

Southeastern Massachusetts Educational Collaborative

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## Southeastern Massachusetts Educational Collaborative

### Required Supplementary Information

### Management Discussion and Analysis

June 30, 2020

Southeastern Massachusetts Educational Collaborative (SMEC) Management Discussion and Analysis is designed to a) assist the reader in focusing on significant financial issues, b) provide an overview of the Collaborative's financial activity, c) identify changes in the Collaborative's financial position (its ability to address the next and subsequent year challenges), d) identify any material deviations from the financial plan (approved budget) and e) identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Collaborative's financial statements.

### Highlights

#### Financial Highlights

- The Collaborative's tuition funding of \$4,805,750 was from member public school systems and other non-member public school systems in Southeastern Massachusetts.
- The Massachusetts Department of Developmental Services and Massachusetts Commission for the Blind continue their support of the Collaborative's Supporting Adults for Inclusive Living (SAIL) program through various service contracts totaling \$3,793,333 for the fiscal year.
- MassHealth supports the Adult Day Health (ADH) Program by funding tuition based on consumer's attendance as well as reimbursing for transportation costs. Also, the Department of Elementary and Secondary Education (DESE) reimburses food costs for this program. MassHealth payments totaled \$908,952 for tuition and transportation costs and the Department of Elementary and Secondary Education reimbursed the Collaborative \$41,665 for food costs during the fiscal year.
- The assets of the Collaborative exceeded its liabilities at the close of the fiscal year by \$437,771 (net position).

Collaborative Highlights

During fiscal year 2020, some of the Collaborative's highlights included:

- The Fall River Public Schools inquired and ultimately petitioned the Southeastern Massachusetts Educational Collaborative's Board for membership. After a positive Board vote, the Articles of Agreement (AOA) were amended to add Fall River Public Schools as a member as well as to make some clarifying changes to some of the language in the AOA. The Executive Director attended a meeting of each member school committee to review the amendment; each member committee ultimately voted to approve the revisions and to accept Fall River Public School's request. Fall River Public School then voted to accept the language of the AOA which was then submitted to the Department of Elementary and Secondary Education (DESE) and signed by the DESE Commissioner. Due to COVID-19, this process was delayed and the DESE granted a waiver of the timelines ultimately approving the AOA in July retroactive to July 1, 2020.
- The Collaborative reopened the Integrated Services Program I Classroom at the Hastings Middle School in Fairhaven at the start of the 2019-2020 school year to address district need and a subgroup of students aging out of the Primary Language program.
- At the start of the 2019-2020 school year, the Collaborative relocated the Multidisciplinary Learning program from the East Fairhaven Elementary School to the Old Hammondtown Elementary School in Mattapoisett to allow for program growth and additional space for the nursing staff.
- The Collaborative submitted a licensing amendment to the Department of Public Health (DPH) for the Adult Day Health (ADH) program due to increasing enrollment at ADH and decreasing funding for the Supporting Adults for Inclusive Living (SAIL) program. This amendment required renovations to the building located at #27 Russell Mills Road to move the ADH program to #27 Russell Mills Road and the SAIL program to #25 Russell Mills Road. The move ultimately occurred in October 2019 following DPH and Department of Developmental Services approval.
- For fiscal year 2020, the Massachusetts Education and Government Association conducted a successful workers' compensation audit of the Collaborative's payroll records for the previous fiscal year.
- Also, for fiscal year 2020, the Department of Developmental Services Division of Investigations conducted its annual audit of the Collaborative's policies and procedures regarding the administration of CORI screenings for employees. The audit found the Collaborative in compliance with all relevant regulations.

Using This Annual Report

The following graphic is provided for your review.

MD&A		Management Discussion & Analysis	
Basic Financial Statements	Government-Wide Financial Statements	Fund Financial Statements	
	Pages 17 & 18	Pages 19 & 20	
	Notes to Financial Statements Pages 26-53		
Other Required Supplementary Information	Pages 54-65		

The primary focus of local government's financial statements changed with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 after many years of only presenting summarized fund type information. The new focus includes both the Collaborative as a whole and the major individual funds. Both perspectives allow the user to address relevant questions, broaden a basis for comparison and enhance the Collaborative's accountability.

Basic Financial Statements

The financial statements include two types of financial statements that present different views of the Collaborative; the government-wide financial statements and the fund financial statements. These financial statements also include the notes to the financial statements that explain some of the information on the financial statements and provide more detail.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Collaborative's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the Collaborative's financial position, which assists in assessing the Collaborative's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements.

### Government-Wide Financial Statements (Continued)

The statement of net position presents all of the Collaborative's assets and liabilities (including the recognition of Other Post-employment Benefits liability obligation) with the difference between the two reported as "net position". Over time, increases or decreases in the Collaborative's net position may serve as a useful indicator of whether the financial position of the Collaborative is improving or deteriorating.

The statement of activities presents information showing how the Collaborative's net position changed during the most recent fiscal year. All changes, including the annual recognition of Other Post-employment Benefits expense, in net position, are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods. This statement also presents a comparison between direct expenses and program revenues for each function of the Collaborative.

Both of the above financial statements contain only governmental activities as the Collaborative only has such activities within its only fund. Therefore, the Collaborative only presents governmental activities.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Collaborative, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Collaborative's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Collaborative's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Collaborative. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the

Fund Financial Statements (Continued)

Governmental Funds (Continued)

long-term impact of the Collaborative's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on pages 23 and 24.

The Collaborative presents one column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance. The governmental funds financial statements can be found immediately following the government-wide statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Collaborative. 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 programs. The Collaborative's fiduciary activities consist primarily of amounts maintained in a trust fund for funding of future insurance costs related to retirees, referred to as the "other post-employment benefits" (OPEB) trust fund.

The basic fiduciary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements, fund financial statements and also the budget and actual statement. The notes to the financial statements can be found immediately following the statement of revenues and expenditures-budget and actual.

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 Analysis

Normal Impacts

There are six basic impacts of the statement of net position summary presentation.

Southeastern Massachusetts Educational Collaborative  
Management Discussion and Analysis  
June 30, 2020

Government-Wide Financial Analysis (Continued)

Normal Impacts (Continued)

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending of Borrowed Proceeds - which will a) reduce current assets and increase capital assets and b) will increase the investment in capital assets and increase related net debt which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital - which will a) reduce current assets and increase capital assets and b) will reduce unrestricted net position and increase the net investment in capital assets.

Principal Payment on Debt - which will a) reduce current assets and reduce long-term debt and b) reduce unrestricted net position and increase the net investment in capital assets.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and the net investment in capital assets.

Summary Statement of Net Position  
Governmental Activities

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current and other assets	\$2,254,440	\$2,452,622
Capital assets, net of accumulated depreciation	<u>676,226</u>	<u>583,096</u>
<u>Total Assets</u>	<u>2,930,666</u>	<u>3,035,718</u>
Deferred Outflows Related to OPEB	<u>240,737</u>	<u>212,351</u>
<u>Total Assets and Deferred Outflows</u>	<u>3,171,403</u>	<u>3,248,069</u>
Current liabilities	159,036	198,505
Noncurrent liabilities		
Other post-employment benefits	2,552,849	2,207,082
Other	<u>21,747</u>	<u>21,708</u>
<u>Total Liabilities</u>	<u>2,733,632</u>	<u>2,427,295</u>
Deferred Inflows Related to OPEB	<u>-</u>	<u>3,274</u>
<u>Net Position</u>		
Net investment in capital assets	676,226	583,096
Restricted	34,252	100,000
Unrestricted (deficit)	( 272,707)	<u>134,404</u>
<u>Total Net Position</u>	<u>\$ 437,771</u>	<u>\$ 817,500</u>

Government-Wide Financial Analysis (Continued)

Normal Impacts (Continued)

There are five basic impacts on revenues and expenses as reflected below.

Revenues

Economic Condition - which can reflect a declining, stable or growing economic environment and has a substantial impact on program and general.

Changing Patterns in Grant Revenue (Both Recurring and Non-recurring) - certain recurring revenues may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Expenses

Introduction of New Programs - within the functional expense categories individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel - changes in service demand may cause the Collaborative to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent approximately 72% of the Collaborative's operating costs (without including the intergovernmental on behalf payments).

Salary Increases (Cost of Living, Merit and Market Adjustment) - the ability to attract and retain human and intellectual resources requires the Collaborative to strive to approach a competitive salary range position in the marketplace.

Current Year Impacts

Net Position - The total net position of the Collaborative exceeded its liabilities for the year ended June 30, 2020 by \$437,771 (presented as "net position") which included an Other Post-employment Benefits (OPEB) obligation, in the amount of \$2,552,849. Of this amount, \$(272,707) was reported as "unrestricted net position (deficit)". Unrestricted net position can represent the amount available to be used to meet the Collaborative's ongoing obligations to member towns and creditors. However, the OPEB obligation reduces the unrestricted net position even though it does not directly impact cash which the Collaborative has available to use for ongoing operations. At the close of fiscal year 2020, the Collaborative had significant cash available to continue operations.

In fiscal year 2020, the Collaborative's total net position decreased by \$379,729. This decrease included the recognition of additional net Other Post-employment Benefits (OPEB) expense in the net amount of \$173,668 (actuarially calculated annual OPEB cost \$246,014 plus amortization of deferred outflows of \$76,185 less actuarially calculated payments for current retirees of \$101,900, amortization



Government-Wide Financial Analysis (Continued)

Current Year Impacts (Continued)

of deferred inflows of \$20,887, actuarially projected earnings of \$25,744 and \$-0- transferred to Trust Fund, using June 30, 2019 as the measurement date). As noted earlier, net position may serve over time as a useful indicator of a Collaborative's financial position. The components of the net position consist of unrestricted and reserved for building and building improvements.

At the end of the fiscal year, the Collaborative had an anticipated net loss of which a large portion related to regulatory changes required to move the Adult Day Health program to #27 Russell Mills Road in order to increase the program capacity for future growth and increase revenue. These regulatory changes were accounted for through the pre-approved use of contingency funds from the Collaborative account in the amount of \$105,000. In addition, the Collaborative used \$65,748 from the capital reserve fund for van purchases (see Notes 6 and 15 for additional information).

Fiscal year 2020 was a unique year due to the COVID-19 pandemic creating uncertainty with mandated program closures, inconsistent state fiscal and programmatic guidance and increased safety requirements that were required to be implemented in anticipation of reopening at an unknown time. The Collaborative absorbed unanticipated expenses for personal protective equipment (PPE), cleaning equipment and supplies related to the COVID-19 pandemic as well as costs related to mandated unfunded FFRCA paid leave for staff as well as reduced revenue as a result of mandatory extended program closures.

The Collaborative saw an increase in LEA revenues during the first half of the fiscal year due to increased referrals from member and nonmember districts for various Collaborative school-age programs. However, in the second half of the fiscal year, the Collaborative faced uncertainty regarding the remaining revenues to be received prior to the end of the fiscal year due to the COVID-19 virus and mandated closures. Collaborative staff worked diligently to adjust expenditures as needed to account for these constantly changing revenues.

Southeastern Massachusetts Educational Collaborative  
Management Discussion and Analysis  
June 30, 2020

Government-Wide Financial Analysis (Continued)

Current Year Impacts (Continued)

Summary Statement of Activities and Changes in Net Position

The following reflects the condensed statement of activities:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
<u>Revenues</u>		
<u>Program revenues:</u>		
Charges for services	\$4,744,856	\$5,100,530
Operating grants and contributions	2,220,173	1,726,276
<u>General revenues:</u>		
Tuition	4,805,750	4,663,271
Miscellaneous	99,793	100,045
Investment income	1,504	1,290
<u>Total Revenues</u>	<u>11,872,076</u>	<u>11,591,412</u>
<u>Expenses</u>		
Administration	840,735	798,676
Instruction	3,153,607	2,825,527
Other school services	154,185	176,849
Operations/maintenance	145,858	141,032
Fixed charges	654,124	590,984
Intergovernmental on behalf payments	2,220,173	1,723,276
Other post-employment benefits	173,668	83,830
Health services	247,599	221,222
Depreciation expense	96,653	82,700
Summer programs	121,725	119,042
Grants	-	2,882
SAIL	3,365,348	3,520,737
ADH	937,691	822,190
<u>Total Expenses</u>	<u>12,111,366</u>	<u>11,108,947</u>
Excess of Revenues Over (Under) Expenses	( 239,290)	482,465
Transfer to Fiduciary Fund	( -)	( 125,000)
Increase (decrease) in Net Position	( 239,290)	<u>357,465</u>
Net Position – beginning of year		
as previously reported	817,500	460,035
Adjustment for the adoption of GASB 75 (OPEB)	( 140,439)	-
Net Position – beginning of year		
(as restated)	<u>677,061</u>	<u>460,035</u>
Net Position – end of year	\$ <u>437,771</u>	\$ <u>817,500</u>

Government-Wide Financial Analysis (Continued)

Current Year Impacts (Continued)

Revenues

Major revenue sources of the governmental activities consist of the purchase of service revenue and tuitions which represented approximately 40% and 41% of total 2020 revenues, respectively. Purchase of service revenue decreased 7% for the fiscal year and tuition revenue increased 3% for the fiscal year.

Expenses

During the current fiscal year total expenses without intergovernmental on behalf payments increased about 5% from the previous year including additional OPEB expense recognition for both years. Payroll and related fringe benefits increased respectively with the increase in funding from the state as well as an increase in tuitions.

The overall percentage change for the combined administrative expenses, instruction expenses and fixed charges was an increase of 10% from the previous fiscal year. As a result, net position decreased during the year by \$379,729. There were several factors that led to the decrease in net position for the fiscal year. The Collaborative had a new actuarial valuation completed for the fiscal year which led to a prior period adjustment of \$(140,479) and reduced net position. Also, the Collaborative moved ADH and SAIL programs which required substantial renovations to meet state guidelines. Lastly, the COVID-19 State of Emergency and resulting Executive Orders, which required the mandatory closure of all school and adult service day programs, impacted all Collaborative programs and reduced state contract funding as well as other program revenue.

Financial Analysis of the Collaborative's Funds

As indicated earlier, all the Collaborative activities are accounted for in the general fund using fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

As the Collaborative completed the year, its governmental funds reported a total fund balance of \$1,897,053 of which \$1,862,801 is unassigned. The fund balance decreased \$(171,648) from the previous fiscal year. In addition, cash increased by \$277,219 and accounts receivable decreased by \$(422,428), directly related to COVID-19 impacts. The accounts receivable decrease was directly related to reduced funding on state contracts as well as reduced revenues from other programs. State contract revenue decreased because of COVID-19 closures and the allowance of very limited services. LEA program revenue increased overall for the fiscal year because of increased need for school age programs. Also, the current liabilities decreased by \$(39,469). This decrease was related to reduced costs as a direct result of COVID-19 closures and related impacts such as reduced wages, fringe benefits and program supplies.

Government-Wide Financial Analysis (Continued)

General Fund Budgetary Highlights

The major differences between the actual revenue at year end and the final budgeted revenue relate to changes in requested services for consumers and students by the state and member towns, respectively. These revenues are difficult to budget as consumers and students' needs change on a daily/monthly basis. Fiscal year 2020 was a unique year due to the COVID-19 virus creating uncertainty with mandated closures and increased requirements to reopen at an unknown time. At the end of the fiscal year, actual revenues for fiscal year 2020 were approximately \$667,000 less than the final budgeted revenue figure from January 2020, after adjusting the variance by the intergovernmental on behalf payments.

The major differences between actual expenditures and the final expenditure budget are mostly related to payroll costs. Some of the payroll costs in the annual budgets are difficult to forecast because of various factors related to the programs such as the changing needs of consumers and students. The Collaborative also followed the guidance of various agencies of the Commonwealth to keep employees on the payroll as long as possible despite the decrease in revenues during the COVID-19 pandemic program closures. The Collaborative maintained staffing levels until further fiscal guidance on expected revenues made this no longer feasible.

These differences also contributed to the major differences in the original expenditure budget and the final expenditure budget. For fiscal year 2020, COVID-19 impacts also contributed to differences between actual expenditures and final expenditure budget with reductions in such costs as utilities from unused spaces and program supplies. The schedule of budgetary information is provided on page 25.

Capital Assets and Debt Administration

The Collaborative's investment in capital assets includes an office building and land totaling \$294,838 with accumulated depreciation totaling \$128,406, building improvements totaling \$218,183 with accumulated depreciation totaling \$16,597, vehicles costing \$693,815 with accumulated depreciation totaling \$446,476 as well as security and classroom equipment totaling \$101,635 with accumulated depreciation of \$57,363. The Collaborative's capitalization policy is to capitalize assets costing \$25,000 or greater with a useful life of 3 years or more. However, the state has mandated that any vehicle over \$5,000 be capitalized. In fiscal year 2020, three vans were purchased. Van One had a cost of \$22,535 with accumulated depreciation totaling \$1,961; Van Two had a cost of \$22,435 with accumulated depreciation totaling \$1,496 Van Three had a cost of \$43,413 with accumulated depreciation totaling \$2,894. Net position in the net investment in capital assets is \$676,226 for the fiscal year.

Economic Factors and Next Year's Budget

The original fiscal year 2021 preliminary spending plan was approved at the June 17, 2020 meeting after a second reading. Due to the COVID-19 State of Emergency and resulting Executive

Economic Factors and Next Year's Budget (Continued)

Orders, and the mandatory closure of all school and adult service day programs, the fiscal year 2021 budget proposal was based on best estimates, historical trends and Department of Developmental Services (DDS) contract mandates rather than proven revenue numbers. As of the date of this report, the fiscal year 2021 state budget has not been set, the DDS and MA Health fiscal guidance is in flux and Collaborative programs as well as transportation services are still operating at severely reduced mandated capacity. All of this has significantly impacted the Collaborative's ability to project adult service program revenue and also directly as well as indirectly affects student service revenue projections and budgets.

After a prolonged period of remote services beginning in March 2020 due to the COVID-19 State of Emergency, the school programs reopened on a hybrid model on July 13, 2020 for Extended School Year services and on a robust hybrid schedule of four days per week in-person and one day remote at the start of the 2020-2021 school year in September. Department of Elementary and Secondary Education (DESE) and Department of Public Health (DPH) guidelines were used to create the reopening plan and protocols. The adult programs reopened on July 27, 2020 following Executive Office of Health and Human Services (EOHHS) reopening guidelines, which were also incorporated into the Reopening Plan. The Collaborative was one of the first agencies to reopen both adult and student services for in-person learning.

Planned program development and expansion for fiscal year 2021 is currently on hold due to the COVID restrictions and resulting financial impact, the inability to expand staffing and facilities and fiscal uncertainty. Plans to resume planning during the spring of 2021 for fiscal year 2022 are in effect.

The Collaborative completed a new Strategic Plan prior to and during the State of Emergency which was approved by the Board of Directors in September 2020.

The Collaborative is due for a QUEST Quality Assurance audit of its SAIL (Supporting Adults for Inclusive Living) day, employment and residential services in the Spring of 2021.

The Collaborative will be conducting a self-assessment of its school programs in the spring of 2021 as the first step in a Department of Elementary and Secondary Education (DESE) Coordinated Program Review schedule for the 2021-2022 school year.

The Collaborative will be investigating the possibility of applying for 501(c)3 designation during fiscal year 2021.

The Collaborative has been awarded a grant effective October 26, 2020 to March 12, 2021 from MA Health in the amount of \$16,241 to purchase equipment to facilitate increased access for people with disabilities to our Adult Day Health program.

Southeastern Massachusetts Educational Collaborative  
Management Discussion and Analysis  
June 30, 2020

Requests for information

This financial report is designed to provide a general overview and seeks to demonstrate the Collaborative's accountability for the money it receives. Questions concerning any of the information provided in this report or a request for additional information should be addressed to Catherine S. Cooper, Executive Director at Southeastern Massachusetts Educational Collaborative (SMEC), 25 Russell Mills Road, Dartmouth, MA 02748.

BENOIT & McARDLE, P.C.  
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Southeastern Massachusetts  
Educational Collaborative  
Dartmouth, Massachusetts

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Southeastern Massachusetts Educational Collaborative, Dartmouth, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **Auditor's Responsibility (Continued)**

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Southeastern Massachusetts Educational Collaborative, Dartmouth, Massachusetts, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on pages 1 through 13, Statement of Revenues and Expenditures – Budget and Actual on page 25, the schedule of pension plan contributions and the Collaborative's Other Post-employment Benefits (OPEB) plan be presented to supplement the basic financial statements. Such information, 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southeastern Massachusetts Educational Collaborative's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and disclosures required by the Commonwealth of Massachusetts Chapter 43 of the Acts of 2012 of the Massachusetts General Laws, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **Other Information (Continued)**

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2020 on our consideration of Southeastern Massachusetts Educational 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Southeastern Massachusetts Educational Collaborative's internal control over financial reporting and compliance.



Benoit & McArdle, P.C.  
Certified Public Accountants

Marion, Massachusetts  
November 30, 2020

Southeastern Massachusetts Educational Collaborative

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
<u>Assets</u>	
<u>Current Assets:</u>	
Cash - unrestricted	\$ 979,022
Cash - Capital Reserve	34,252
Receivables	1,042,815
Prepaid expenses	198,351
<u>Total Current Assets</u>	<u>2,254,440</u>
<u>Non-current Assets:</u>	
Capital assets, net of accumulated depreciation	676,226
<u>Total Non-current Assets</u>	<u>676,226</u>
<u>Deferred Outflows of Resources</u>	
Associated with net OPEB liability	240,737
<u>Total Deferred Outflows of Resources</u>	<u>240,737</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 3,171,403</u>
<u>Liabilities</u>	
<u>Current Liabilities:</u>	
Accounts payable	
Trade	\$ 158,055
Employees	981
<u>Total Current Liabilities</u>	<u>159,036</u>
<u>Long-term Liabilities:</u>	
Other post-employment benefits obligation	2,552,849
Compensated absences	21,747
<u>Total Long-term Liabilities</u>	<u>2,574,596</u>
<u>Total Liabilities</u>	<u>2,733,632</u>
<u>Net Position</u>	
<u>Net Position:</u>	
Net investment in capital assets	676,226
Restricted	34,252
Unrestricted (deficit)	(272,707)
<u>Total Net Position</u>	<u>\$ 437,771</u>

The accompanying notes are an integral part of these financial statements.

Southeastern Massachusetts Educational Collaborative

Statement of Activities

For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Governmental Activities</u>				
Administration	\$ 840,735	\$ 718,121	\$ -	\$ (122,614)
Instruction	3,153,607			(3,153,607)
Other school services	154,185			(154,185)
Operations/maintenance	145,858			(145,858)
Fixed charges	654,124			(654,124)
Intergovernmental on behalf payments	2,220,173		2,220,173	-
Other post-employment benefits	173,668			(173,668)
Health services	247,599			(247,599)
Depreciation expense	96,653			(96,653)
Summer programs	121,725			(121,725)
SAIL	3,365,348	3,076,117		(289,231)
ADH	937,691	950,618	-	12,927
<u>Total</u>	<u>\$ 12,111,366</u>	<u>\$ 4,744,856</u>	<u>\$ 2,220,173</u>	<u>(5,146,337)</u>
	<u>General Revenues</u>			
	Tuitions			4,805,750
	Miscellaneous			99,793
	Investment income			<u>1,504</u>
	<u>Total General Revenues</u>			<u>4,907,047</u>
	<u>Change in Net Position</u>			<u>(239,290)</u>
	<u>Net Position - Beginning of year as previously reported</u>			817,500
	Adjustment for the adoption of GASB 75 (OPEB)			<u>(140,439)</u>
	<u>Net Position - Beginning of year (as restated)</u>			<u>677,061</u>
	<u>Net Position - End of year</u>			<u>\$ 437,771</u>

The accompanying notes are an integral part of these financial statements.

Southeastern Massachusetts Educational Collaborative

Governmental Funds Balance Sheet

June 30, 2020

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Reserve</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Assets</u>			
<u>Cash</u>			
Cash - unrestricted	\$ 979,022	\$ -	\$ 979,022
Cash - Capital Reserve		34,252	34,252
<u>Accounts Receivable</u>			
Member towns	622,427		622,427
Non-member towns	135,672		135,672
Commonwealth of Massachusetts	258,937		258,937
Self pays and miscellaneous	<u>25,779</u>	<u>-</u>	<u>25,779</u>
<u>Total Assets</u>	<u>\$ 2,021,837</u>	<u>\$ 34,252</u>	<u>\$ 2,056,089</u>
<u>Liabilities</u>			
<u>Accounts payable</u>			
Trade	\$ 19,382	\$ -	\$ 19,382
Employees	981		981
<u>Accrued payroll</u>	<u>138,673</u>	<u>-</u>	<u>138,673</u>
<u>Total Liabilities</u>	<u>159,036</u>	<u>-</u>	<u>159,036</u>
<u>Fund Balances</u>			
<u>Committed</u>			
Capital Reserve	-	34,252	34,252
<u>Unassigned</u>	<u>1,862,801</u>	<u>-</u>	<u>1,862,801</u>
<u>Total Fund Balances</u>	<u>1,862,801</u>	<u>34,252</u>	<u>1,897,053</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 2,021,837</u>	<u>\$ 34,252</u>	<u>\$ 2,056,089</u>

The accompanying notes are an integral part of these financial statements.

Southeastern Massachusetts Educational Collaborative

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Tuition member	\$ 4,218,121	\$ -	\$ 4,218,121
Tuition non-member	587,629		587,629
DDS revenue	3,646,108		3,646,108
MCB revenue	147,225		147,225
DESE revenue	41,665		41,665
MassHealth revenue	908,953		908,953
Intergovernmental on behalf payments	2,220,173		2,220,173
Professional development	91,255		91,255
Consumer self pays	905		905
Investment income	1,504		1,504
Miscellaneous	8,538	-	8,538
<u>Total Revenues</u>	<u>11,872,076</u>	<u>-</u>	<u>11,872,076</u>
<u>Expenditures</u>			
Administration	844,306		844,306
Instruction	3,153,607		3,153,607
Other school services	154,185		154,185
Operations/maintenance	145,858		145,858
Fixed charges	660,008		660,008
Intergovernmental on behalf payments	2,220,173		2,220,173
Health services	247,599		247,599
Acquisition of equipment	43,413		43,413
Summer programs	121,725		121,725
SAIL	3,367,605		3,367,605
ADH	1,085,245	-	1,085,245
<u>Total Expenditures</u>	<u>12,043,724</u>	<u>-</u>	<u>12,043,724</u>
<u>Excess of Revenue Over (Under) Expenditures</u>	<u>(171,648)</u>	<u>-</u>	<u>(171,648)</u>
<u>Other Financing Uses</u>			
Transfer in from Capital Reserve Fund	65,748	-	65,748
Transfer out to General Fund	-	(65,748)	(65,748)
<u>Total Other Financing Uses</u>	<u>65,748</u>	<u>(65,748)</u>	<u>-</u>
<u>Net Change in Fund Balance</u>	<u>(105,900)</u>	<u>(65,748)</u>	<u>(171,648)</u>
<u>Fund Balance – July 1, 2019</u>	<u>1,968,701</u>	<u>100,000</u>	<u>2,068,701</u>
<u>Fund Balance – June 30, 2020</u>	<u>\$ 1,862,801</u>	<u>\$ 34,252</u>	<u>\$ 1,897,053</u>

The accompanying notes are an integral part of these financial statements.

Southeastern Massachusetts Educational Collaborative

Statement of Net Position - Fiduciary Fund

June 30, 2020

	<u>OPEB Trust Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 5,281
Investments at market value	<u>383,270</u>
<u>Total Assets</u>	<u>\$ 388,551</u>
<u>Net Position</u>	
Amounts held in trust - Restricted for OPEB	<u>\$ 388,551</u>
<u>Total Net Position</u>	<u>\$ 388,551</u>

The accompanying notes are an integral part of these financial statements.

Southeastern Massachusetts Educational Collaborative

Statement of Changes in Net Position - Fiduciary Fund

For the Year Ended June 30, 2020

	<u>OPEB Trust Fund</u>
<u>Additions</u>	
Contributions	\$ <u>-</u>
Investment Earnings	
Net Decrease in Fair Value of Investments	(6,127)
Investment income	<u>17,408</u>
Total Investment Earnings	11,281
Less Investment Expenses	<u>(758)</u>
Net Investment Earnings	<u>10,523</u>
Total Additions - Net	<u>10,523</u>
<u>Change in Net Position</u>	10,523
<u>Net Position at Beginning of Year</u>	<u>378,028</u>
<u>Net Position at End of Year</u>	<u>\$ 388,551</u>

The accompanying notes are an integral part of these financial statements.

Southeastern Massachusetts Educational Collaborative

Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances  
to the Statement of Net Position

For the Year Ended June 30, 2020

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

Total Governmental Fund Balances	\$ 1,897,053
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Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds.

Gross capital assets at historical cost	\$ 1,308,471	
Accumulated depreciation	<u>(632,245)</u>	
		676,226

Governmental funds report expenditures when paid but the Statement of  
Activities does not report the same expenditures until the year they are used

Prepaid expenses	<u>198,351</u>	
		198,351

Deferred outflows of resources and deferred inflows of resources are  
reported on the government-wide financial statements to be amortized  
over future periods:

Net deferred outflows - OPEB	<u>240,737</u>	
		240,737

Long-term liabilities used in governmental activities are not financial uses  
and therefore are not reported in the governmental funds.

Other post employment benefits	(2,552,849)	
Compensated absences	<u>(21,747)</u>	
		<u>(2,574,596)</u>

<u>Net Position of Governmental Activities</u>	<u>\$ 437,771</u>
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The accompanying notes are an integral part of these financial statements.



Southeastern Massachusetts Educational 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, 2020

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

Net change in fund balance - Total governmental funds:

Excess of expenditures and other uses over revenue and other sources \$ (171,648)

Governmental funds report expenditures when paid. However, in the  
Statement of Activities these expenditures are expensed in the year  
they are used.

Prepaid expenses 12,935

Deferred outflows of resources and deferred inflows of resources are reported on  
the government-wide financial statements to be amortized over future periods:

Net change in deferred outflows - OPEB \$ 28,386

Net change in deferred inflows - OPEB 3,274

31,660

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

Capitalized vehicles 89,383

Capitalized improvements 100,400

Depreciation on fixed assets (96,653)

93,130

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

Net change in OPEB liability (345,767)

Adjustment for GASB 75 changes 140,439

Compensated absence (39)

(205,367)

Total Changes in Net Position of Governmental Activities

\$ (239,290)

The accompanying notes are an integral part of these financial statements.

Southeastern Massachusetts Educational Collaborative

Statement of Revenues and Expenditures

Budget and Actual

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>				
Tuition member	\$ 4,280,716	\$ 4,331,978	\$ 4,218,121	\$ (113,857)
Tuition non-member	551,847	473,218	587,629	114,411
DDS revenue	3,720,337	3,983,674	3,646,108	(337,566)
MCB revenue	143,723	143,723	147,225	3,502
DESE revenue	60,900	42,000	41,665	(335)
MassHealth revenue	1,314,200	1,170,447	908,953	(261,494)
Intergovernmental on behalf payments			2,220,173	2,220,173
Professional development	101,000	103,930	91,255	(12,675)
Consumer self pays			905	905
Investment income			1,504	1,504
Miscellaneous	15,000	69,545	8,538	(61,007)
	<u>10,187,723</u>	<u>10,318,515</u>	<u>11,872,076</u>	<u>1,553,561</u>
<u>Expenditures</u>				
Administration	845,917	879,234	844,306	34,928
Instruction	2,973,967	3,183,086	3,153,607	29,479
Other school services	190,843	176,850	154,185	22,665
Operations/maintenance	163,794	157,018	145,858	11,160
Fixed charges	658,157	701,957	660,008	41,949
Intergovernmental on behalf payments			2,220,173	(2,220,173)
Health services	226,260	226,339	247,599	(21,260)
Acquisition of equipment		44,000	43,413	587
Summer programs	120,539	123,901	121,725	2,176
SAIL	3,939,418	3,533,300	3,367,605	165,695
ADH	1,044,991	1,119,998	1,085,245	34,753
	<u>10,163,886</u>	<u>10,145,683</u>	<u>12,043,724</u>	<u>(1,898,041)</u>
<u>Excess of Revenue Over (Under) Expenditures</u>	<u>23,837</u>	<u>172,832</u>	<u>(171,648)</u>	<u>(344,480)</u>
<u>Other Financing Sources (Uses)</u>				
Use of unreserved surplus - renovations	105,000	105,000	105,000	-
Use of capital reserve funds - vans			65,748	65,748
Use of unreserved surplus - other	260,000	260,000		(260,000)
Contingency	(260,000)	(365,000)	-	365,000
<u>Total Other Financing Sources (Uses)</u>	<u>105,000</u>	<u>-</u>	<u>170,748</u>	<u>170,748</u>
<u>Excess of Revenue Over (Under) Expenditures - Budgetary Basis</u>	<u>\$ 128,837</u>	<u>\$ 172,832</u>	<u>\$ (900)</u>	<u>\$ (173,732)</u>

The accompanying notes are an integral part of these financial statements.

## Southeastern Massachusetts Educational Collaborative

### Notes to Financial Statements

June 30, 2020

#### Note 1 - Organization

Southeastern Massachusetts Educational Collaborative is a public educational collaborative formed under provisions of Massachusetts General Law Chapter 40, Section 4E. The Collaborative's primary purpose is to provide special education services to the public school systems of Acushnet, Dartmouth, Fairhaven, Marion, Mattapoisett, Rochester, Old Rochester Regional School District, New Bedford, Greater New Bedford Regional Vocational Technical High School as well as other non-member school systems. The Fall River School District was approved as a member effective July 1, 2020.

#### Note 2 - Summary of Significant Accounting Policies

##### Reporting Entity

Southeastern Massachusetts Educational Collaborative is the basic level of government which has fiscal accountability and control over certain planning concerns of its member towns. The Collaborative's members have the power to designate management and the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units, as defined in Governmental Accounting Standards Board Statement No.14, which are included in the Collaborative's reporting entity.

##### Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the Collaborative. Governmental activities, which are normally supported by assessments and intergovernmental revenues, should be reported separately from business type activities, which rely to a significant extent on fees and charges for support. The Collaborative reports only governmental activities as these activities represent all of the Collaborative's activity and are accounted for using the same basis of accounting.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Tuitions and other revenues are not generally included among program revenues and are reported as general revenues instead.

Indirect expenses are allocated based on estimated percentage of time and resources devoted to a program.

Governmental Funds Financial Statements

Separate financial statements are provided for Governmental Funds. The Collaborative's primary operating fund is the General Fund. It accounts for all financial resources of the Collaborative.

Fiduciary Funds Financial Statements

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 assets and changes in net assets and is reported using accounting principles applicable to those similar to business in the private sector. The following is a description of the fiduciary fund of the Collaborative:

OPEB Trust Fund – Accounts for resources held in trust for providing future benefits for “other post-employment benefits” in the form of health insurance, dental insurance and life insurance for eligible retired employees. Pursuant to Massachusetts General Laws, amounts set aside in this trust fund are legally restricted solely for funding this future obligation – see Note 8.

The Collaborative's fiduciary fund is presented in the 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 Collaborative, these funds are not incorporated into the government-wide statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tuitions are recognized as revenues in the year billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and

Note 2 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

contributions. Internal dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include tuitions.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and judgments and claims, are recorded only when payment is mature and due.

Accounts Receivable/Revenue Recognition

Southeastern Massachusetts Educational Collaborative has various grants and contracts with federal, state and other local funding sources. Program revenue is earned under cost reimbursement contracts with federal and state funding agencies while fees are charged for service arrangements with municipal and local funding agencies. Accounts receivable includes amounts to be received by the Collaborative, usually from revenues earned at year-end, and are shown on the Statement of Net Position.

Capital Assets

Capital assets which include property, vehicles and equipment are reported in the government-wide financial statements.

Capital assets are defined by the Collaborative as assets with an initial individual cost of more than \$5,000 and an estimated useful life as described below. Capital assets acquired in an unrestricted manner are carried at historical cost and depreciated using the straight-line method over their estimated useful lives. Depreciation is charged to expense. Capital assets acquired in accordance with grant or contract terms are expensed as a period cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

Property, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives as follows:

<u>Asset</u>	<u>Years</u>
Building	40
Vehicles	5
Equipment	5-7

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Southeastern Massachusetts Educational Collaborative follows these procedures in establishing the budgetary data in the financial statements:

- a) Formal budgeting integration is employed as a management control device during the year for the various programs. These budgets are adopted on a basis other than accounting principles generally accepted in the United States of America.
- b) All budgets including amendments are submitted by the Executive Director for approval at a formal meeting of the Board of Directors.
- c) Unused appropriations for all of the above annually budgeted items lapse at the end of the fiscal year.

Deposits and Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the Collaborative. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. Government or Agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase and units in the Massachusetts Municipal Depository Trust ("MMDT").

The following summary presents the amount of Collaborative deposits which are fully insured by the FDIC or collateralized with securities held by the financial institution (Category 1), those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Collaborative's name (Category 2) and those deposits which are not collateralized or insured by FDIC (Category 3) at June 30, 2020.

	<u>Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Bank Deposits	<u>\$405,400</u>	<u>\$1,050,225</u>	<u>\$ -</u>	<u>\$1,455,625</u>

Deferred Revenue

Deferred revenue consists of amounts received from a member town for programs which have not yet been earned under the terms of the agreement.

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources, as applicable, represent a consumption of assets by the Collaborative that is applicable to a future reporting period. These deferred outflows of resources have a positive effect on net position and are reported after assets when applicable. Deferred inflows of resources, as applicable, represent the acquisition of assets by the Collaborative that is applicable to a future reporting period. These deferred inflows of resources have a negative effect on net position and are reported after liabilities when applicable. These amounts are reported in government-wide and fund financial statements based upon the nature of the items.

Note 3 - Pension Plans

Collaborative employees participate in either the Massachusetts Teachers' Retirement System (MTRS) or Massachusetts State Employees' Retirement System (MSERS), determined by the position held at the Collaborative and whether the position requires the Department of Elementary and Secondary Education (DESE) licensure. Both pension plans are governed by Massachusetts General Law Chapter 32 and are contributory defined benefit retirement plans requiring mandatory membership beginning with employment of all Collaborative employees working more than half time.

The Massachusetts Public Employee Retirement Administration Commission (PERAC) was created for and is dedicated to the oversight and guidance, monitoring, and regulation of the Massachusetts Public Pension Systems (including but not limited to MTRS & MSERS). Separate audit reports and valuation reports for each retirement system as well as annual reports for the PERAC are available online at [www.mass.gov/perac](http://www.mass.gov/perac) or by writing to Public Employee Retirement Administration Commission (PERAC), 5 Middlesex Avenue, Suite 304, Somerville, MA 02145.

Massachusetts Teachers' Retirement System (MTRS)

Plan Description

MTRS provides retirement, disability and survivor benefits to Massachusetts teachers, administrators and their families.

Eligible members include anyone employed as a teacher or administrator in a Massachusetts public school outside the City of Boston or in any educational collaborative in Massachusetts. The member must be covered by a contractual agreement regarding their employment, employed on at least a half time basis, be certified by the Department of Elementary and Secondary Education and have a contractual agreement that requires they be certified by the Department of Elementary and Secondary Education as a condition of their employment.

The MTRS Board issues publicly available financial reports that can be obtained at [www.mass.gov/mtrs](http://www.mass.gov/mtrs).

Note 3 - Pension Plans (Continued)

Massachusetts Teachers' Retirement System (Continued)

Benefits Provided

Regular retirement allowance (also referred to as "superannuation") is based on the effective date of membership in the Massachusetts public retirement system, the numbers of years of creditable service and the member's age, depending on the effective membership date. The retirement benefits are based on the average of either the member's highest salaries or last salaries, either for three years if they are a Tier 1 member or five years if they are a Tier 2 member. Tier 1 membership is related to members that established their membership before April 2, 2012 and Tier 2 membership is related to members that established their membership on or after April 2, 2012. For members in the Tier 1 category, they are eligible to retire when the member has 20 or more years of creditable service, regardless of their age or are at least age 55 and have 10 or more years of creditable service. For members in the Tier 2 category, they are eligible to retire when the member has reached age 60 and have 10 or more years of creditable service.

Contributions

MTRS benefits come from three sources: employee contributions, investment earnings on the Pension Reserves Investment Trust (PRIT) and employer contributions. The Commonwealth of Massachusetts makes an annual appropriation from tax revenues for the payment of public employee retirement benefits. For the purposes of retirement benefits, the Commonwealth of Massachusetts is the "employer" for public teachers. Also, local school district employers, like the Collaborative, do not contribute towards their teachers' retirement benefits.

Member contribution rates are established by the Commonwealth of Massachusetts' retirement law (Chapter 32 of the Massachusetts General Laws) and are determined by the date on which the member most recently became eligible for membership in Massachusetts.

Member contributions vary depending on date of hire and are based on a percentage of gross regular compensation. The contribution rates can vary from 5% to 11% as listed below:

<u>Effective Membership Date</u>	(Not participating in RetirementPlus*) <u>MTRS Membership Contribution Rates</u>
April 2, 2012 and thereafter	9% plus 2% of earnings over \$30,000 <i>After 30 years of service, decreases to 6% plus 2% of earnings over \$30,000</i>
July 1, 2001 – April 1, 2012	9% plus 2% of earnings over \$30,000



Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 3 - Pension Plans (Continued)

Massachusetts Teachers' Retirement System (Continued)

Contributions (Continued)

<u>Effective Membership Date</u>	(Not participating in RetirementPlus*) <u>MTRS Membership Contribution Rates</u>
July 1, 1996 – June 30, 2001	9% plus 2% of earnings over \$30,000
January 1, 1984 – June 30, 1996	8% plus 2% of earnings over \$30,000
January 1, 1979 – December 31, 1983	7% plus 2% of earnings over \$30,000
January 1, 1975 – December 31, 1978	5% plus 2% of earnings over \$30,000

\*The enhanced benefit plan known as RetirementPlus became effective on July 1, 2001. Depending on a member's membership history with the MTRS and other Massachusetts public retirement systems, a member may have either had a one-time opportunity to elect whether or not to participate in RetirementPlus, or been required ("mandated") to participate. RetirementPlus requires 11% of all earnings to be contributed for all members regardless of the effective membership date. However, members who join the system on or after April 2, 2012 will have their contribution rate decreased to a flat 8% after achieving 30 years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As defined by GASB Statement No. 68, the Collaborative is considered to be a cost-sharing employer in a special funding situation where the nonemployer, the Commonwealth of Massachusetts, contributes 100% of the pension expense to the Massachusetts Teachers' Retirement System. In this special funding situation, the nonemployer also reports 100% of the pension liability so the Collaborative is not required to recognize a liability on its financial statements. However, to be in conformity with GASB Statement No. 68, the notes to the financial statements must disclose the portion of the nonemployer contributing entity's share of the collective net pension liability that is associated with the cost-sharing employer. Also, the Collaborative must recognize pension expense and revenue equal to the portion of the nonemployer contributing entity's pension expense that is associated with the cost-sharing employer.

As the nonemployer, the Commonwealth of Massachusetts' share of collective net pension liability was \$5,666,368 using June 30, 2019 as the measurement date. The amount recognized on the Collaborative's financial statements as revenue and the pension expense totaled \$324,446 respectively for fiscal year 2020. The \$324,446 is included in the total intergovernmental on behalf payments in the amount of \$2,220,173 as shown on the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.

Note 3 - Pension Plans (Continued)

Massachusetts State Employees' Retirement System (MSERS)

Plan Description

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. The governmental plan is a Code Section 401(a) retirement plan under Code section 414(d) of the Internal Revenue Code, established and maintained for the employees of the Commonwealth of Massachusetts.

Membership in the system is mandatory for nearly all state employees who are employed on a part-time (minimum half-time) or full-time permanent basis. Eligible members include state employees and employees of certain other public entities.

The MSERS Board also administers the former Massachusetts Turnpike Authority Employees' Retirement System and benefits for the members of the Judiciary.

MSERS issues publicly available financial reports that can be obtained at [www.mass.gov/treasury/retirement](http://www.mass.gov/treasury/retirement).

Benefits Provided

Regular retirement allowance (also referred to as "superannuation") is based on the member's age, length of creditable service, level of compensation and group classification. The superannuation retirement allowance of any members may not exceed 80% of the member's average rate of regular compensation. Also, members become vested in the retirement system if they have at least 10 years of full-time service.

For members that were hired before April 2, 2012, they are eligible to retire at any age if they have 20 or more years of creditable service or are at least age 55 and have 10 or more years of creditable service. Members' benefits are based on the highest 36 consecutive months of regular compensation.

For members hired after April 2, 2012, they are eligible to retire when the member has reached age 60 and has 10 or more years of creditable service. Members' benefits are based on the highest 5 years of regular compensation.

For all members, the retirement allowance is made up of two parts: an annuity and a pension. The annuity portion is made up of the contributions deducted during the course of employment and deposited in an annuity savings fund where the members earn interest on their contributions. The PERAC establishes the interest rate pursuant to state law, which is applied to the member's account. Also, the contributions of all members are pooled together and invested in the Pension Reserves Investment Trust (PRIT). The pension portion is the difference between the retirement allowance specified by law and the amount of members contributions and the retirement systems investment earnings.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 3 - Pension Plans (Continued)

Massachusetts State Employees' Retirement System (Continued)

Contributions

MSERS contributions are comprised of employee and employer contributions. Educational collaboratives are considered a special funding situation and 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 a given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. The Collaborative contributes a percentage of the payroll for the normal cost determined and assessed by the Massachusetts Public Employee Retirement Administration Commission (PERAC), currently at 6.1%. The Commonwealth of Massachusetts funds the remainder of the liability.

The Collaborative's current year covered payroll and total payroll was \$7,075,245. The Collaborative's contribution to the plan for fiscal year 2020 was \$268,358.

Member contribution rates are established by the Commonwealth of Massachusetts' retirement law (Chapter 32 of the Massachusetts General Laws) and are determined by the date on which the member most recently became eligible for membership in Massachusetts.

Member contributions vary depending on date of hire and are based on a percentage of gross regular compensation. The contribution rates can vary from 5% to 11% as listed below:

<u>Effective Membership Date</u>	<u>MSERS Membership Contribution Rates*</u>
July 1, 1996 or later	9% plus 2% of earnings over \$30,000
January 1, 1984 – June 30, 1996	8% plus 2% of earnings over \$30,000
January 1, 1975 – December 31, 1983	7% plus 2% of earnings over \$30,000
Prior to January 1, 1975	5% plus 2% of earnings over \$30,000

\*If the effective membership date is after April 2, 2012 and the member has achieved 30 years of service, the contribution rate decreases to 6% plus an additional 2% contribution for salary in excess of \$30,000. Also note, employees appointed to the State Police on or after July 1, 1996 are required to contribute 12%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As defined by GASB Statement No. 68, the Collaborative is considered to be a cost-sharing employer in a special funding situation where the nonemployer, the Commonwealth of Massachusetts, is 100% responsible for the pension liability related to the Collaborative's retirees. The Collaborative is not required to recognize a liability on its financial statements. However, to be in conformity with GASB Statement No. 68, the notes to the financial

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 3 - Pension Plans (Continued)

Massachusetts State Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

statements must disclose the portion of the nonemployer contributing entity's share of the collective net pension liability that is associated with the cost-sharing employer. Also, the Collaborative must recognize pension expense and revenue equal to the portion of the nonemployer contributing entity's pension expense that is associated with the cost-sharing employer.

As the nonemployer, the Commonwealth of Massachusetts' share of collective net pension liability was \$11,412,139 using June 30, 2019 as the measurement date. The amount recognized on the Collaborative's financial statements as revenue and the pension expense was \$1,895,727 respectively for fiscal year 2020. The \$1,895,727 is included in the total intergovernmental on behalf payments in the amount of \$2,220,173 as shown on the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.

Note 4 - Sick Pay

Accumulated sick pay for the Executive Director is accrued and vested at 25% of accumulated sick days up to a maximum of 180 days. As of June 30, 2020, the accumulated sick pay for the Executive Director is equal to \$21,747 and is listed under compensated absences on the balance sheet. For all other employees, accumulated sick pay is not accrued in the governmental funds, as employees are not vested and are not paid for unused sick days upon termination of employment although unused sick days may be accumulated to a maximum of 180 days.

Note 5 - Commitments Under Non-Capitalized Leases

Southeastern Massachusetts Educational Collaborative is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Collaborative's account groups.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 5 - Commitments Under Non-Capitalized Leases (Continued)

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020.

<u>Year Ending June 30</u>	<u>Amounts</u>
2021	\$ 479,636
2022	377,473
2023	362,052
2024	372,882
Thereafter	<u>775,857</u>
<u>Totals</u>	<u>\$2,367,900</u>

Rental expenditures during fiscal year ended June 30, 2020 amounted to \$464,385.

Note 6 - Cash

State and local statutes place certain limitations on the nature of deposits and investments available to the Collaborative. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. Government or Agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Deposits with Financial Institutions

The carrying amount of the Collaborative's deposits with financial institutions was \$1,013,274 and the bank balance was \$1,455,625 at June 30, 2020. Excessive bank balances beyond the \$250,000 FDIC insurance, for the operating account held at Rockland Trust Company, a local bank, are collateralized by a security interest in the securities held by the Rockland Deposit Collateral Securities Corporation, a subsidiary of Rockland Trust Company.

Cash - Restricted

During fiscal year 2015, the Board voted to establish a capital reserve account to support costs associated with the acquisition, maintenance, and improvements of fixed assets, including real property, to benefit the Collaborative. The Board voted at their June 11, 2015 meeting to make an initial deposit up to a maximum of \$50,000 from fiscal year 2015 surplus funds and/or cumulative general surplus funds into the restricted capital reserve account.

During fiscal year 2016, the Board voted to allow the Executive Director to use funds from the restricted capital reserve account for costs related to renovations at the Collaborative's building on Acushnet Avenue in New Bedford, MA to accommodate a new elementary education public day school opening September 2016.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 6 - Cash (Continued)

During fiscal year 2017, \$50,000 was transferred from the restricted capital reserve account to the regular checking, to support renovations at the Collaborative's building on Acushnet Avenue in New Bedford as approved by the Board in fiscal year 2016. The Board also voted to transfer \$50,000 from fiscal year 2017 surplus funds into the restricted capital reserve account at year end.

During fiscal year 2018, the Board did not vote to transfer money to the restricted capital reserve account at year end. During fiscal year 2019, the Board voted to transfer \$50,000 from fiscal year 2019 surplus funds into the restricted capital reserve account at year end.

During fiscal year 2020, the Board voted to use funds from the capital reserve fund to pay for two vans. The actual amount transferred between the capital reserve bank account and the regular operating account was \$66,055; however, this amount was reduced by unrestricted interest from the capital reserve bank account already reported as part of the general fund in fiscal year 2020 as well as prior fiscal years. Because of this reduction, \$65,748 is reported as the transfer between the general fund and capital reserve fund on the Statement of Revenues and Expenditures for fiscal year 2020.

Note 7 - Deferred Outflows and Deferred Inflows of Resources

At June 30, 2020, the Collaborative reported the following deferred outflows of resources and deferred inflows of resources:

<u>Deferred Outflows of Resources</u>	<u>June 30, 2020</u>
Net differences between expected and actual experience, net OPEB liability -	\$ 41,224
Net effects of changes in assumptions, net OPEB liability -	\$188,744
Net difference between projected and actual earnings on OPEB plan investments	<u>10,769</u>
Total deferred outflows of resources	<u>\$240,737</u>

Note 8 - Investment - OPEB Trust Fund

In June 2014, the Board voted to establish the "Southeastern Massachusetts Educational Collaborative Retirees' Health Insurance Trust Fund" to be held at Rockland Trust Company. This Trust Fund was established to collect, hold, manage, preserve and if the Trustees deem expedient in their sole discretion, to authorize the Treasurer of the Collaborative to pay eligible retirees' health insurance benefits set by the Collaborative's Board of Directors from time to time. This trust was established pursuant to Massachusetts General Law Chapter 32B. See Note 12 for more information.

Per Southeastern Massachusetts Education Collaborative OPEB Liability Trust Investment Policy Statement, investments held in the trust will be adequately diversified and risk controls will be maintained within the subcategories agreed upon within the strategy section of the investment policy

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 8 - Investment - OPEB Trust Fund (Continued)

statement. The investments held in this trust will adhere to the prudent investor rule established in the Massachusetts General Laws Chapter 203C.

The Collaborative's fiduciary fund investment as of June 30, 2020, consisted of the following:

		Fair Value Measurement at end of the reporting period using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>6/30/2020</u>			
Recurring Fair Value Measurements				
Money Market Funds	\$ <u>5,281</u>	\$ <u>5,281</u>	\$ <u>-</u>	\$ <u>-</u>
Mutual Funds:				
Fixed income funds	300,109	300,109	-	-
Equity funds	<u>83,161</u>	<u>83,161</u>	-	-
Total Mutual Funds	<u>383,270</u>	<u>383,270</u>	-	-
Total Recurring Value Measurements	\$ <u>388,551</u>	\$ <u>388,551</u>	\$ <u>-</u>	\$ <u>-</u>
Investments at market value		\$388,551		
Investments at cost		<u>374,649</u>		
Unrealized gain		\$ <u>13,902</u>		

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Collaborative will not be able to recover deposits or collateral securities that are in the possession of an outside party. The investment policy specifies that the financial institution's financial statements will be reviewed as well as the background of the sales representative before investing with the financial institution to limit the OPEB Trust's exposure to only institutions with proven financial strength, capital adequacy and overall affirmative reputation in the municipal industry.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Because obligations of the U.S. Government and some of its agencies are not considered to have credit risk, the Collaborative does not limit the amount it can invest in these securities. As far as fixed-income investments, the Collaborative's investment policy only allows for purchases of investment grade securities with a high concentration in securities rated A or better (high rating). These investments in fixed income securities will be made primarily for income and capital preservation. As far as lower-quality investments, the Collaborative's investment

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 8 - Investment - OPEB Trust Fund (Continued)

policy only allows for these investments to be held through diversified vehicles, such as mutual funds or exchange-traded funds. Also, the investment policy specifies that there is no limit to the amount of funds that can be placed in the Massachusetts Municipal Depository Trust (MMDT).

Concentration of credit risk is the risk of loss attributed to the magnitude of the Collaborative's investment in a single issuer. The Collaborative's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Collaborative will manage interest rate risk by managing duration in the account.

Note 9 - Capital Assets

Net Investment in Capital Assets represents a building at historical cost acquired on August 20, 1998. The total cost of the land and building was \$294,838. Land has been allocated a cost of \$90,000 and is nondepreciable. The building has an allocated cost of \$204,838 and is depreciated using the straight-line method over 40 years with an annual depreciation amount of \$5,121. The Collaborative also has vehicles and equipment which have been capitalized and are being depreciated over five years using the straight-line method. The depreciation amount was \$96,653 for the year.

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
<u>Governmental Activities</u>				
<u>Non-depreciable assets</u>				
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
<u>Depreciable Assets</u>				
Building	204,838	-	-	204,838
Building Improvements	117,783	100,400	-	218,183
Vehicles	604,432	89,383	-	693,815
Equipment	101,635	-	-	101,635
<u>Total Historical Cost</u>	<u>1,118,688</u>	<u>189,783</u>	<u>-</u>	<u>1,308,471</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	106,688	5,121	-	111,809
Building Improvements	8,557	8,040	-	16,597
Vehicles	379,266	67,210	-	446,476
Equipment	41,081	16,282	-	57,363
<u>Total Accumulated Depreciation</u>	<u>535,592</u>	<u>96,653</u>	<u>-</u>	<u>632,245</u>
<u>Governmental Activities Capital</u>				
<u>Assets – Net</u>	<u>\$ 583,096</u>			<u>\$ 676,226</u>



Note 10 - Deferred Compensation Plan

As a political subdivision of the Commonwealth of Massachusetts, the Collaborative is able to offer its employees participation in the Commonwealth of Massachusetts deferred compensation program created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the Commonwealth and its political subdivisions, permits them to defer a portion of their salaries until future years. Contributions to the plan are made at the discretion of the Collaborative's Board. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Commonwealth of Massachusetts (without being restricted to the provision of benefits under the plan), subject only to the claims of the Commonwealth of Massachusetts general creditors and its political subdivisions participating in the plan. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

It is the opinion of the Commonwealth of Massachusetts that it has no liability for losses under the plan, but it does have the duty of due care which would be required of an ordinary prudent investor. The plan assets are subject to the claims of the Commonwealth of Massachusetts general creditors; however, plan assets have not been used in the past to satisfy such claims.

The assets and liabilities of the deferred compensation plan are included as an Agency Fund in the Commonwealth of Massachusetts financial statements since the Commonwealth of Massachusetts has title to these assets.

The deferred compensation plan is mandatory and in place of social security for the Collaborative's part time employees. All full-time staff can voluntarily contribute a dollar amount to the plan.

In addition to the 457 Deferred Compensation Plan, the Collaborative also offers a voluntary 403(b) Retirement Plan to all full-time staff through elective deferral contributions via payroll deductions.

Note 11 - Cafeteria Plan

Effective July 1, 2007 the Collaborative adopted a Section 125 Cafeteria Plan (The Plan) for its employees. Employees may elect to enroll in the Plan so that their share of group health insurance and dental benefits are paid with pre-tax dollars.

Note 12 - Other Post-employment Benefits (OPEB)  
(As of the June 30, 2020 Measurement Date)

GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, requires governments to account for OPEB, such as medical insurance, dental and life insurance, on an accrual basis.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

1. A Description of the Retiree Medical Insurance Program:

- a. Plan Type: Comprehensive medical insurance offered through Tufts Health Plan. The Collaborative does not offer Medicare integrated plans, as such participants exit the plan upon attainment of age 65 (excluding retirees who are not Medicare eligible)
- b. Administrator: Southeastern Massachusetts Educational Collaborative
- c. Eligibility: An employee who is both eligible for and in fact receives a retirement allowance through either the Massachusetts State Retirement System or through the Massachusetts Teachers Retirement System, who is at least age 55 and who retired from service directly from the Southeastern Massachusetts Educational Collaborative with a minimum of ten (10) years of Massachusetts creditable public service working an average minimum of twenty-one (21) hours per week. Eligible retirees must have been enrolled in a group life, health and/or dental insurance plan offered through Southeastern Massachusetts Educational Collaborative for at least one (1) calendar year immediately prior to their date of retirement to be eligible for a continuation of benefits under each said plan. In addition, eligible retirees must give written notice to the Board, no less than ninety (90) calendar days prior to the effective date of their retirement, of their desire to continue in the group life, health and/or dental insurance plan(s) offered through the Collaborative to eligible retirees.
- d. Cost Sharing: 50% of premiums in retirement

2. A Description of the Retiree Dental Insurance Program

- a. Plan Type: Comprehensive Dental
- b. Administrator: Southeastern Massachusetts Educational Collaborative
- c. Eligibility: Same as above
- d. Cost Sharing: 50% of premiums in retirement

3. A Description of the Retiree Life Insurance Program

- a. Plan Type: Group Term Life Insurance - \$5,000
- b. Administrator: Southeastern Massachusetts Educational Collaborative
- c. Eligibility: Same as above
- d. Cost Sharing: 50% of premiums in retirement

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

4. Retiree Medical, Dental and Life Insurance Contributions

<u>Group</u>	<u>Individual</u>	<u>Family</u>
Medical	50% of Premiums	50% of Premiums
Dental	50% of Premiums	50% of Premiums
Life	50% of Premiums	N/A

5. OPEB Expense Development

<b>Components of the District's OPEB Expenses for the Fiscal Year Ending June 30, 2020</b>	
<b>Description</b>	<b>Amount</b>
I. Service Cost	115,908
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	130,106
III. Deferred (Inflows)/Outflows from Plan Experience*	15,323
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	37,749
V. Projected Earnings on OPEB Plan Investments	(25,744)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	2,226
VII. Financial Statement Expense Prior to Plan Design Changes [I. + II.+ III. + IV. + V. + VI.]	275,568
VIII. Expense Related to Change in Benefit Terms***	0
IX. Financial Statement Expense [VII. + VIII.]	275,568

\* Amortized over 7.00 years

\*\* Amortized over 5.00 years

\*\*\* Recognized Immediately

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

6. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
		Increase (Decrease)	
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances for June 30, 2019	2,502,475	234,188	2,268,287
II. Prior Period Adjustment	171,050	143,840	27,210
III. Balances for June 30, 2019 with Adjustment [I. + II.]	2,673,525	378,028	2,295,497
Changes for the year:			
IV. Service Cost	115,908	0	115,908
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	130,106	0	130,106
VI. Changes in Benefit Terms *	0	0	0
VII. Change in Assumptions **	264,242	0	264,242
VIII. Differences Between Actual and Expected Experience **	(140,481)	0	(140,481)
IX. Net Investment Income	0	10,523	(10,523)
X. Employer Contributions to Trust	0	101,900	(101,900)
XI. Benefit Payments Withdrawn from Trust	0	(101,900)	101,900
XII. Benefit Payments Excluding Implicit Cost	(52,696)	0	(52,696)
XIII. Implicit Cost Amount	(49,204)	0	(49,204)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(101,900)	0	(101,900)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	267,875	10,523	257,352
XVIII. Balances at June 30, 2020 [III.+XVII.]	2,941,400	388,551	2,552,849

\* Recognized Immediately

\*\* Amortized over 7.00 years

7. Changes in Net OPEB Expense

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	2020	2021	2022	2023	2024	2025
2017									
2018	247,743	7.00	176,959	35,392	35,392	35,392	35,392	35,392	35,391
2019	0	7.00	0	0	0	0	0	0	0
2020	(140,481)	7.00	(120,412)	(20,069)	(20,069)	(20,069)	(20,069)	(20,069)	(20,069)
2021									
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			56,547						
Net increase (decrease) in OPEB Expense				15,323	15,323	15,323	15,323	15,323	15,322

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

7. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal	Differences from Changes in Actuarial Assumptions	Recognition Period (years)	Remaining Balance	2020	2021	2022	2023	2024	2025
2017									
2018	0	7.00	0	0	0	0	0	0	0
2019	0	7.00	0	0	0	0	0	0	0
2020	264,242	7.00	226,493	37,749	37,749	37,749	37,749	37,749	37,749
2021									
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			226,493						
Net increase (decrease) in OPEB Expense				37,749	37,749	37,749	37,749	37,749	37,749

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 Earnings	Recognition Period (years)	Remaining Balance	2020	2021	2022	2023	2024	2025
2017									
2018	(4,092)	5.00	(2,456)	(818)	(818)	(818)	(820)		
2019	0	5.00	0	0	0	0	0		
2020	15,221	5.00	12,177	3,044	3,044	3,044	3,044	3,045	
2021									
2022									
2023									
2024									
2025									
2026									
Total Remaining Balance			9,721						
Net increase (decrease) in OPEB Expense				2,226	2,226	2,226	2,224	3,045	0

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

7. Changes in Net OPEB Expense (Continued)

Statement of Outflows & Inflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2020 to be Reported for the Fiscal Year Ending June 30, 2020			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions made subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	176,959	(120,412)	56,547
III. Changes of Assumptions	226,493	0	226,493
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	<u>12,177</u>	<u>(2,456)</u>	<u>9,721</u>
V. Total [I.+II.+III.+IV.]	415,629	(122,868)	292,761

Annual Amortization of Deferred (Inflows)/Outflows	
The balance of deferred (inflows)/outflows as of June 30, 2020 will be recognized in future years as shown below.	
	Year ending June 30:
	2021 55,298
	2022 55,298
	2023 55,296
	2024 56,117
	2025 53,071
	Thereafter 17,681

8. Discount Rate

The discount rate used to measure the Total OPEB Liability was 5.50% as of June 30, 2020 and 4.75% as of July 1, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Collaborative's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 2.66% as of June 30, 2020. The S&P Municipal Bond 20 – Year High Grade Index is the index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

9. 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, 2020 measurement date, total Collaborative premiums plus implicit costs for the retiree medical program were \$101,900. The Collaborative also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$101,900 to be reported on the financial statement for the fiscal year ending June 30, 2020.

10. Investment Policy

The chart below shows how the long-term rate of return on assets is developed based on the Collaborative's Investment Policy.

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	30.50%	Domestic Equity - Large Cap	4.80%
Domestic Equity - Small/Mid Cap	15.00%	Domestic Equity - Small/Mid Cap	5.29%
International Equity - Developed Market	15.00%	International Equity - Developed Market	5.45%
International Equity-Emerging Market	7.50%	International Equity-Emerging Market	6.42%
Domestic Fixed Income	15.25%	Domestic Fixed Income	2.05%
International Fixed Income	7.75%	International Fixed Income	3.00%
Alternatives	7.00%	Alternatives	6.50%
Real Estate	0.00%	Real Estate	6.25%
Cash & Cash Equivalents	<u>2.00%</u>	Cash & Cash Equivalents	<u>0.00%</u>
Total	<u>100.00%</u>		
		I. Real Rate of Return**	4.56%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	7.06%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III.-IV.]	<b>6.81%</b>

\* Based on 2019 Horizon Survey of Capital Market Assumptions

\*\* Geometric Mean

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

11. Schedule of The Collaborative's Contributions

For the Fiscal Year Ending	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, 2020	282,401	(101,900)	180,501	6,038,644	1.69%
June 30, 2019	272,674	(219,416)	53,258	6,898,675	3.18%
June 30, 2018	257,252	(104,618)	152,634	6,697,743	1.56%
June 30, 2017	273,584	(97,992)	175,592	6,502,663	1.51%

12. Effects of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2020 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	2,668,382	2,941,400	3,262,779
II. Fiduciary Net Position	<u>388,551</u>	<u>388,551</u>	<u>388,551</u>
III. Net OPEB Liability (Asset) [I.-II.]	2,279,831	2,552,849	2,874,228
IV. Service Cost	102,372	115,908	132,669

13. Effects of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate as of the June 30, 2020 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
I. Total OPEB Liability	3,257,476	2,941,400	2,667,756
II. Fiduciary Net Position	<u>388,551</u>	<u>388,551</u>	<u>388,551</u>
III. Net OPEB Liability (Asset) [I.-II.]	2,868,925	2,552,849	2,279,205
IV. Service Cost	137,143	115,908	98,029



Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

14. Money Weighted Rate of Return

	Plan Investments / Net External Cash Flows	Periods Invested	Period Weight
I. Beginning value - June 30, 2019	378,028	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	0	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	0	6	0.5000
January	0	5	0.4167
February	0	4	0.3333
March	0	3	0.2500
April	0	2	0.1667
May	0	1	0.0833
June	0	0	0.0000
II. Total net external cash flow	0		
III. Earnings and increase in fair value	10,523		
IV. Ending value - June 30, 2020 [I.+II.+III.]	388,551		
Money Weighted Rate of Return	2.78%		
Asset Value - June 30, 2020	388,551		

15. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2020			
	School Employees and Retirees	Adult Services Employees and Retirees	Non Medicare Eligible Employees and Retirees	Total
I. Total OPEB Liability as of June 30, 2020	1,164,416	813,497	963,487	2,941,400
II. Fiduciary Net Position as of June 30, 2020	153,816	107,461	127,274	388,551
III. Net OPEB Liability (Asset) as of June 30, 2020 [I. - II.]	1,010,600	706,036	836,213	2,552,849
IV. Service Cost	68,590	47,318	0	115,908
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	52,482	37,007	40,617	130,106
VI. Projected Earnings on OPEB Plan Investments	(10,192)	(7,120)	(8,432)	(25,744)
VII. Net Recognition of Deferred (Inflows)/Outflows	21,891	15,294	18,113	55,298
VIII. Expense Related to Change in Benefit Terms	0	0	0	0
IX. Financial Statement Expense [IV. + V. + VII. + VIII.]	132,771	92,499	50,298	275,568
X. Employer Share of Costs	(42,540)	(14,620)	(44,740)	(101,900)
XI. Employer (Payments) Withdrawals to/from OPEB Trust	0	0	0	0
XII. Total Employer Contribution [X. + XI.]	(42,540)	(14,620)	(44,740)	(101,900)
XIII. Net OPEB Expense [IX. + XII.]	90,231	77,879	5,558	173,668

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2020 Measurement Date)

16. OPEB Liability, OPEB Expense and Deferred Inflow/Outflow

Valuation Date	July 1, 2019
For the Measurement Period ending on the Measurement Date of:	June 30, 2020
For the Reporting Period & Fiscal Year ending on:	June 30, 2020
<b>Source of Deferred Inflow/Outflow</b>	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	56,547
II. Deferred (Inflow)/Outflow from Investment Experience	9,721
III. Deferred (Inflow)/Outflow from Changes in Assumptions	226,493
<b>Change in Deferred Inflow/Outflow</b>	
I. Deferred Outflow at the beginning of the period	212,351
II. Deferred Outflow created during the period	279,463
III. Deferred Outflow recognized during the period	76,185
IV. Change in Deferred Outflow (II. - III. )	203,278
V. Deferred Outflow at end of the period (I. + IV. )	415,629
VI. Deferred Inflow at the beginning of the period	(3,274)
VII. Deferred Inflow created during the period	(140,481)
VIII. Deferred Inflow recognized during the period	(20,887)
IX. Change in Deferred Inflow (VII. - VIII. )	(119,594)
X. Deferred Inflow at end of the period (VI. + IX. )	(122,868)
<b>Net OPEB Liability</b>	
I. Net OPEB Liability at beginning of period	2,295,497
II. Service Cost	115,908
III. Interest on Total OPEB Liability, Service Cost, and Payments	130,106
IV. Projected Investment Income	(25,744)
V. Total Employer Contributions	(101,900)
VI. Expense Related to Change in Benefit Terms	0
VII. Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + IV. + V. + VI. )	118,370
VIII. Deferred Outflow created during the period	279,463
IX. Deferred Inflow created during the period	(140,481)
X. Net OPEB Liability at end of period (I. + VII. + VIII. + IX. )	2,552,849
<b>Net OPEB Expense</b>	
I. Service Cost	115,908
II. Interest on Total OPEB Liability, Service Cost, and Payments	130,106
III. Projected Investment Income	(25,744)
IV. Recognition of Deferred (Inflow)/Outflow	55,298
V. Expense Related to Change in Benefit Terms	0
VI. Financial Statement Expense (I. + II. + III. + IV. + V. )	275,568
VII. Benefit Payments	(101,900)
VIII. Contributions to Trust	0
IX. Total Employer Payments (VII. + VIII. )	(101,900)
X. Total Net OPEB Expense under GASB 75 (VI. + IX. )	173,668

Note 13 - Net Position/Fund Balance

The Collaborative implemented Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement No. 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position.

Note 13 - Net Position/Fund Balance (Continued)

Net Position

Net position in government-wide financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Collaborative is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Collaborative for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 13 - Net Position/Fund Balance (Continued)

The Collaborative applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 14 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Collaborative is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented as follows:

Committed	\$ 34,252
Unassigned	<u>1,862,801</u>
<u>Total Fund Balance</u>	<u>\$1,897,053</u>

Note 15 - Committed - Capital Reserve Fund

Per the request of member school committees, the Collaborative Board approved the establishment of a capital reserve fund to support costs associated with the acquisition, maintenance, and improvements of fixed assets, including real property, to benefit the Collaborative with a maximum cumulative reserve balance of \$500,000 as amended and to make an initial deposit up to a maximum of \$50,000 from fiscal year 2015 surplus funds and/or cumulative general surplus funds into the restricted capital reserve account. During fiscal year 2017, the capital reserve fund of \$50,000 was used to supplement the improvement project at the Collaborative's building on Acushnet Avenue in New Bedford. At the end of fiscal year 2017, the Board voted to move \$50,000 back into the capital reserve fund.

At the end of fiscal year 2019, the Board voted to transfer \$50,000 of fiscal year 2019 surplus to the capital reserve fund. During fiscal year 2020, the Board voted to use funds from the capital reserve fund to pay for two vans. The actual amount transferred between the capital reserve bank account and the regular operating account was \$66,055; however, this amount was reduced by unrestricted interest from the capital reserve bank account already reported as part of the general fund in fiscal year 2020 as well as prior fiscal years. Because of this reduction, \$65,748 is reported as the transfer between the general fund and capital reserve fund on the Statement of Revenues and Expenditures for fiscal year 2020.

Also, during fiscal year 2020, the Board approved amended language in the capital reserve fund document to allow the Collaborative to use capital reserve funds for improvements at any Collaborative property which has a valid long-term lease (5+ years).

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2020

Note 16 - Line of Credit

On July 24, 2012, the Collaborative was approved for a line of credit agreement with Rockland Trust that provides for secured borrowings of up to \$200,000. The secured line of credit is on a revolving basis and is payable on demand as well as subject to review on an annual basis for renewal. As collateral for the loan, the Collaborative grants the bank a valid first mortgage on the property located in New Bedford, Massachusetts along with the assignment of rents and leases.

In addition, the Collaborative grants the bank a valid first security interest in all business assets. The principal amount of the loan outstanding bears interest at an annual floating rate using the national prime rate plus .50% per annum.

The outstanding balance as of June 30, 2020 was \$ -0-. Interest paid during the fiscal year was \$ -0-.

Note 17 - Budgetary Basis of Accounting

The Collaborative prepares and adopts its annual budget on a budget basis, which is different from generally accepted accounting principles (GAAP basis). The Statement of Revenues and Expenditures – Budget and Actual is presented in accordance with the Collaborative’s method (budget basis) to provide meaningful budgetary comparisons to actual results. Reconciliation of actual amounts (budget basis) and actual expenditures (budget basis) to GAAP revenues and expenditures is as follows:

Revenues – Actual		\$11,872,076
Adjustments		<u>-</u>
Revenues – GAAP		<u>\$11,872,076</u>
Expenditures – Actual		\$12,043,724
Adjustments:		
Accrual of compensated absences	\$ 39	
Prepaid expenses	( 12,935)	
Net capitalized costs for vehicles and improvements	( 189,783)	
Depreciation recognized on capital assets	96,653	
Net OPEB obligation	<u>173,668</u>	
Total adjustments		<u>67,642</u>
Expenditures – GAAP		<u>\$12,111,366</u>

Note 18 - Prior Period Adjustment

The Collaborative has recorded a prior period adjustment after having a new actuarial valuation completed under GASB Statement No.75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions. The prior period adjustment relates to changes in assumptions and plan experience as well as other factors used to determine Total OPEB Liability. The beginning net position

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Concluded)  
June 30, 2020

Note 18 - Prior Period Adjustment (Continued)

has decreased by \$140,439 in accordance with the actuaries' calculation shown in the GASB Statements Nos. 74/75 Actuarial Valuation delivered October 2020.

Note 19 - Subsequent Events

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of nonessential businesses and limited essential businesses operations as well as remote-only or limited in-person school operations. While the disruption is expected to be temporary, there is considerable uncertainty around the duration. The extent of the impact of COVID-19 on the Collaborative's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on member districts, students, employees and vendors all of which are uncertain and cannot be predicted. As of the date of this report, the Massachusetts state budget for fiscal year 2021 has not yet been approved by the legislature or the Governor's office. Therefore, the Collaborative's state contract amounts and overall revenues are still uncertain at the end of the second quarter of the fiscal year and the related financial impacts cannot be reasonably estimated at this time.

Management has evaluated the impact of all subsequent events through November 30, 2020, the date on which the financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Required Supplementary Information – Schedule of Pension Plan Contributions

A. Special Funding Situation – Massachusetts Teachers’ Retirement System (MTRS)

GASB Statement No. 68 requires nonemployer entities (the Commonwealth of Massachusetts) to provide certain “on-behalf” pension information to employer cities and towns whose teachers’ pensions the Commonwealth is legally responsible for funding in a special funding situation. The current Massachusetts Teachers’ Retirement System’s GASB Statement No. 68 report uses a measurement date of June 30, 2019 but is to be used in the employer fiscal year 2020 financial statements. The following schedule of pension plan contributions for the Massachusetts Teachers’ Retirement System is presented for the last four fiscal years, using the prior year as the measurement date, for comparative purposes:

	<u>Commonwealth of Massachusetts</u>					
<u>Fiscal Year</u> <u>Measurement Date</u>	<u>2020</u> <u>2019</u>	<u>2019</u> <u>2018</u>	<u>2018</u> <u>2017</u>	<u>2017</u> <u>2016</u>	<u>2016</u> <u>2015</u>	<u>2015</u> <u>2014</u>
Actuarial determined calculation	\$324,446	\$ 273,023	\$ 250,324	\$ 213,435	\$ 171,600	\$ 183,128
Contributions in relation to actuarial determined contribution	(324,446)	(273,023)	(250,324)	(213,435)	(171,600)	(183,128)
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Collaborative’s covered payroll (approximate)	\$2,675,934	\$1,800,862	\$1,675,118	\$1,541,479	\$1,302,569	\$858,237
Collaborative’s contributions as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collaborative’s proportionate share of the collaborative net pension liability as percentage of covered payroll	211.75%	273.41%	276.80%	275.28%	264.14%	307.13%

\*See Note 3 for more information

*Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years when information is available.*

See Independent Auditor’s Report



Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Required Supplementary Information – Schedule of Pension Plan Contributions

**B. Special Funding Situation – Massachusetts State Employees’ Retirement System (MSERS)**

GASB Statement No. 68 requires nonemployer entities (the Commonwealth of Massachusetts) to provide certain “on-behalf” pension information to employer cities and towns whose pensions the Commonwealth is legally responsible for funding in a special funding situation. The current Massachusetts State Employees’ Retirement System’s GASB Statement No. 68 report uses a measurement date of June 30, 2019 but is to be used in the employer fiscal year 2020 financial statements. The following schedule of pension plan contributions for the Massachusetts State Employees’ Retirement System is presented for the last four fiscal years, using the prior year as the measurement date, for comparative purposes:

	<u>Commonwealth of Massachusetts</u>					
<u>Fiscal Year</u> <u>Measurement Date</u>	<u>2020</u> <u>2019</u>	<u>2019</u> <u>2018</u>	<u>2018</u> <u>2017</u>	<u>2017</u> <u>2016</u>	<u>2016</u> <u>2015</u>	<u>2015</u> <u>2014</u>
Actuarial determined calculation	\$268,358	\$297,556	\$247,281	\$230,773	\$222,012	\$ 210,599
Contributions in relation to actuarial determined contribution	<u>(268,358)</u>	<u>(297,556)</u>	<u>(247,281)</u>	<u>(230,773)</u>	<u>(222,012)</u>	<u>(210,599)</u>
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Collaborative’s covered payroll (approximate)	\$4,399,311	\$4,877,967	\$4,415,732	\$4,120,946	\$3,964,500	\$3,760,696
Collaborative’s contributions as a percentage of its covered payroll	6.1%	6.1%	5.6%	5.6%	5.6%	5.6%
Collaborative’s proportionate share of the collaborative net pension liability as percentage of covered payroll	259.41%	225.69%	221.83%	238.16%	193.57%	117.96%

\*See Note 3 for more information

*Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years when information is available.*

See Independent Auditor’s Report

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Required Supplementary Information – OPEB  
(As of the June 30, 2020 Measurement Date)

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. We have 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 and the amount actually contributed to the plan:

	Actuarially Determined Contribution - Deficiency / (Excess)			
	June 30, 2020	June 30, 2019	For the Fiscal Year Ending:	
			June 30, 2018	June 30, 2017
I. Service Cost	115,908	135,798	121,095	143,374
II. 30 Year Level Dollar Amortization of NOL	<u>166,493</u>	<u>136,876</u>	<u>136,157</u>	<u>130,210</u>
III. Actuarial Determined Contribution [I. + II.]	282,401	272,674	257,252	273,584
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(101,900)</u>	<u>(219,416)</u>	<u>(104,618)</u>	<u>(97,992)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>180,501</u>	<u>53,258</u>	<u>152,634</u>	<u>175,592</u>
Covered Employee Payroll	6,038,644	6,898,675	6,697,743	6,502,663
Contributions as a % of Covered Employee Payroll	1.69%	3.18%	1.56%	1.51%
Discount Rate	5.50%	4.75%	4.75%	4.75%
Money Weighted Rate of Return	2.78%	8.04%	5.80%	5.63%

See Independent Auditor's Report

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Required Supplementary Information – OPEB (Continued)  
(As of the June 30, 2020 Measurement Date)

Schedule of Changes in the District's Net OPEB Liability and Related Ratios				
Valuation Date	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2017
GASB 75 Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>	2,941,400	2,673,525	2,502,475	2,354,864
I. Service Cost	115,908	135,798	121,095	143,374
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	130,106	129,668	106,134	96,650
III. Changes in Benefit Terms	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	(140,481)	0	0	247,743
V. Changes of Assumptions	264,242	0	0	0
VI. Benefit Payments Excluding Implicit Cost	(52,696)	N/A	N/A	N/A
VII. Implicit Cost Amount	(49,204)	N/A	N/A	N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(101,900)	(94,416)	(79,618)	(47,992)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	267,875	171,050	147,611	439,775
X. Total OPEB Liability - Beginning of Period	2,673,525	2,502,475	2,354,864	1,915,089
XI. Prior Period Adjustment	0	0	0	0
XII. Total OPEB Liability - Beginning of Period with Adjustment	2,673,525	2,502,475	2,354,864	1,915,089
XIII. Total OPEB Liability - End of Period [IX.+XII.]	2,941,400	2,673,525	2,502,475	2,354,864
<b>Plan Fiduciary Net Position</b>	388,551	378,028	234,188	197,038
XIV. Earning from Plan Investments	10,523	18,840	12,150	7,836
XV. Employer Contribution to Trust	101,900	219,416	104,618	97,992
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(101,900)	(94,416)	(79,618)	(47,992)
XVII. Administrative Expense	0	0	0	0
XVIII. Other	0	0	0	0
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	10,523	143,840	37,150	57,836
XX. Plan Fiduciary Net Position - Beginning of Period	378,028	234,188	197,038	139,202
XXI. Prior Period Adjustment	0	0	0	0
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	378,028	234,188	197,038	139,202
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	388,551	378,028	234,188	197,038
XXIV. Net OPEB Liability [XIII.-XXIII.]	2,552,849	2,295,497	2,268,287	2,157,826
XXV. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIII. / XIII.]	13.21%	14.14%	9.36%	8.37%
XXVI. Covered Employee Payroll	6,038,644	6,898,675	6,697,743	6,502,663
XXVII. Plan NOL as % of Covered Employee Payroll [XXIV. / XXVI.]	42.28%	33.27%	33.87%	33.18%
Single Discount Rate to calculate Plan Liabilities	5.50%	4.75%	4.75%	4.75%

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of July 1, 2019

Actuarial Cost Method: Individual Entry Age Normal

Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2020

See Independent Auditor's Report

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Required Supplementary Information – OPEB (Continued)  
(As of the June 30, 2020 Measurement Date)

Actuarial Assumptions:

Investment Rate of Return:	6.81% net of OPEB plan investment expense, including inflation
Municipal Bond Rate:	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index -SAPIHG)
Single Equivalent Discount Rate:	5.50%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2020 and for future periods
Salary Increases:	3.00% annually as of June 30, 2020 and for future periods
Cost of Living Adjustment:	Not Applicable
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females  Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016 for males and females
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females

See Independent Auditor's Report

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Required Supplementary Information – OPEB (Continued)  
(As of the June 30, 2020 Measurement Date)

Actuarial Assumptions (Continued):

Disabled Mortality:

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year

Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females

Plan Membership:

Plan Membership: At July 1, 2019, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	7
Active Employees:	<u>148</u>
Total:	155

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 July 1, 2017 to June 30, 2020

- Due to GASB 75 standards the discount rate has been changed from 4.75% to 5.50%
- Based on recommendations by PERAC, the mortality table has been updated from RP-2000 Mortality Table projected generationally with scale BB and a base year 2009 for males and females to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females
- The expected long-term medical trend has been updated to 4.50%
- Based on recent research by the Society of Actuaries, we have updated the assumption for morbidity or age-related costs of medical care

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Required Supplementary Information – OPEB (Continued)  
(As of the June 30, 2020 Measurement Date)

Contributions/Withdrawals:

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. The Collaborative contributed \$0 beyond the pay-as-you-go cost for the period ending on the June 30, 2020 Measurement Date. Total Collaborative premiums plus implicit costs for the retiree medical program are \$101,900 of which \$49,204 represents implicit costs.

Census Data Manipulation:

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:	Two thirds of school participants were teachers.
Other Material Changes:	No other data changes were deemed to be material.

BENOIT & McARDLE, P.C.  
Certified Public Accountants

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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  
Southeastern Massachusetts  
Educational Collaborative  
Dartmouth, Massachusetts

We have audited, 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, the financial statements of the governmental activities and the aggregate remaining fund information of Southeastern Massachusetts Educational Collaborative, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Southeastern Massachusetts Educational Collaborative's basic financial statements and have issued our report thereon dated November 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southeastern Massachusetts Educational Collaborative's internal control over financial reporting (internal control) to determine the 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 Southeastern Massachusetts Educational Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of Southeastern Massachusetts Educational 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 entity'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.

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

**Internal Control Over Financial Reporting (Continued)**

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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southeastern Massachusetts Educational 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 determination of financial statement amounts. 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.

We noted certain other matters that we reported to management of Southeastern Massachusetts Educational Collaborative in a separate letter dated November 30, 2020.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Benoit & McArdle, P.C.*

Benoit & McArdle, P.C.  
Certified Public Accountants

Marion, Massachusetts  
November 30, 2020



Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Disclosures Required By the Commonwealth of Massachusetts  
Chapter 43 of The Acts of 2012 of the Massachusetts General Laws

1. The names, duties, and total compensation of the five most highly compensated employees

<u>Employee</u>	<u>Title</u>	<u>Compensation</u>
Catherine Cooper	Executive Director	\$150,409
Michelle Goettlich	Student Services Director	99,786
Christopher Haraden	Director of Finance & Operations	97,359
Nelson Cordeiro	Adult Services Director	96,796
Kimberly Wilmot	Assistant Student Services Director	94,718

Description of Duties

Executive Director - Responsible for all matters of decision and administration which come within the scope as executive officer. Responsibilities include but are not limited to: confirming that the Collaborative is in compliance with federal and state laws, as applicable; assistance in preparing the Collaborative budgets; overseeing the accounting department; overseeing all programs; and reviewing and submitting monthly attendance records for adult services programs.

Student Services Director - Responsible for all LEA funded schoolyear and summer programs. Responsibilities include but are not limited to: supervising and coordinating the overall day-to-day operations and maintenance of all LEA funded school-year and summer programs; supervising and evaluating all professional staff within the LEA funded programs; supervising the IEP process and maintenance of student records for all LEA funded students; and confirming that the LEA programs are in compliance with MA Curriculum Frameworks as well as the Department of Elementary and Secondary Education guidelines and procedures, as applicable.

Director of Finance & Operations - Responsible for financial matters of the Collaborative. Responsibilities include but are not limited to: financial reporting, UFR reporting, providing assistance to Executive Director with budget preparation and tracking, invoicing and overseeing payroll, accounts payable and other financial matters of the Collaborative.

Adult Services Director - Responsible for the SAIL and ADH programs. Responsibilities include but are not limited to: reviewing pre and post ISP paperwork; completing and submitting monthly Department of Developmental Services' census paperwork; completing monthly ESDR reports; completing monthly attendance records for adult services programs; and oversight of personnel and consumers within the adult services programs.

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Disclosures Required By the Commonwealth of Massachusetts  
Chapter 43 of The Acts of 2012 of the Massachusetts General Laws (Continued)

1. The names, duties, and total compensation of the five most highly compensated employees (continued)

Description of Duties (continued)

Assistant Student Services Director - Responsible for assisting the Student Services Director with the LEA funded school-year and summer programs. Responsibilities are similar to the responsibilities of the Student Services Director and include but are not limited to: supervising and evaluating all professional staff within the LEA funded programs; supervising the IEP process and maintenance of student records for all LEA funded students; and confirming that the LEA programs are in compliance with MA Curriculum Frameworks as well as the Department of Elementary and Secondary Education guidelines and procedures, as applicable.

2. Transactions between the Collaborative and any related for-profit or non-profit organization

None

3. Amounts expended on services for individuals age 22 and older

For fiscal year 2020, the SAIL program expended \$3,367,605 and the ADH program expended \$1,085,245.

4. Amounts expended on administration and overhead

Administration and Overhead	\$844,306
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5. Accounts held by the Collaborative that may be spent at the discretion of another person or entity

None

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

Acushnet Public Schools	\$ 11,844
Dartmouth Public Schools	8,383
Fairhaven Public Schools	46,399
Old Rochester Regional School District	11,844
Rochester Public Schools	20,227
Mattapoisett Public Schools	20,227
25 Russell Mills Rd, Dartmouth, MA - Landlord - (Four Kings, LLC)	328,636
	<u>\$447,560</u>

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2020

Disclosures Required By the Commonwealth of Massachusetts  
Chapter 43 of The Acts of 2012 of the Massachusetts General Laws (Concluded)

7. Annual determination and disclosure of cumulative surplus

<b>FY20 Cumulative Surplus Calculation Worksheet</b>			
Enter values below			Page in FY20 FS
(A)	<b>Voted Cumulative Surplus as of 6/30/19</b>	\$ 1,968,701	(A) <u>p.20</u>
(B)	Amount of (A) <u>used</u> to support the FY20 Budget (B)1	\$ -	
	Amount of (A) <u>returned</u> to member districts (B)2	\$ -	
	(B)1 + (B)2 = (B)	\$ - (B)	
(C)	<b>Unexpended FY20 General Funds (includes money from capital reserve fund</b>	\$ (105,900)	(C) <u>p.20</u>
(D)	Cumulative Surplus as of 6/30/20	(A) - (B) + (C) = (D) \$ 1,862,801	(D)
(E)	<b>FY20 Total General Fund Expenditures*</b>	\$ 9,757,803	(E) <u>p.20</u>
(F)	Cumulative Surplus Percentage	(D) ÷ (E) 19.09%	(F) <u>p.20</u>
*Excludes intergovernmental expense and includes transfers to postemployment benefits trust and capital reserve fund, net of any transfers to the general fund from the capital reserve.			