| Restricted - capital reserve fund | 1,500,000 |
| Invested in right-of-use leased assets, net of related liabilities | (147,684) |
| Invested in capital assets, net of related debt | 6,748,827 |
| Total Net Position | 12,162,417 |
| **Total Liabilities, Deferred Inflows and Net Position** | $ 22,669,446 |

**Valley Collaborative**
Statement of Activities
For the year ended June 30, 2024

| Functions/ Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Adult Services and Operating Grants/Contrib-utions | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Administration | $ 2,075,632 | $ - | $ - | $ (2,075,632) |
| Education | 20,542,841 | 21,213,926 | 4,626,464 | 5,297,549 |
| Intergovernmental revenue and expense | 3,736,565 | - | 3,736,565 | - |
| Other postemployment benefits | 573,661 | - | - | (573,661) |
| Interest expense | 206,717 | - | - | (206,717) |
| Capital asset depreciation and amortization | 805,185 | - | - | (805,185) |
| Right-of-use asset amortization | 475,764 | - | - | (475,764) |
| **Total Governmental Activities** | $ 28,416,365 | $ 21,213,926 | $ 8,363,029 | $ 1,160,590 |
| **General Revenue and Other:** | | | | |
| Interest | | | | 59,537 |
| Gain on disposal of assets | | | | 91,800 |
| Other | | | | 83,921 |
| Credits to member districts | | | | (304,552) |
| **Total General Revenue and Other** | | | | (69,294) |
| **Change in Net Position** | | | | 1,091,296 |
| **Net Position, Beginning of Year** | | | | 11,071,121 |
| **Net Position, End of Year** | | | | $ 12,162,417 |

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

**Valley Collaborative**
Balance Sheet
Governmental Funds
June 30, 2024

| | General Fund | Capital Reserve Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 6,455,955 | $ 1,500,000 | $ 37,641 | $ 7,993,596 |
| Accounts receivable, net | 3,819,978 | - | - | 3,819,978 |
| Prepaid expenses and other assets | 46,380 | - | - | 46,380 |
| **Total Assets** | $ 10,322,313 | $ 1,500,000 | $ 37,641 | $ 11,859,954 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities | $ 1,746,167 | $ - | $ - | $ 1,746,167 |
| Deferred revenues | 1,010,000 | - | - | 1,010,000 |
| Credits due to member districts | 66,972 | - | - | 66,972 |
| **Total Liabilities** | 2,823,139 | - | - | 2,823,139 |
| **Fund Balances:** | | | | |
| Nonspendable | 46,380 | - | - | 46,380 |
| Restricted | - | 1,500,000 | 37,641 | 1,537,641 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | 7,452,794 | - | - | 7,452,794 |
| **Total Fund Balances** | 7,499,174 | 1,500,000 | 37,641 | 9,036,815 |
| **Total Liabilities and Fund Balances** | $ 10,322,313 | $ 1,500,000 | $ 37,641 | $ 11,859,954 |

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, 2024

| | |
|---|---|
| **Total fund balances, governmental funds** | $ 9,036,815 |
| 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. | (3,285,540) |
| 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. | 2,970,135 |
| 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. | (1,280,531) |
| 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. | (3,117,819) |
| 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. | 1,090,530 |
| 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 | 6,748,827 |
| **Net position of governmental activities** | $ 12,162,417 |

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, 2024

| | General Fund | Capital Reserve Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Tuition and service revenues | $ 21,213,926 | $ - | $ - | $ 21,213,926 |
| Adult services | 4,605,105 | - | - | 4,605,105 |
| Grants and contributions | - | - | 21,359 | 21,359 |
| Intergovernmental revenue | 3,736,565 | - | - | 3,736,565 |
| Interest | 59,537 | - | - | 59,537 |
| Other | 83,921 | - | - | 83,921 |
| Credits to member districts | (304,552) | - | - | (304,552) |
| **Total Revenues** | 29,394,502 | - | 21,359 | 29,415,861 |
| **Expenditures:** | | | | |
| Administration | 2,061,331 | - | 14,301 | 2,075,632 |
| Program payroll | 15,800,376 | - | - | 15,800,376 |
| Program fringe benefits and payroll taxes | 2,460,889 | - | - | 2,460,889 |
| Professional and consulting fees | 8,426 | - | - | 8,426 |
| Transportation and travel | 198,693 | - | - | 198,693 |
| Maintenance and other occupancy | 832,719 | - | - | 832,719 |
| Telephone, communications and utilities | 182,907 | - | - | 182,907 |
| Materials, supplies and equipment | 694,534 | - | - | 694,534 |
| Small business expenses | 181,366 | - | - | 181,366 |
| Field trips | 111,545 | - | - | 111,545 |
| Training programs | 34,271 | - | - | 34,271 |
| Other | 37,115 | - | - | 37,115 |
| Intergovernmental expense | 3,736,565 | - | - | 3,736,565 |
| Capital outlay, net of debt incurred | 613,951 | - | - | 613,951 |
| Lease Service: | | | | |
| Lease interest | 206,717 | - | - | 206,717 |
| Lease financing principal | 386,530 | - | - | 386,530 |
| **Total Expenditures** | 27,547,935 | - | 14,301 | 27,562,236 |
| Excess (Deficit) of Revenues over Expenditures | 1,846,567 | - | 7,058 | 1,853,625 |
| **Other Financing Sources:** | | | | |
| Gain on assets | 91,800 | - | - | 91,800 |
| **Net Change in Fund Balances** | 1,938,367 | - | 7,058 | 1,945,425 |
| **Fund Balances, Beginning of Year** | 5,560,807 | 1,500,000 | 30,583 | 7,091,390 |
| **Fund Balances, End of Year** | $ 7,499,174 | $ 1,500,000 | $ 37,641 | $ 9,036,815 |

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, 2024

| | |
|---|---|
| **Net change in fund balances of total governmental funds** | $ 1,945,425 |

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 | 613,951 |
| Depreciation | (805,185) |
| 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 | 386,530 |

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 | (573,661) |
| **Change in net position of governmental activities** | $ 1,091,296 |

**Valley Collaborative**

Statement of Fiduciary Net Position

Retirees' Health Insurance Trust Fund

June 30, 2024

## Assets

| | |
|---|---|
| Assets | |
| Investments | $ 7,374,283 |
| Total Assets | $ 7,374,283 |

## Net Position

| | |
|---|---|
| Net Position | |
| Net position held in trust for retirees' health insurance | $ 7,374,283 |
| Total Net Position | $ 7,374,283 |

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, 2024

| | |
|---|---|
| Additions: | |
| Contributions | $ - |
| Investment gain | 796,875 |
| Total Additions | 796,875 |
| Deductions: | |
| Investment expenses | 21,299 |
| Total Deductions | 21,299 |
| Change in Net Position | 775,576 |
| Net Position – Beginning of Year | 6,598,707 |
| Net Position – End of Year | $ 7,374,283 |

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

## NOTE 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.

*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.

*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.

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

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.

**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, 2024, the Collaborative's uninsured cash balances, including reconciling items, totaled $7,743,596. The Collaborative monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

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

**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, 2024, the balance in these investments consisted of the following:

| | Cost | Fair Value | Unrealized Gain |
|---|---|---|---|
| Mutual Funds | $4,854,654 | $7,374,283 | $2,519,629 |

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, 2024 was $775,576. There were no realized gains or losses during the year ended June 30, 2024. Investment fees for the year ended June 30, 2024 were $21,299.

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 18% 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, 2024, there was an allowance for doubtful accounts of $37,778.

**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.

**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.

**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 21, 2024, 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, 2024:

| | |
|---|---|
| Tuition and services to districts | $ 3,136,527 |
| State contracts | 721,229 |
| | 3,857,756 |
| Allowance for doubtful accounts | (37,778) |
| | $ 3,819,978 |

The Collaborative has established an allowance for doubtful accounts in the amount of $37,778 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, 2024, 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, 2023 | $9,279,141 | $ 1,372,846 | $1,567,457 | $12,219,444 |
| Additions | 38,900 | 89,554 | 485,497 | 613,951 |
| Disposals | — | — | (194,478) | (194,478) |
| | 9,318,041 | 1,462,400 | 1,858,476 | 12,638,917 |
| ACCUMULATED DEPRECIATION | | | | |
| Balance, July 1, 2023 | (3,588,256) | (1,197,522) | (1,171,105) | (5,956,883) |
| Additions | (507,375) | (77,500) | (220,310) | (805,185) |
| Disposals | — | — | 194,478 | 194,478 |
| | (4,095,631) | (1,275,022) | (1,196,937) | (6,567,590) |
| Net, June 30, 2024 | $ 5,222,410 | $ 187,378 | $ 661,539 | $ 6,071,327 |

Land in the amount of $677,500 is not being depreciated. In fiscal 2024, the Collaborative capitalized $38,900 for building improvements, $485,497 for vehicles, and $89,554 for office furniture and equipment. The Collaborative traded in various fully depreciated vehicles during the year ended June 30, 2024, and received $91,800 of trade-in value toward the purchase of the new vehicles. Depreciation expense of $805,185 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. 6/30/2024 | Net Asset 6/30/2024 | Liability Balance 6/30/2024 |
|---|---|---|---|---|---|---|---|---|
| 135 Coburn Road** | 7/1/2016 | 17 years | $255,950 (FY24) | 6.00% | $2,133,409 | $ 451,597 | $1,681,812 | $1,725,544 |
| 25 Linnell Circle | 7/1/2022 | 3 years | $158,249 (FY24) | 6.00% | 448,324 | 298,882 | 149,442 | 162,555 |
| 11 Executive Park Drive | 6/1/2022 | 9.25 years | $14,200 (FY24) | 6.00% | 1,429,413 | 290,532 | 1,138,881 | 1,229,720 |
| Total Lease Agreements | | | | | $4,011,146 | $1,041,011 | $2,970,135 | $3,117,819 |

**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 |
|---|---|---|---|
| 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 |
| 2029 | 210,811 | 107,739 | 445,410 |
| Thereafter | 1,669,883 | 226,798 | 1,896,681 |
| | $3,117,819 | $1,023,599 | $4,268,278 |

For the year ended June 30, 2024, total amortization expense of leased assets was $475,764 and total interest expense on lease liabilities was $206,717.

## 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 2024, the Collaborative's contributions on behalf of employees totaled $486,688.

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, 2023 and was $14,331,557 and $21,794,595 under MSERS and MTRS, respectively. In fiscal 2024, the Collaborative recognized revenue and related expense of $1,701,601 (under GASB Statement No. 68) for its portion of the collective pension expense under MSERS. In fiscal 2024, the Collaborative recognized revenue and related expense of $2,034,964 (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, 2024 was $111,676.

**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, 2024 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, 2024 the Collaborative did not transfer any additional funds to the trust. The Collaborative has transferred $4,854,654 to date to the trust account.

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, 2024 Measurement Date, total Collaborative premiums plus implicit costs for the retiree medical program were $91,727. The Collaborative also contributed $0 to the OPEB Trust for a total contribution during the measurement period of $91,727 to be reported in the financial statements for the fiscal year ending June 30, 2024.

## NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Investment Policy

The long-term rate of return on assets developed based on the Collaborative Investment Policy is 6.19%. The rate is comprised of a 4.06% 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, 2024 |
|---|---|---|
| I. | Service Cost | $ 948,235 |
| II. | 30-year level dollar amortization of NOL | 58,797 |
| III. | Actuarial Determined Contribution [I. + II.] | 1,007,032 |
| IV. | Contributions in relation to the actuarially determined contribution | (91,727) |
| V. | Contribution deficiency / (excess) [III. + IV.] | $ 915,305 |
| Covered employee payroll | | $14,623,085 |
| Contribution as a % of covered employee payroll | | 0.63% |
| Discount Rate | | 5.45% |
| Money Weighted Rate of Return | | 11.75% |

OPEB Liability and OPEB Expense

| | Fiscal Year Ended June 30, 2024 | |
|---|---|---|
| | Collaborative Employees and Retirees | Total |
| I. Total OPEB Liability as of June 30, 2023 | $8,654,814 | $8,654,814 |
| II. Fiduciary Net Position as of June 30, 2023 | 7,374,283 | 7,374,283 |
| III. Net OPEB Liability (Asset) as of June 30, 2023 [I.-II.] | 1,280,531 | 1,280,531 |
| IV. Service Cost | 948,235 | 948,235 |
| V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments | 436,623 | 436,623 |
| VI. Projected Earnings on OPEB Plan Investments | (349,622) | (349,622) |
| VII. Net Recognition of Deferred (Inflows)/Outflows | (369,848) | (369,848) |
| VIII. Financial Statement Expense [IV.+V.+VI.+VII.] | 665,388 | 665,388 |
| IX. Employer Share of Costs | (91,727) | (91,727) |
| X. Employer (Payments) Withdrawals to/from OPEB Trust | - | - |
| XI. Total Employer Contribution [IX.+X.] | ( 91,727) | ( 91,727) |
| XII. Net OPEB Expense [VIII.+XI.] | $ 573,661 | $ 573,661 |

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, 2024 Measurement Date would increase to $11,151,767 and Net OPEB Liability would increase to $3,777,484. 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 $6,846,363 and the Net OPEB Liability would decrease to $527,920.

## NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN – *continued*

Effect of 1% Change in Discount Rates

As of the June 30, 2024 Measurement Date, if the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to $7,125,638 and the Net OPEB Liability would decrease to $248,645. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to $10,654,405 and the Net OPEB Liability would increase to $3,280,122.

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: | 5.45% per annum (previously 4.69%) |
| 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, 2023** | $ 8,406,758 | $ 6,598,707 | $ 1,808,051 |
| **II. Prior Period Adjustment** | - | - | - |
| **III. Balances for June 30, 2023 with Adjustment [I.+II.]** | 8,406,758 | 6,598,707 | 1,808,051 |
| **Changes for the year:** | | | |
| IV. Service Cost | 948,235 | - | 948,236 |
| V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments | 436,623 | - | 436,623 |
| VI. Changes in Benefit Terms* | - | - | - |
| VII. Changes in assumptions** | (1,045,075) | - | (1,045,075) |
| VIII. Differences between actual and expected experience** | - | - | - |
| IX. Net Investment Income | - | 775,576 | (775,576) |
| X. Employer Contributions (Withdrawals) to/from Trust | - | 91,727 | (91,727) |
| XI. Benefit payments withdrawn from Trust | - | (91,727) | 91,727 |
| XII. Benefit payments excluding Implicit Cost | (77,701) | - | (77,701) |
| XIII. Implicit Cost Amount | (14,026) | - | (14,026) |
| XIV. Total Benefit payments including Implicit Cost [XII.+XIII.] | (91,727) | - | (91,727) |
| XV. Administrative and Other Charges | - | - | - |
| XVI. Other Charges | - | - | - |
| **XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]** | $ 248,056 | $ 775,576 | ($ 527,520) |
| **XVI. Balances at June 30, 2024 [III.+XVII.]** | $ 8,654,814 | $ 7,374,283 | $ 1,280,531 |

* 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** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **There-after** |
| 2019 | (1,703,175) | 7.00 | (243,309) | (243,311) | (243,309) | - | - | - | - | - |
| 2020 | (469) | 7.00 | (134) | (67) | (67) | (67) | - | - | - | - |
| 2021 | (1,125,612) | 7.00 | (482,404) | (160,802) | (160,802) | (160,802) | (160,800) | - | - | - |
| 2022 | - | 7.00 | - | - | - | - | - | - | - | - |
| 2023 | (1,278,180) | 7.00 | (912,986) | (182,597) | (182,597) | (182,597) | (182,597) | (182,597) | (182,598) | - |
| 2024 | - | 7.00 | - | - | - | - | - | - | - | - |
| Total Remaining Balance | | | (1,638,833) | | | | | | | |
| Net increase (decrease) in OPEB Expense | | | | (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** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **There-after** |
| 2019 | 2,659,477 | 7.00 | 379,927 | 379,925 | 379,927 | - | - | - | - | - |
| 2020 | - | 7.00 | - | - | - | - | - | - | - | - |
| 2021 | 467,416 | 7.00 | 200,320 | 66,774 | 66,774 | 66,774 | 66,772 | - | - | - |
| 2022 | (1,136,144) | 7.00 | (649,226) | (162,306) | (162,306) | (162,306) | (162,306) | (162,308) | - | - |
| 2023 | 714,395 | 7.00 | 510,283 | 102,056 | 102,056 | 102,056 | 102,056 | 102,056 | 102,059 | - |
| 2024 | (1,045,075) | 7.00 | (895,779) | (149,296) | (149,296) | (149,296) | (149,296) | (149,296) | (149,296) | (149,299) |
| Total Remaining Balance | | | (454,475) | | | | | | | |
| Net increase (decrease) in OPEB Expense | | | | 237,153 | 237,155 | (142,772) | (142,774) | (209,548) | (47,237) | (149,299) |

| | 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** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **There-after** |
| 2019 | (30,347) | 7.00 | - | - | - | - | - | - | - | - |
| 2020 | 18,043 | 7.00 | - | 3,607 | - | - | - | - | - | - |
| 2021 | (755,533) | 7.00 | (151,105) | (151,107) | (151,105) | - | - | - | - | - |
| 2022 | 1,236,152 | 7.00 | 494,462 | 247,230 | 247,230 | 247,232 | - | - | - | - |
| 2023 | (173,824) | 7.00 | (104,296) | (34,764) | (34,764) | (34,764) | (34,768) | - | - | - |
| 2024 | (425,953) | 7.00 | (340,763) | (85,190) | (85,190) | (85,190) | (85,190) | (85,193) | | |
| Total Remaining Balance | | | (101,702) | | | | | | | |
| Net increase (decrease) in OPEB Expense | | | | (20,224) | (23,829) | 127,278 | (119,958) | (85,193) | - | - |

## 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, 2024, 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 2024 were as follows:

| Name | Title | Total Compensation |
|---|---|---|
| Chris A. Scott, PhD | Executive Director | $241,184 |
| Joia Mercurio | Deputy Director | $145,964 |
| Nicole Noska | Principal | $145,021 |
| Kari Ann Morrin | Director of Human Resources | $136,577 |
| Matthew Gentile | Director of DDS Services | $129,927 |

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.

Director of DDS Services:

Responsible for coordinating services and activities relating to vocational preparedness and program enhancement while being the liaison between the Collaborative and local business partners. Other responsibilities include supervising direct support and job development staff and overseeing state agency contracts.

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 $4,011,263 for the year ended June 30, 2024, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments.

Amounts expended on administration and overhead

Administrative expenses of $2,075,632 for the year ended June 30, 2024, 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.

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

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.

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, 2024, 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 – FY24 | | | | | | | Page(s) in financial statements |
|---|---|---|---|---|---|---|---|---|
| (A) | **Surplus as of June 30, 2023** | | | | $ | 5,560,807 | (A) | **p. 12** |
| | *(Breakdown of use of 2023 surplus)* | | | | | | | |
| | B(1) used to support the FY24 budget | $ | - | | | | | |
| | B(2) issued as credits to member districts | $ | 304,552 | | | | | |
| | B(3) issued as a check(s) to member district(s) | $ | - | | | | | |
| | B(4) deposited to a restricted account(s) | $ | - | | | | | |
| (B) | **Board voted uses of surplus funds during FY24** | | | *(total from B1:B4)* | $ | 304,552 | (B) | **p. 12** |
| (C) | **Unexpended FY24 General Funds** | | | | $ | 2,242,919 | (C) | **p. 12** |
| (D) | Cumulative Surplus as of June 30, 2024 | | | (A) - (B) + (C) = (D) | $ | 7,499,174 | (D) | **p. 12** |
| (E) | **FY24 Total General Fund Expenditures*** | | | | $ | 23,922,481 | (E) | **p. 12** |
| (F) | Cumulative Surplus Percentage | | | (D) ÷ (E) | | **31.35%** | (F) | |

**CUMULATIVE SURPLUS REDUCTION**
**Allowable uses of surplus - in excess of the 25% limit**

| | | | | | | |
|---|---|---|---|---|---|---|
| (G) | Cumulative surplus as of June 30, 2024 | | | | $ | 7,499,174 |
| | | | | 25% limit (allowed) | $ | 5,980,620 |
| (H) | Cumulative Surplus **REDUCTIONS** | | | | | |
| | (H)1 Credited to member districts for tuition, services, etc. | $ | 1,695,822 | *** | | |
| | (H)2 Deposited to an established trust and/or reserve fund | $ | - | | | |
| | (H)3 Returned (check) to school districts/towns | $ | - | | | |
| | | | | **Total Reductions** | $ | - |
| | **FY24 Cumulative Surplus Percentage after Reductions** | | | | | **24.26%** |

**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: | $27,547,935 |
| OPEB Obligation Funding: | - |
| Intergovernmental Expense: | (3,736,565) |
| | 23,811,370 |
| FY24 depreciation on leasehold improvements: | 111,111** |
| Total General Fund Expenditures per calculation above: | $23,922,481 |

**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, 2024, but prior to issuance of the financial statements, the Collaborative's board of directors voted to return $1,695,822 of additional funds to member districts (approved at the October 2024 board meeting). The $1,695,822 is more than 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, 2024

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|---|
| Revenues: | | | | |
| Tuition and services | $ 18,170,000 | $ 19,600,000 | $ 21,213,926 | $ 1,613,926 |
| Adult services | 4,100,000 | 4,500,000 | 4,605,105 | 105,105 |
| Other | 650,000 | 700,000 | 83,921 | (616,079) |
| Interest | 5,000 | 5,000 | 59,537 | 54,537 |
| Intergovernmental revenue | - | - | 3,736,565 | 3,736,565 |
| Total revenue and other support | 22,925,000 | 24,805,000 | 29,699,054 | 4,894,054 |
| Expenses: | | | | |
| Salaries | 15,569,604 | 16,469,604 | 16,708,593 | (238,989) |
| Employee benefits and taxes | 2,884,620 | 2,884,620 | 2,796,170 | 88,450 |
| Operating expenses | 3,110,560 | 3,110,560 | 3,031,525 | 79,035 |
| Leases and rentals | 611,097 | 611,097 | 661,131 | (50,034) |
| On-behalf retirement payment expense | - | - | 3,736,565 | (3,736,565) |
| Total expenses | 22,175,881 | 23,075,881 | 26,933,984 | (3,858,103) |
| Excess of revenues over expenses | $ 749,119 | $ 1,729,119 | $ 2,765,070 | $ 1,035,951 |
| Other Budget Items: | | | | |
| Credits to member districts | $ - | $ - | $ 304,552 | $ (304,552) |
| Capital budget items, net of gain | 575,000 | 1,015,000 | 522,151 | 492,849 |
| OPEB obligation funding | - | - | - | - |
| | $ 575,000 | $ 1,015,000 | $ 826,703 | $ 188,297 |

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.

**Valley Collaborative**

OPEB Plan - Required Supplementary Information

June 30, 2024

| 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% |
| June 30, 2024 | $ 1,007,032 | $ (91,727) | $ 915,305 | $ 14,623,085 | 0.63% |

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, 2024 Measurement Date

**Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios**

| **Valuation Date:** | **July 1, 2023** | **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, 2024** | **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, 2024** | **June 30, 2023** | **June 30, 2022** | **June 30, 2021** | **June 30, 2020** | **June 30, 2019** | **June 30, 2018** |
| **Total OPEB Liability** | 8,654,814 | 8,406,758 | 7,855,437 | 7,760,675 | 7,321,481 | 6,291,640 | 4,270,784 |
| I. Service Cost | 948,235 | 747,196 | 917,149 | 804,839 | 776,751 | 752,044 | 608,129 |
| II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments | 436,623 | 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 | (1,045,075) | 714,395 | (1,136,144) | 467,416 | - | 2,659,477 | 43,514 |
| VI. Benefit Payments Excluding Implicit Cost | (77,701) | (54,947) | (53,917) | (50,682) | (44,753) | (48,295) | (30,590) |
| VII. Implicit Cost Amount | (14,026) | (9,121) | - | (1,048) | (1,130) | (13,627) | - |
| VIII. Total Benefit payments including Implicit Cost [VI.+VII.] | (91,727) | (64,068) | (53,917) | (51,730) | (45,883) | (61,922) | (30,590) |
| IX. Net Change in OPEB liability [I.+II.+III.+IV.+V.+VIII.] | 248,056 | 551,321 | 94,762 | 439,194 | 1,029,841 | 2,020,856 | 639,695 |
| X. Total OPEB liability - beginning of period | 8,406,758 | 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.] | 8,654,814 | 8,406,758 | 7,855,437 | 7,760,675 | 7,321,481 | 6,291,640 | 491,676 |
| **Plan Fiduciary Net Position** | 7,374,283 | 6,598,707 | 6,030,973 | 5,271,479 | 4,266,767 | 4,039,225 | 3,779,108 |
| XIII. Earning from Plan Investments | 775,576 | 503,660 | (881,086) | 1,004,712 | 227,542 | 260,117 | 236,892 |
| XIV. Employer Contribution to trust | 91,727 | 128,142 | 1,694,497 | 51,730 | 45,883 | 61,922 | 30,590 |
| XV. Benefit payments from trust, including refunds of member contributions | (91,727) | (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.] | 775,576 | 567,734 | 759,494 | 1,004,712 | 227,542 | 260,117 | 236,892 |
| XIX. Plan fiduciary net position - beginning of period | 6,598,707 | 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.] | 7,374,283 | 6,598,707 | 6,030,973 | 5,271,479 | 4,266,767 | 4,039,225 | 3,779,108 |
| XXI. Net OPEB Liability [XII.-XX.] | 1,280,531 | 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.] | 85.20% | 78.49% | 76.77% | 67.93% | 58.28% | 64.20% | 768.62% |
| XXIII. Covered employee payroll | 14,623,085 | 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] | 8.76% | 12.74% | 16.37% | 23.01% | 26.74% | 20.31% | 4.18% |
| Single Discount Rate to calculate Plan Liabilities | 5.45% | 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, 2024 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, 2024. |

Actuarial Assumptions:

| | |
|---|---|
| Investment Rate of Return: | 6.19%, net of OPEB plan investment expense, including inflation. |
| Municipal Bond Rate: | 4.21% as of June 30, 2024 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG) |
| Single Equivalent Discount Rate: | 5.45%, net of OPEB plan investment expense, including inflation. |
| Inflation: | 2.50% as of June 30, 2024 and for future periods |
| Salary Increases: | 3.00% annually as of June 30, 2024 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, set forward 1 year for females<br>Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 |
| Post-Retirement Mortality: | General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year for females<br>Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 |
| Disabled Mortality: | General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year<br>Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 |

**Valley Collaborative**

OPEB Plan - Required Supplementary Information

As of the June 30, 2024 Measurement Date

Notes to Required Supplementary Information (Continued):

Plan Membership

Plan Membership: At July 1, 2022, 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, 2023 to June 30, 2024:

Due to the GASB 75 standards the discount rate has been changed from 4.69% to 5.45%.

Contributions/Withdrawals:

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. The Collaborative contributed $0 for the period ending on the June 30, 2024 Measurement Date. For the year ending on the June 30, 2024 Measurement Date total Collaborative premiums plus implicit costs for the retiree medical program were $91.727. $14,026 of the $91,727 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, 2024

| | | 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% |
| | FY2023 | 0.08290% | 0.09784% |
| 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 |
| | FY2023 | $ 21,794,595 | $ 14,331,557 |
| 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 |
| | FY2023 | $ 7,162,705 | $ 6,145,191 |
| 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% |
| | FY2023 | 304.28% | 233.22% |
| 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% |
| | FY2023 | 58.48% | 70.71% |

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, 2023.

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**
Schedule of Pension Contributions
For the Year Ended June 30, 2024

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **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 | $ 7,162,705 |
| 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% | 0.00% |
| **MSERS** | | | | | | | | | | |
| Contractually required contribution | $ 255,665 | $ 240,012 | $ 238,217 | $ 259,571 | $ 337,608 | $ 338,240 | $ 323,627 | $ 284,804 | $ 357,266 | $ 374,857 |
| 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 | $ 374,857 |
| 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 | $ 6,145,191 |
| 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% | 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, 2023.

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, 2024, and the related notes to the financial statements, which collectively comprise Valley Collaborative's basic financial statements, and have issued our report thereon November 21, 2024.

**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.*


8 Essex Street • Newburyport, Massachusetts 01950 • Tel: (978) 462-2161 • Fax: (978) 462-8005
**www.fd-cpa.com**

**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 DeAngelis LLC

Certified Public Accountants

Newburyport, Massachusetts
November 21, 2024

## 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, 2024.

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, 2024.

Board Chair

11/21/2024

Date

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

### 2025-2030 District Improvement Plan Summary

In the spring of 2024, Valley Collaborative launched the planning process for the next five-year district plan, which will guide the collaborative 2025-2030. In designing this process, Valley's Senior Leadership Team reflected on the previous district plan, which had been created through an extensive community process and revised over time to both accommodate the pandemic and incorporate Valley's Diversity, Equity, and Inclusion commitments. The Team determined this plan had served Valley well and that its foundation remained true. The Team decided that Valley's mission, vision, theory of action, and three strategic objectives—which had been revised to include DEI commitments—should continue to guide the collaborative over the next five years.

With this framework in place, the planning process then focused on the development of strategic initiatives—the projects and programs Valley will undertake to achieve its three overarching objectives—as well as the outcomes that will help Valley measure its success. Valley's Junior and Senior Leadership Teams undertook this work in April and May, convening in workshop sessions to discuss, identify, and prioritize the work ahead, drafting the strategic initiatives for the 2025-2030 plan together.

In Fall 2024, Valley leadership will continue its development of the 2025-2030 plan, gathering community feedback to these strategic initiatives and setting outcome measures.

**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**<br>**ARTICLE II**<br>**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…*<br>• Identify students' immediate and long-term individualized goals, strengths, and needs and provide support to meet them, and…<br>• Build the capacity of, and invest in, our staff, and…<br>• Invest in community building across the Collaborative, with all stakeholder groups,<br>*Then we will…*<br>• Increase student independence and prepare students for successful post-secondary placement and adult living<br>• Increase staff professional capacity and the retention of certified staff<br>• Improve the engagement of all stakeholders in the Collaborative community |

| | | |
|---|---|---|
| ***Strategic Objectives*** | | |
| ***1. All students and adults will be provided with high quality programming preparing them for successful adult living.*** | ***2. Valley Collaborative will provide professional development to build capacity and retain high quality staff while fostering and promoting a diverse, equitable, and inclusive environment.*** | ***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).*** |
| ***Strategic Initiatives*** | | |
| a.) Develop and implement new programming to meet the IEP and ISP goals and objectives of Valley's K-12 students and adult services participants (for example TECCA, Union vocational placements, community life skills opportunities, community-based day supports activities) | a.) Create and implement a robust professional development academy in order to train Special Education Assistants and other professional staff for their unique roles at Valley Collaborative through various learning modules spanning special education topics, therapies, school safety, etc. | a.) Strengthen outreach and two-way communication between staff students and families in order to foster a sense of belonging |
| b.) Develop the outdoor learning program with the newly acquired green space at 0 Linnell Circle so that students will be prepared for successful adult living in the natural world. | b.) Implement Vector, a professional development and educator evaluation management system which will assist Valley in leveraging data to plan, manage, track, and evaluate employees and their training and professional development activities. | b.) Redevelop Valley's communication materials to reflect Valley's mission & vision and assists in educating community members about Valley's program offerings through updated informational materials including Valley's website |
| c.) Complete the DESE Mid-Cycle Review- Self-Assessment of Valley's practices and policies by August of 2024 and complete the review in its entirety by the Spring of 2025 to ensure high quality programming | c.) Implement a professional development management system that expands professional development offerings that align with Valley's District goals and ensure IPDIP compliance. | c.) Work with stakeholders to expand vocational placements for students and adults in order to be contributing members of their communities |
| d.) Complete the new DESE Collaborative Financial Review by the Spring of 2025 to ensure financial stability and health so that Valley maintains sustainable and successful programming. | d.) Improve educator evaluation tracking and organization and goal alignment to Valley's District goals | d.) Develop and administer a survey for member district Special Education Directors to gather their feedback on student experiences and program effectiveness in order to maintain responsive programming |
| e.) Complete the DDS Adult Services Licensure and Certification Audit – Mid Cycle Review by the Spring of 2026 to ensure high quality programming | | e.) Analyze student referral data by implementing a new admissions module in SpedFi to ensure Valley continues to offer diverse, equitable and inclusive programming to promote a sense of belonging. |
| f.) Complete DESE Coordinated Program Review- Self-Assessment of Valley's practices and policies by August of 2027 and complete the | | |

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| review in its entirety by the Spring of 2028 to ensure high quality programming | | |
| g.) Complete the DDS Adult Services Licensure and Certification Audit – Full Audit by the Spring of 2029 to ensure high quality programming | | |
| ***Outcomes*** | | |
| 1.1 Receive no findings on 85% of DESE CPR criteria | 2.1 Increase staff retention by the end of 2030 by 25% | 3.1 |
| 1.2 Receive no findings on 80% of DDS Adult Services Licensure and Certification Audit | | |
| 1.3 Receive no findings on 85% of DESE Mid Cycle Review criteria | | |
| 1.4 Receive no findings on 80% of DDS Adult Services Licensure and Certification Mid Cycle Review | | |

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 Annual Report as submitted for the fiscal year ended June 30, 2024.

We also certify that the representations made in the annual report are accurate and have been disclosed in accordance with Department guidelines.

Jay Lang | 12-12-2024
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Dr. Jay Lang, Board Chairman | Date of Board Vote