

Southeastern Massachusetts Educational Collaborative

Table of Contents

Year Ended June 30, 2018

	<u>Page</u>
Management Discussion and Analysis	1-12
Independent Auditor's Report	13-15
Statement of Net Position	16
Statement of Activities	17
Governmental Funds Balance Sheet	18
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	19
Statement of Net Position – Fiduciary Fund	20
Statement of Changes in Net Position – Fiduciary Fund	21
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues and Expenditures – Budget and Actual	24
Notes to Financial Statements	25-65
Supplementary Information	
Required Supplementary Information – Schedule of Pension Plan Costs	66-67
Required Supplementary Information – OPEB	68-70
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	71-72
Disclosures Required by the Commonwealth of Massachusetts Chapter 43 of The Acts of 2012 of the Massachusetts General Laws	73-75

Southeastern Massachusetts Educational Collaborative

Required Supplementary Information

Management Discussion and Analysis

June 30, 2018

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 \$4,122,064 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 S.A.I.L. (Supporting Adults for Inclusive Living) program through various service contracts totaling \$4,162,343 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 \$900,837 for tuition and transportation costs and the Department of Elementary and Secondary Education reimbursed the Collaborative \$54,547 for food costs during the fiscal year.
- The assets of the Collaborative exceeded its liabilities at the close of the fiscal year by \$460,035 (net position).

Collaborative Highlights

During fiscal year 2018, some of the Collaborative's highlights included:

- In April, 2018, the Massachusetts Department of Elementary and Secondary Education conducted a Compliance and Fiscal Review focusing on the Collaborative's business and financial policies and procedures. The final report was issued in June and the Collaborative was found to be in compliance with all areas reviewed with a notation that the Collaborative exhibits a number of best practices.
- At the start of the 2017-2018 school year, the Collaborative moved the Primary Language Program (PLP) to a new double classroom space at the Rochester Memorial School through a lease with the Rochester School Committee effective August 2017. The program can now serve students in grades K-6 due to the new space being divided into two adjacent classrooms.
- Also at the start of the 2017-2018 school year, the prior PLP location at East Fairhaven Elementary School was transformed into the Multidisciplinary Learning Center which specializes in serving elementary age children with physical/multiple disabilities and/or medical fragility. This program serves students in grades 1-5.
- At the end of FY18, the Collaborative hired a new Director of Finance and Operations, Christopher Haraden, to replace Jill Brilhante, who left to take a position with a public school district in June 2018.

Using This Annual Report

The following graphic is provided for your review.

MD&A	Management Discussion & Analysis	
Basic Financial Statements	Government-Wide Financial Statements Pages 16 & 17	Fund Financial Statements Pages 18 & 19
	Notes to Financial Statements Pages 25-65	
Other Required Supplementary Information	Pages 66-75	

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 22 and 23.

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.

Southeastern Massachusetts Educational Collaborative  
 Management Discussion and Analysis  
 June 30, 2018

Government-Wide Financial Analysis

	<u>Summary Statement of Net Position</u> <u>Governmental Activities</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Current and other assets	\$2,026,345	\$1,679,994
Capital assets, net of accumulated depreciation	<u>582,928</u>	<u>509,164</u>
<u>Total Assets</u>	<u>2,609,273</u>	<u>2,189,158</u>
Deferred Outflows of Resources	<u>247,743</u>	-
Total Assets and Deferred Outflows	<u>2,857,016</u>	<u>2,189,158</u>
Current liabilities	215,577	187,390
Noncurrent liabilities		
Other post-employment benefits	2,157,826	1,849,314
Other	<u>19,486</u>	<u>16,802</u>
<u>Total Liabilities</u>	<u>2,392,889</u>	<u>2,053,506</u>
Deferred Inflows of Resources	<u>4,092</u>	-
<u>Net Position</u>		
Net investment in capital assets	582,928	509,164
Restricted	50,000	50,000
Unrestricted	<u>( 172,893)</u>	<u>( 423,512)</u>
<u>Total Net Position</u>	<u>\$ 460,035</u>	<u>\$ 135,652</u>

Normal Impacts

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

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.

Government-Wide Financial Analysis (Continued)

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.

Current Year Impacts

Net Position - The total net position of the Collaborative exceeded its liabilities for the year ended June 30, 2018 by \$460,035 (presented as “net position”) which included an Other Post-employment Benefits (OPEB) obligation, in the amount of \$2,157,826, as the result of adopting GASB 45 in fiscal year 2012 and GASB 75 in fiscal year 2018. Of this amount, \$(172,893) was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Collaborative’s ongoing obligations to member towns and creditors.

In fiscal year 2018, the Collaborative’s total net position increased by \$250,956. This increase included the recognition of additional net Other Post-employment Benefits (OPEB) expense in the net amount of \$138,288 (actuarially calculated annual OPEB cost \$235,410 less actual payments for current retirees of \$47,122 and \$50,000 transferred to Trust Fund, using June 30, 2017 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.

Southeastern Massachusetts Educational Collaborative  
Management Discussion and Analysis  
June 30, 2018

Government-Wide Financial Analysis (Continued)

Summary Statement of Activities and Changes in Net Position

The following reflects the condensed statement of activities:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
<u>Revenues</u>		
<u>Program revenues:</u>		
Charges for services	\$ 5,119,007	\$ 5,184,696
Operating grants and contributions	1,523,892	1,581,644
<u>General revenues:</u>		
Tuitions	4,122,064	3,431,228
Miscellaneous	98,032	115,687
Investment income	620	346
<u>Total Revenues</u>	<u>10,863,615</u>	<u>10,313,601</u>
<u>Expenses</u>		
Administration	801,258	761,754
Instruction	2,552,837	2,279,228
Other school services	130,775	88,111
Operations/maintenance	127,129	137,203
Fixed charges	545,634	454,244
Intergovernmental on behalf payments	1,517,809	1,576,450
Other post-employment benefits	138,288	173,422
Health services	128,273	165,934
Depreciation expense	72,289	71,838
Summer programs	137,017	108,292
Grants	12,755	3,248
S.A.I.L.	3,652,171	3,785,871
ADH	771,424	723,170
<u>Total Expenses</u>	<u>10,587,659</u>	<u>10,328,765</u>
Transfer to Fiduciary Fund	( 25,000)	-
Increase (decrease) in Net Position	<u>250,956</u>	<u>( 15,164)</u>
Net Position – beginning of year as previously reported	135,652	150,816
Adjustment for the adoption of GASB 75	<u>73,427</u>	<u>-</u>
Net Position – beginning of year (as restated)	<u>209,079</u>	<u>150,816</u>
Net Position – end of year	<u>\$ 460,035</u>	<u>\$ 135,652</u>

Government-Wide Financial Analysis (Continued)

Normal Impacts

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 74% 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

Revenues

Major revenue sources of the governmental activities consist of the purchase of service revenue and tuitions which represented approximately 47% and 38% of total 2018 revenues, respectively. Purchase of service revenue increased 3% for the year and tuition revenue increased 20% for the year.

Expenses

During the current fiscal year total expenses without intergovernmental on behalf payments increased about 4% 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.

Government-Wide Financial Analysis (Continued)

Expenses (continued)

The overall percentage change for the combined administrative expenses, instruction expenses and fixed charges was an increase of 12% from the previous fiscal year. As a result, net position increased during the year by \$250,956 which was \$266,120 more than the previous year. The increase in provider rates during the prior fiscal years, per Chapter 257 of the Acts of 2008, as well as a rise in tuition revenue allowed the Collaborative to expand its budget and end the fiscal year with a surplus. Expanding its budget included increasing its pay scale and salaries for employees, as applicable, as well as to increase other related expenses to aid in the growth of the Collaborative's programs.

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 \$1,652,383 of which \$1,602,383 is unassigned. The fund balance increased \$228,074 from the previous fiscal year. In addition, cash increased by \$32,676 and accounts receivable increased by \$223,547, both related to each other. The accounts receivable increase was due to a higher amount of receivables at year end than in the previous fiscal year because of timing of when invoices were mailed and payments were received near year end. Revenues also increased causing accounts receivable to be higher overall throughout fiscal year 2018. Also, the current liabilities increased by \$28,187. This increase was related to the higher revenues which allowed for more purchases for programs during the fiscal year.

General Fund Budgetary Highlights

The major differences between the actual revenue at year end and the final budgeted revenue related to change 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. At the end of the fiscal year, actual revenues for fiscal year 2018 were approximately \$34,000 more than the final budgeted revenue figure, after adjusting the variance by the intergovernmental on behalf payments.

The major differences between the actual expenditure budget and the final expenditure budget were mostly related to payroll costs. Some of the payroll costs in this budget are difficult to forecast because of various factors related to the programs such as the changing needs of consumers and students as well as the unpredictability of employees. This also contributed to the major differences in the original expenditure budget and the final expenditure budget. The schedule of budgetary information is provided on page 24.

### 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 \$101,567, building improvements totaling \$117,783 with accumulated depreciation totaling \$5,537, vehicles costing \$547,583 with accumulated depreciation totaling \$315,900 as well as security equipment totaling \$75,616 with accumulated depreciation of \$29,888. The Collaborative's capitalization policy is to capitalize assets costing \$5,000 or greater with a useful life of 3 years or more. In fiscal year 2018, five vans were purchased. Van One had a cost of \$11,625 with accumulated depreciation totaling \$1,550; Van Two had a cost of \$9,135 with accumulated depreciation totaling \$1,218; Van Three had a cost of \$40,970 with accumulated depreciation totaling \$4,780; Van Four had a cost of \$24,999 with accumulated depreciation totaling \$417 and Van Five had a cost of \$24,999 with accumulated depreciation totaling \$417. In fiscal year 2018, new security cameras and SmartBoards were purchased totaling \$34,326 with accumulated depreciation totaling \$1,239. Net position in the net investment in capital assets is \$582,928 for the fiscal year.

### New Accounting Standard

The Collaborative adopted GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, for the fiscal year ending 2018. The adoption of GASB 75 introduces a new actuarial cost method and discount rate as well as new disclosures and methodologies for reporting plan liabilities and OPEB expenses. Significant changes have been made to the recognition of OPEB expenses, which makes the comparison of Net OPEB Expense in the current valuation to the expenses reported under GASB 45 misleading. The liability reported on the Collaborative balance sheet is likely to increase dramatically as GASB 75 require the recognition of liabilities immediately rather than over a 30 year period as GASB 45 allowed.

### Economic Factors and Next Year's Budget

The original fiscal year 2019 budgets were approved at the May 30, 2018 meeting. The original Administrative Budget was approved in the amount of \$920,855; the original Student Services Budget was approved in the amount of \$4,530,539 of which \$436,135 was allocated as administrative costs; the original S.A.I.L. Budget was approved in the amount of \$4,161,326 of which \$398,720 was allocated as administrative costs; and the original ADH Budget was approved the amount of \$952,324 of which \$86,000 was allocated as administrative costs.

The Collaborative closed the Early Childhood Program (ECP) at Acushnet Elementary School at the close of the 2017-2018 school year due to an extended period of under enrollment and SMEC did not renew the lease for FY19 with the Acushnet School District for that space. The Collaborative staff members from the ECP program were reassigned to the PLP program at Rochester Memorial School as of July 2018 in order to allow for the PLP to serve a wider age range of students.

Southeastern Massachusetts Educational Collaborative  
Management Discussion and Analysis  
June 30, 2018

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

---

James N. Benoit, CPA  
Joseph L. McArdle, Jr., CPA

240 Wareham Road ~ P.O. Box 1037  
Marion, Massachusetts 02738  
Phone: (508) 748-1611  
Fax: (508) 748-2216

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, 2018, 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. 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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, June 30, 2018, and the respective changes in financial position and the respective budgetary as of 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's discussion and analysis and budgetary comparison information on pages 1 through 12, Statement of Revenues and Expenditures – Budget to Actual on page 24, 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.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**Other Information (Continued)**

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 15, 2018, 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.*

Benoit & McArdle, P.C.  
Certified Public Accountants

Marion, Massachusetts  
November 15, 2018

Southeastern Massachusetts Educational Collaborative

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
<u>Assets</u>	
<u>Current Assets:</u>	
Cash - unrestricted	\$ 429,521
Cash - Capital Reserve	50,072
Receivables	1,388,367
Prepaid expenses	158,385
<u>Total Current Assets</u>	<u>2,026,345</u>
<u>Non-current Assets:</u>	
Capital assets, net of accumulated depreciation	582,928
<u>Total Non-current Assets</u>	<u>582,928</u>
<u>Deferred Outflows of Resources</u>	
Associated with net OPEB liability	247,743
<u>Total Deferred Outflows of Resources</u>	<u>247,743</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 2,857,016</u>
<u>Liabilities</u>	
<u>Current Liabilities:</u>	
Accounts payable	
Trade	\$ 211,074
Employees	4,503
<u>Total Current Liabilities</u>	<u>215,577</u>
<u>Long-term Liabilities:</u>	
Other post-employment benefits obligation	2,157,826
Compensated absences	19,486
<u>Total Long-term Liabilities</u>	<u>2,177,312</u>
<u>Total Liabilities</u>	<u>2,392,889</u>
<u>Deferred Inflows of Resources</u>	
Associated with net OPEB liability	4,092
<u>Total Deferred Inflows of Resources</u>	<u>4,092</u>
<u>Net Position</u>	
<u>Net Position:</u>	
Net investment in capital assets	582,928
Restricted	50,000
Unrestricted	(172,893)
<u>Total Net Position</u>	<u>\$ 460,035</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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
<u>Governmental Activities</u>				
Administration	\$ 801,258	\$ 398,720	\$ -	\$ (402,538)
Instruction	2,552,837	-	-	(2,552,837)
Other school services	130,775	-	-	(130,775)
Operations/maintenance	127,129	-	-	(127,129)
Fixed charges	545,634	-	-	(545,634)
Intergovernmental on behalf payments	1,517,809	-	1,517,809	-
Other post-employment benefits	138,288	-	-	(138,288)
Health services	128,273	-	-	(128,273)
Depreciation expense	72,289	-	-	(72,289)
Summer programs	137,017	-	-	(137,017)
Grants	12,755	-	6,083	(6,672)
S.A.I.L.	3,652,171	3,764,903	-	112,732
ADH	771,424	955,384	-	183,960
<u>Total</u>	<u>\$ 10,587,659</u>	<u>\$ 5,119,007</u>	<u>\$ 1,523,892</u>	<u>(3,944,760)</u>
 <u>General Revenues</u>				
				4,122,064
				98,032
				620
				<u>4,220,716</u>
				(25,000)
				<u>250,956</u>
				135,652
				73,427
				<u>209,079</u>
				<u>\$ 460,035</u>

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

Southeastern Massachusetts Educational Collaborative

Governmental Funds Balance Sheet

June 30, 2018

	<u>General Fund</u>
<u>Assets</u>	
<u>Cash</u>	
Cash - unrestricted	\$ 429,521
Cash - Capital Reserve	50,072
<u>Accounts Receivable</u>	
Member towns	824,428
Non-member towns	108,343
Commonwealth of Massachusetts	452,952
Self pays and miscellaneous	<u>2,644</u>
<u>    Total Assets</u>	<u>\$ 1,867,960</u>
<u>Liabilities</u>	
<u>Accounts payable</u>	
Trade	\$ 52,294
Employees	4,503
<u>Accrued payroll</u>	138,519
<u>Payroll withholdings</u>	<u>20,261</u>
<u>    Total Liabilities</u>	<u>215,577</u>
<u>Fund Balances</u>	
<u>Committed</u>	
Capital Reserve	50,000
<u>Unassigned</u>	<u>1,602,383</u>
<u>    Total Fund Balances</u>	<u>1,652,383</u>
<u>    Total Liabilities and Fund Balances</u>	<u>\$ 1,867,960</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, 2018

	<u>General Fund</u>
<u>Revenues</u>	
Tuition member	\$ 3,809,574
Tuition non-member	312,490
DDS revenue	4,025,592
MCB revenue	136,751
DESE revenue	54,547
MassHealth revenue	900,837
Intergovernmental on behalf payments	1,517,809
Professional development	87,836
Consumer self pays	1,280
Grants	6,083
Investment income	620
Miscellaneous	10,196
<u>Total Revenues</u>	<u>10,863,615</u>
<u>Expenditures</u>	
Administration	800,080
Instruction	2,576,539
Other school services	140,071
Operations/maintenance	127,129
Fixed charges	583,041
Intergovernmental on behalf payments	1,517,809
Health Services	128,273
Grant	12,755
Acquisition of equipment	86,729
Summer programs	137,017
S.A.I.L.	3,714,350
ADH	786,748
<u>Total Expenditures</u>	<u>10,610,541</u>
<u>Excess of Revenues Over Expenditures</u>	253,074
<u>Other Financing Uses</u>	
Transfer to Fiduciary Fund	<u>(25,000)</u>
<u>Total Other Financing Uses</u>	<u>(25,000)</u>
<u>Net Change in Fund Balance</u>	228,074
<u>Fund Balance – July 1, 2017</u>	<u>1,424,309</u>
<u>Fund Balance – June 30, 2018</u>	<u>\$ 1,652,383</u>

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

Southeastern Massachusetts Educational Collaborative

Statement of Net Position - Fiduciary Fund

June 30, 2018

	<u>OPEB Trust Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 2,331
Investments at market value	<u>231,857</u>
<u>Total Assets</u>	<u>\$ 234,188</u>
<u>Net Position</u>	
Amounts held in trust - Restricted for OPEB	<u>\$ 234,188</u>
<u>Total Net Position</u>	<u>\$ 234,188</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, 2018

	<u>OPEB Trust Fund</u>
<u>Additions</u>	
Contributions	\$ 25,000
Investment Earnings:	
Net Increase in Fair Value of Investments	4,490
Investment income	<u>8,074</u>
Total Investment Earnings	12,564
Less Investment Expenses	<u>(414)</u>
Net Investment Earnings	<u>12,150</u>
Total Additions - Net	<u>37,150</u>
<u>Deductions</u>	
Benefits and Administrative Expenses	<u>-</u>
Total Deductions	<u>-</u>
<u>Change in Net Position</u>	37,150
<u>Net Position at Beginning of Year</u>	<u>197,038</u>
<u>Net Position at End of Year</u>	<u>\$ 234,188</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, 2018

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

Total Governmental Fund Balances		\$ 1,652,383
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 1,035,820	
Accumulated depreciation	<u>(452,892)</u>	
		582,928
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>158,385</u>	
		158,385
Deferred outflows of resources and deferred inflows of resources are reported on the government-wide financial statements to be amortized over future periods:		
Deferred outflows from earnings on investments - OPEB	247,743	
Deferred inflows from expected and actual experience - OPEB	<u>(4,092)</u>	
		243,651
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the governmental funds.		
Other post employment benefits	(2,157,826)	
Compensated absences	<u>(19,486)</u>	
		<u>(2,177,312)</u>
<u>Net Position of Governmental Activities</u>		<u>\$ 460,035</u>

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, 2018

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

Net change in fund balance - Total governmental funds:

Excess of revenue and other sources over  
expenditures and other uses \$ 228,074

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

Prepaid expenses 90,090

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 from earnings on investments - OPEB \$ 247,743  
Net change in deferred inflows from expected and actual experience - OPEB (4,092)  
243,651

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 111,728  
Capitalized equipment 34,326  
Depreciation on fixed assets (72,289)  
73,765

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 (308,512)  
Adjustment for conversion to GASB 75 (73,429)  
Compensated absence (2,683)  
(384,624)

Total Changes in Net Position of Governmental Activities \$ 250,956

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>				
Tuition member	\$ 3,711,197	\$ 3,844,010	\$ 3,809,574	\$ (34,436)
Tuition non-member	279,654	279,654	312,490	32,836
DDS revenue	4,033,829	4,063,137	4,025,592	(37,545)
MCB revenue	137,768	137,768	136,751	(1,017)
DESE revenue	42,300	42,300	54,547	12,247
MassHealth revenue	807,700	857,700	900,837	43,137
Intergovernmental on behalf payments	-	-	1,517,809	1,517,809
Professional development	77,000	77,000	87,836	10,836
Consumer self pays	-	-	1,280	1,280
Grants	-	-	6,083	6,083
Investment income	-	-	620	620
Miscellaneous	10,000	10,000	10,196	196
	<u>9,099,448</u>	<u>9,311,569</u>	<u>10,863,615</u>	<u>1,552,046</u>
<u>Expenditures</u>				
Administration	820,065	914,265	800,080	114,185
Instruction	2,535,387	2,627,906	2,576,539	51,367
Other school services	121,900	131,426	140,071	(8,645)
Operations/maintenance	98,212	145,722	127,129	18,593
Fixed charges	593,153	577,138	583,041	(5,903)
Intergovernmental on behalf payments	-	-	1,517,809	(1,517,809)
Health services	159,434	136,926	128,273	8,653
Grant	-	-	12,755	(12,755)
Acquisition of equipment	-	97,270	86,729	10,541
Summer programs	109,610	146,432	137,017	9,415
S.A.I.L.	3,877,024	3,762,606	3,714,350	48,256
ADH	762,824	825,656	786,748	38,908
	<u>9,077,609</u>	<u>9,365,347</u>	<u>10,610,541</u>	<u>(1,245,194)</u>
<u>Excess of Revenue Over (Under) Expenditures</u>	<u>21,839</u>	<u>(53,778)</u>	<u>253,074</u>	<u>306,852</u>
<u>Other Financing Sources (Uses)</u>				
Transfer to Fiduciary Fund	-	-	(25,000)	(25,000)
Use of Unreserved Surplus	100,000	100,000	-	(100,000)
<u>Total Other Financing Sources (Uses)</u>	<u>100,000</u>	<u>100,000</u>	<u>(25,000)</u>	<u>(125,000)</u>
<u>Net Change in Fund Balances</u>	<u>\$ 121,839</u>	<u>\$ 46,222</u>	<u>\$ 228,074</u>	<u>\$ 181,852</u>

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

## Southeastern Massachusetts Educational Collaborative

### Notes to Financial Statements

June 30, 2018

#### 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 and Greater New Bedford Regional Vocational Technical High School as well as other non-member school systems.

#### 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

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, 2018.

	<u>Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Bank Deposits	<u>\$405,339</u>	<u>\$431,533</u>	<u>\$ _____</u>	<u>\$836,872</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

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 members 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, if the membership date is after April 2, 2012 and the member has 30 years of service, the contribution rate decreases to a flat 8% and no additional 2% contribution is required.

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 \$4,636,745 using June 30, 2017 as the measurement date. The amount recognized on the Collaborative's financial statements as revenue and the pension expense totaled \$250,324, respectively for fiscal year 2018. The \$250,324 is included in the total intergovernmental on behalf payments in the amount of \$1,517,809 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.

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 \$6,401,680. The Collaborative's contribution to the plan for fiscal year 2018 was \$267,867.

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 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

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 \$9,795,622 using June 30, 2017 as the measurement date. The amount recognized on the Collaborative's financial statements as revenue and the pension expense was \$1,267,485 respectively for fiscal year 2018. The \$1,267,485 is included in the total intergovernmental on behalf payments in the amount of \$1,517,809 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, 2018 the accumulated sick pay for the Executive Director is equal to \$19,486 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, 2018

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, 2018.

<u>Year Ending June 30</u>	<u>Amounts</u>
2019	\$ 450,637
2020	372,748
2021	379,808
2022	361,002
2023	361,796
Thereafter	<u>1,017,444</u>
<u>Totals</u>	<u>\$2,943,435</u>

Rental expenditures during fiscal year ended June 30, 2018 amounted to \$443,221.

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 \$479,593 and the bank balance was \$836,872 at June 30, 2018. 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, 2018

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.

Note 7 - Deferred Outflows and Deferred Inflows of Resources

At June 30, 2018, the Collaborative reported the following deferred outflows of resources and deferred inflows of resources:

<u>Deferred Outflows of Resources</u>	<u>June 30, 2018</u>
Net difference between projected and actual earnings on OPEB plan investments	<u>\$247,743</u>
Total deferred outflows of resources	<u>\$247,743</u>
 <u>Deferred Inflows of Resources</u>	
Differences between expected and actual experience – net OPEB liability	<u>\$ 4,092</u>
Total deferred inflows of resources	<u>\$ 4,092</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 statement. The investments held in this trust will adhere to the prudent investor rule established in the Massachusetts General Laws Chapter 203C.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 8 - Investment - OPEB Trust Fund (Continued)

The Collaborative’s fiduciary fund investment as of June 30, 2018, consisted of the following:

	<u>Fair Value Measurement at end of the reporting period using</u>			
	<u>6/30/2018</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Recurring Fair Value Measurements</u>				
Money Market Funds	\$ <u>2,331</u>	\$ <u>2,331</u>	\$ _____	\$ _____
Mutual Funds:				
Fixed income funds	55,331	55,331		
Equity funds	<u>176,526</u>	<u>176,526</u>	_____	_____
Mutual Funds	<u>231,857</u>	<u>231,857</u>	_____	_____
Total Recurring Value Measurements	<u>\$234,188</u>	<u>\$234,188</u>	\$ _____	\$ _____
Investments at market value		\$234,188		
Investments at cost		<u>223,265</u>		
Unrealized gain		<u>\$ 10,923</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 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).

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 8 - Investment - OPEB Trust Fund (Continued)

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 \$72,289 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	-	-	117,783
Vehicles	435,856	111,727	-	547,583
Equipment	<u>41,290</u>	<u>34,326</u>	-	<u>75,616</u>
<u>Total Historical Cost</u>	<u>889,767</u>	<u>146,053</u>	-	<u>1,035,820</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	96,446	5,121	-	101,567
Building Improvements	2,517	3,020	-	5,537
Vehicles	261,247	54,653	-	315,900
Equipment	<u>20,393</u>	<u>9,495</u>	-	<u>29,888</u>
<u>Total Accumulated Depreciation</u>	<u>380,603</u>	<u>72,289</u>	-	<u>452,892</u>
<u>Governmental Activities Capital</u>				
<u>Assets - Net</u>	<u>\$509,164</u>			<u>\$582,928</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

Note 10 - Deferred Compensation Plan (Continued)

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, 2017 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.

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 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, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 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. Funding Policy

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. For the year ending on the June 30, 2017 Measurement Date, total Collaborative premiums plus implicit costs for the retiree medical program are \$47,992. The Collaborative is also projected to make a contribution to an OPEB Trust of \$50,000 for a total contribution during the period of \$97,992.

6. Investment Policy

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

<u>Investment Target Allocation &amp; Expected Long-Term Real Rate of Return</u>			
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity – Large Cap	30.50%	Domestic Equity – Large Cap	4.00%
Domestic Equity – Small/Mid Cap	15.00%	Domestic Equity – Small/Mid Cap	6.00%
International Equity – Developed Market	15.00%	International Equity – Developed Market	4.50%
International Equity – Emerging Market	7.50%	International Equity – Emerging Market	7.00%
Domestic Fixed Income	15.25%	Domestic Fixed Income	2.00%
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	<u>2.00%</u>	Cash	<u>0.00%</u>
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>4.31%</u>
		II. Inflation Assumption	2.75%
		III. Total Nominal Return [I. + II.]	7.06%
		IV. Investment Expense	0.25%
		V. Net Investment Return [III. - IV.]	6.81%

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

7. Actuarially Determined Contribution (ADC)

The Collaborative’s Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statements Nos. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The following table shows the components of the Collaborative’s annual ADC for the fiscal year and the amount actually contributed to the plan:

<u>Actuarially Determined Contribution – Deficiency/(Excess)</u>	<u>For the Fiscal Year Ending June 30, 2018</u>
I. Service Cost	\$ 143,374
II. 30 year flat dollar amortization of NOL at 4.75%	<u>130,210</u>
III. Actuarial Determined Contribution [I. + II.]	273,584
IV. Contributions in relation to the actuarially determined contribution	<u>( 97,992)</u>
V. Contribution deficiency/ (excess) [III. + IV.]	<u>\$ 175,592</u>
 Covered employee payroll	 \$6,502,663
 Contributions as a % of covered employee payroll	 1.51%

8. Funded Status and Funding Progress

As of the June 30, 2017 Measurement Date, the plan was 8.37% funded. The Total OPEB Liability (TOL) for benefits was \$2,354,864, and the Fiduciary Net Position was \$197,038, resulting in a Net OPEB Liability (NOL) of \$2,157,826. The covered payroll (annual payroll of active employees covered by the plan) was \$6,502,663 and the ratio of the NOL to the covered payroll was 33.2%.

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

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

8. Funded Status and Funding Progress (Continued)

<u>Measurement Date</u>	<u>Fiduciary Net Position</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NOL as a % of Covered Payroll</u>
6/30/2019 (est.)	\$318,365	\$2,673,525	\$2,355,160	11.9%	\$6,898,675	34.1%
6/30/2018 (est.)	\$255,704	\$2,512,082	\$2,256,378	10.2%	\$6,697,743	33.7%
6/30/2017	\$197,038	\$2,354,864	\$2,157,826	8.4%	\$6,502,663	33.2%
6/30/2016	\$139,202	\$1,831,111	\$1,691,909	7.6%	\$5,046,829	33.5%
6/30/2015	\$78,000	\$1,686,215	\$1,608,215	4.6%	\$4,899,834	32.8%
6/30/2014	\$75,000	\$1,551,108	\$1,476,108	4.8%	\$4,757,120	31.0%

9. Fiduciary Net Position

Statement of Fiduciary Net Position  
June 30, 2017

	<u>June 30, 2017</u>
Assets	
I. Cash and cash equivalents	\$ -
<u>Receivables and Prepaid expenses</u>	
II. Contributions	-
III. Investment Income	-
IV. Receivables from brokers for unsettled trades	-
V. Prepaid expenses	-
VI. Total Receivables [II.+III.+IV.+V.]	-
<u>OPEB Trust Investments</u>	
VII. Fixed income	29,247
VIII. Stocks	92,614
IX. Cash and cash equivalents	51,745
X. Real estate	3,027
XI. Alternative investments	<u>20,405</u>
XII. Invested securities lending cash collateral	197,038
Invested securities lending cash collateral	-
Capital assets, net of accumulated depreciation	-
Total Assets	<u>197,038</u>
Liabilities	
XIII. Accrued expenses and benefits payable	-
XIV. Securities lending cash collateral	-
XV. Payable to brokers for unsettled trades	-
XVI. Total liabilities	-
XVII. Net Position restricted for OPEB	<u>\$197,038</u>

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

9. Fiduciary Net Position (Continued)

Statement of Changes in Fiduciary Net Position  
For the Year ended June 30, 2018 (Projected)

June 30, 2017

Additions

Contributions

Employer Contributions to OPEB Trust \$ 50,000

Total Contributions 50,000

Investment Income / (loss)

Interest 2,911  
Dividends 1,852  
Equity fund income, net -  
Net increase in fair value of investments 3,093  
Securities lending income -

Less investment expenses

Direct investment expenses -  
Securities lending management fees -  
Securities lending borrower rebates -  
Net investment income 8,666

Other Income

-

Total Additions

58,666

Deductions

Service benefits -  
Disability benefits -  
Death benefits -  
Refunds -  
Administrative expenses -  
Total deductions -

Net increase (decrease) 58,666

Net Position restricted for OPEB

Beginning of year 197,038  
End of year \$255,704

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

10. OPEB Liability, OPEB Expense and ADC

		<u>Fiscal Year Ending June 30, 2018</u>			
		<u>School</u>	<u>Adult Services</u>	<u>Non Medicare</u>	
		<u>Employees</u>	<u>Employees and</u>	<u>Eligible</u>	
		<u>and Retirees</u>	<u>Retirees</u>	<u>Employees and</u>	<u>Total</u>
		<u>and Retirees</u>	<u>Retirees</u>	<u>Retirees</u>	<u>Total</u>
I.	Total OPEB Liability	\$918,534	\$863,228	\$573,102	\$2,354,864
II.	Fiduciary Net Position as of June 30, 2017	<u>75,502</u>	<u>60,276</u>	<u>61,260</u>	<u>197,038</u>
III.	Net OPEB Liability (Asset) [I. - II.]	\$843,032	\$802,952	\$511,842	\$2,157,826
IV.	Service Cost	73,507	69,867	-	143,374
V.	Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	38,491	32,464	19,083	90,038
VI.	Recognition of Deferred (Inflows)/ Outflows from Plan Design Changes	-	-	-	-
VII.	Recognition of Deferred (Inflows)/ Outflows from Plan Experience	-	-	-	-
VIII.	Recognition of Deferred (Inflows)/ Outflows from Changes in Assumptions	-	-	-	-
IX.	Projected Earnings on OPEB plan investments	1,099	877	892	2,868
X.	Recognition of Deferred (Inflows)/ Outflows from Earnings on Investments	-	-	-	-
XI.	Financial Statement Expense [IV.+V.+VI.+VII.+VIII.+IX.+X.]	<u>113,097</u>	<u>103,208</u>	<u>19,975</u>	<u>236,280</u>
XII.	Employer Share of Costs	( 13,978)	( 18,297)	( 15,717)	( 47,992)
XIII.	Employer Payments (Withdrawals) to/from OPEB Trust	( 19,972)	( 18,610)	( 11,418)	( 50,000)
XIV.	Total Employer Contribution [X.+XI.]	<u>( 33,950)</u>	<u>( 36,907)</u>	<u>( 27,135)</u>	<u>( 97,992)</u>
XV.	Net OPEB Expense [XI.+XIV.]	<u>\$ 79,147</u>	<u>\$ 66,301</u>	<u>\$ ( 7,160)</u>	<u>\$ 138,288</u>
XVI.	Actuarial Determined Contribution (ADC)	\$135,235	\$107,463	\$30,886	\$273,584
XVII.	Total Expected Contribution	\$ 33,950	\$ 36,907	\$27,135	\$ 97,992
XVIII.	Percentage of ADC Contributed [XVII./XVI.]	25%	34%	88%	36%

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

10. OPEB Liability, OPEB Expense and ADC (Continued)

		<u>Fiscal Year Ending June 30, 2019</u>			
		<u>School</u>	<u>Adult Services</u>	<u>Non Medicare</u>	
		<u>Employees</u>	<u>Employees and</u>	<u>Eligible</u>	
		<u>and Retirees</u>	<u>Retirees</u>	<u>Employees and</u>	<u>Total</u>
		<u>and Retirees</u>	<u>Retirees</u>	<u>Retirees</u>	<u>Retirees</u>
I.	Total OPEB Liability	\$1,003,467	\$934,977	\$573,638	\$2,512,082
II.	Fiduciary Net Position as of June 30, 2017	<u>95,698</u>	<u>83,093</u>	<u>76,913</u>	<u>255,704</u>
III.	Net OPEB Liability (Asset) [I. - II.]	\$ 907,769	\$851,884	\$496,725	\$2,256,378
IV.	Service Cost	62,085	59,010	-	121,095
V.	Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	45,371	38,268	22,495	106,134
VI.	Recognition of Deferred (Inflows)/ Outflows from Plan Design Changes	-	-	-	-
VII.	Recognition of Deferred (Inflows)/ Outflows from Plan Experience	14,138	13,173	8,082	35,393
VIII.	Recognition of Deferred (Inflows)/ Outflows from Changes in Assumptions	-	-	-	-
IX.	Projected Earnings on OPEB plan investments	( 1,555)	( 1,242)	( 1,262)	( 4,059)
X.	Recognition of Deferred (Inflows)/ Outflows from Earnings on Investments	<u>(327)</u>	<u>304</u>	<u>( 187)</u>	<u>(818)</u>
XI.	Financial Statement Expense [IV.+V.+VI.+VII.+VIII.+IX.+X.]	<u>119,712</u>	<u>108,904</u>	<u>29,128</u>	<u>257,744</u>
XII.	Employer Share of Costs	( 23,189)	( 30,355)	( 26,074)	( 79,618)
XIII.	Employer Payments (Withdrawals) to/from OPEB Trust	<u>(17,975)</u>	<u>(16,749)</u>	<u>( 10,276)</u>	<u>( 45,000)</u>
XIV.	Total Employer Contribution [X.+XI.]	<u>( 41,164)</u>	<u>( 47,104)</u>	<u>( 36,350)</u>	<u>( 124,618)</u>
XV.	Net OPEB Expense [XI.+XIV.]	<u>\$ 78,548</u>	<u>\$ 61,800</u>	<u>\$ ( 7,222)</u>	<u>\$ 133,126</u>
XVI.	Actuarial Determined Contribution (ADC)	\$ 116,863	\$110,415	\$ 29,974	\$ 257,252
XVII.	Total Expected Contribution	\$ 41,164	\$ 47,104	\$ 36,350	\$ 124,618
XVIII.	Percentage of ADC Contributed [XVII./XVI.]	35%	43%	121%	48%

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

		<u>Source of Deferred Inflow/Outflow</u>	
		<u>For the Reporting Date</u>	
		<u>June 30, 2018</u>	<u>June 30, 2019</u>
I.	Deferred (Inflow)/Outflow from Actual vs. Expected Experience	\$247,743	\$212,351
II.	Deferred (Inflow)/Outflow from Investment Experience	\$( 4,092)	\$( 3,274)
III.	Deferred (Inflow)/Outflow from Changes in Benefit Terms	-	-
IV.	Deferred (Inflow)/Outflow from Changes in Assumptions	-	-

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

11. OPEB Liability, OPEB Expense and Deferred Inflow/Outflow (Continued)

	<u>Change in Deferred Inflow/Outflow</u>	<u>For the period ending on the</u>	
		<u>Measurement Date</u>	
		<u>June 30, 2017</u>	<u>June 30, 2018</u>
I.	Deferred Outflow at the beginning of the period	\$ -	\$247,743
II.	Deferred Outflow created during the period	247,743	-
III.	Deferred Outflow recognized during the period	-	35,392
IV.	Change in Deferred Outflow [II. + III.]	247,743	35,392
V.	<u>Deferred Outflow at end of the period [I. - IV.]</u>	<u>\$247,743</u>	<u>\$212,351</u>
VI.	Deferred Inflow at the beginning of the period	\$ -	\$( 4,092)
VII.	Deferred Inflow created during the period	( 4,092)	-
VIII.	Deferred Inflow recognized during the period	-	( 818)
IX.	Change in Deferred Inflow [VII. + VIII.]	(4,092)	( 818)
X.	<u>Deferred Inflow at end of the period [VI. - IX.]</u>	<u>\$( 4,092)</u>	<u>\$( 3,274)</u>

	<u>Net OPEB Liability</u>	<u>For the Reporting Date</u>	
		<u>June 30, 2018</u>	<u>June 30, 2019</u>
		I.	Net OPEB Liability at beginning of period
II.	Net OPEB Expense - Excluding Payments	236,280	227,229
III.	Total Employer Contributions	( 97,992)	( 124,618)
IV.	Net OPEB Expense - Before Recognition of Deferred (Inflow)/Outflow [II. + III.]	138,288	102,611
V.	Deferred Outflow created during the period	247,743	-
VI.	Deferred Inflow created during the period	( 4,092)	-
VII.	<u>Net OPEB Liability at end of period [I. + IV. + V + VI]</u>	<u>\$2,157,826</u>	<u>\$2,260,437</u>

	<u>Net OPEB Expense</u>	<u>For the period ending on the</u>	
		<u>Measurement Date</u>	
		<u>June 30, 2017</u>	<u>June 30, 2018</u>
I.	Service Cost	\$143,374	\$ 121,095
II.	Interest on Net OPEB Liability, Service Cost, and Payments	90,038	106,134
III.	Expected Investment Income	2,868	-
IV.	Recognition of Deferred (Inflow)/Outflow	-	34,574
V.	Financial Statement Expense [I. + II. + III. + IV. ]	236,280	261,803
VI.	Benefit Payments	( 47,992)	( 79,618)
VII.	Contributions to Trust	( 50,000)	( 5,000)
VIII.	Total Employer Payments [VI. + VII. ]	(97,992)	(124,618)
IX.	<u>Total Net OPEB Expense under GASB 75 [V. + VIII.]</u>	<u>\$138,288</u>	<u>\$(137,185)</u>
	Measurement Date	June 30, 2017	June 30, 2018

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

12. Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Net OPEB Liability would increase to \$2,709,470 or by 25.6% and the corresponding Service Cost would increase to \$194,769 or by 35.8%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Net OPEB Liability would decrease to \$1,692,639 or by 21.6% and the corresponding Service Cost would decrease to \$102,487 or by 28.5%.

Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2017 Measurement Date

	<u>1% Decrease (4.00%)</u>	<u>Current Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Net OPEB Liability	\$1,692,639	\$2,157,826	\$2,709,470
Service Cost	\$ 102,487	\$ 143,374	\$ 194,769

13. Effect of 1% Change in Discount Rates

If the discount rate were 1% higher than what was used in this valuation, the Net OPEB Liability would decrease to \$1,934,139 or by 10.4% and the corresponding Service Cost would decrease to \$120,811 or by 15.7%. If the discount rate were 1% lower than was used in this valuation, the Net OPEB Liability would increase to \$2,414,049 or by 11.9% and the corresponding Service Cost would increase to \$170,252 or by 18.7%.

Impact of a 1% Change in the Healthcare Trend Rate as of the June 30, 2017 Measurement Date

	<u>1% Decrease (3.75%)</u>	<u>Current Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
Net OPEB Liability	\$2,414,049	\$2,157,826	\$1,934,139
Service Cost	\$ 170,252	\$ 143,374	\$ 120,811

14. Actuarial Methods and Assumptions

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

Actuarial Cost Method:	Individual Entry Age Normal
Discount Rate:	4.75% per annum (previously 4.00%)

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

14. Actuarial Methods and Assumptions (Continued)

	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
Healthcare Trend Rates	FY 2013	6.0%	5.5%
	FY 2014	5.0%	5.0%
	FY 2015	5.0%	5.0%
	FY 2016	5.0%	5.0%
	FY 2017	5.0%	5.0%
	FY 2018	5.0%	5.0%
	FY 2019	5.0%	5.0%
	FY 2020+	5.0%	5.0%
General Inflation Assumption:	2.75% per annum		
Annual Compensation Increases:	3.00% per annum		
Actuarial Value of Assets:	Market Value		

15. Recognition of OPEB Trust Assets

The Commonwealth of Massachusetts has passed legislation allowing municipal entities to establish a trust for Other Post-employment Benefits (“OPEB”) under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB Statement No. 75. This legislation was amended effective November 9, 2016 to clarify who may adopt such a Trust and provide guidance on the ongoing operation of such a Trust. The Collaborative has established an irrevocable trust for the purpose of prefunding liabilities under GASB Statements Nos. 74/75.

16. OPEB Expense Development

Components of the Collaborative’s OPEB Expenses for the Fiscal Year Ending June 30, 2018

<u>Description</u>	<u>Amount</u>
I. Service Cost	\$143,374
II. Interest on Net OPEB Liability (Asset), Service Cost, and Benefit Payments	90,038
III. Deferred (Inflows)/Outflows from Plan Design Changes*	-
IV. Deferred (Inflows)/Outflows from Plan Experience**	-
V. Deferred (Inflows)/Outflows from Changes of Assumptions**	-
VI. Projected earnings on OPEB plan investments	2,868
VII. Deferred (Inflows)/Outflows from Earnings on Plan Investments***	-
VIII. Total Employer Contributions	( 97,992)
IX. OPEB Plan administrative expense	-
X. Other changes in fiduciary net position	-
XI. Net OPEB expense [I.+ II.+III.+IV.+V.+VI.+VII.+VIII.+IX.+X.]	<u>\$138,288</u>

\*Recognized immediately

\*\* Amortized over 7 years

\*\*\* Amortized over 5 years

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

17. Changes in Net OPEB Liability

	<u>Changes in Net OPEB Liability</u>		
	<u>Total OPEB</u>	<u>Increase (Decrease)</u>	<u>Net OPEB</u>
	<u>Liability</u>	<u>Plan Fiduciary Net</u>	<u>Liability</u>
		<u>Position</u>	
I. Balances at June 30, 2016 GASB 45	\$1,831,111	\$139,202	\$1,691,909
II. Change in Assumptions for GASB 75	83,978	-	83,978
III. Balances at June 30, 2016 GASB 75 [I.+II.]	<u>1,915,089</u>	<u>139,202</u>	<u>1,775,887</u>
<u>Changes for the year:</u>			
IV. Service Cost	143,374	-	143,374
V. Interest on Net OPEB Liability, Service Cost, and Benefit Payments	96,650	6,612	90,038
VI. Changes in Benefit terms*	-	-	-
VII. Change in assumptions**	-	-	-
VIII. Differences between actual and expected experience**	247,743	4,092	243,651
IX. Net Investment Income	-	( 2,868)	2,868
X. Employer Contributions to Trust	-	97,992	( 97,992)
XI. Benefit Payments Withdrawn from Trust	-	( 47,992)	47,992
XII. Benefit Payments Excluding Implicit Cost	N/A	-	N/A
XIII. Implicit Cost Amount	N/A	-	N/A
XIV. Total Benefit Payments Including Implicit Cost [XII.+XIII.]	( 47,992)	-	( 47,992)
XV. Administrative Expense	-	-	-
XVI. Other Charges	-	-	-
XVII. Net Changes	<u>439,775</u>	<u>57,836</u>	<u>381,939</u>
[IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+ XIV+ XV.+ XV.+ XVI.]			
XVIII. Balances at June 30, 2017 [III.+XVII.]	<u>\$2,354,864</u>	<u>\$197,038</u>	<u>\$2,157,826</u>

\* Recognized immediately

\*\* Amortized over 7 years

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

18. Money Weighted Rate of Return

Determination of Beginning and Ending Balances of OPEB Plan Investments for Purposes of Calculating the Annual Money-Weighted Rate of Return

	<u>Ending OPEB Plan Investments*</u>	<u>Beginning OPEB Plan Investments**</u>
Assets		
Cash and cash equivalents	\$ -	\$ -
Receivables		
Investment Income	-	-
Receivables from brokers for unsettled trades	-	-
Investments		
Fixed income	58,812	29,247
Stocks	173,879	92,614
Cash and cash equivalents	5,114	51,745
Real estate	-	3,027
Alternative investments	17,899	20,405
Invested securities lending cash collateral	-	-
Liabilities		
Securities lending cash collateral	-	-
Payable to brokers for unsettled trades	-	-
Total OPEB plan investments	<u>\$255,704</u>	<u>\$197,038</u>

\* From balances at June 30, 2018 (Projected)

\*\* From balances at June 30, 2017

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

18. Money Weighted Rate of Return (Continued)

	<u>Plan Investments/Net External</u>	<u>Periods Invested</u>	<u>Period Weight</u>
I. Beginning value – July 1, 2016	<u>\$139,202</u>	12	1.0000
Monthly net external cash flows:			
July	-	11	0.9167
August	-	10	0.8333
September	-	9	0.7500
October	-	8	0.6667
November	-	7	0.5833
December	-	6	0.5000
January	-	5	0.4167
February	-	4	0.3333
March	-	3	0.2500
April	-	2	0.1667
May	-	1	0.0833
June	<u>50,000</u>	0	0.0000
II. Total net external cash flow	<u>50,000</u>		
III. Earnings and increase in fair value	<u>7,836</u>		
IV. Ending value – June 30, 2017 [I.+II.+III.]	<u>\$197,038</u>		
Money Weighted Rate of Return	5.63%		
Asset Value – June 30, 2017	<u>\$197,038</u>		

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

19. Plan Cash Flows

Aggregate External (Noninvestment Cash Flows)

June 30, 2018

Additions

Contributions

Member contributions	\$ -
Employer contributions	50,000

Other Income	-
--------------	---

Deductions

Service benefits	-
Disability benefits	-
Death benefits	-
Refunds	-
Administrative expenses	-

Beginning balances of noninvestment-related assets and liabilities\*

Contribution receivable	-
Prepaid expenses	-
Accrued expenses and benefits payable	-

Ending balances of noninvestment-related assets and liabilities\*\*

Contribution receivable	-
Prepaid expenses	-
Accrued expenses and benefits payable	-

Change in capital assets -- depreciation	-
--	---

Aggregate external cash flows	<u>\$50,000</u>
-------------------------------	-----------------

\* From balances at June 30, 2018 (Projected)

\*\* From balances at June 30, 2017

Reconciliation of Beginning and Ending Balances of OPEB Plan Investments, Aggregate External Cash Flows, and Net Investment Income

June 30, 2018 (Projected)

I. Total OPEB plan investments, beginning of year	\$197,038
II. Aggregate external cash flows	50,000
III. Net investment income	<u>8,666</u>
IV. Total OPEB plan investments, end of year [I.+II.+III.]	<u>\$255,704</u>

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

20. Plan Projection Disclosures

Projection of Contributions Using a June 30, 2017 Valuation Date

<u>Fiscal Year</u>	<u>I. Payroll for current employees</u>	<u>II. Payroll for future employees</u>	<u>III. Total employee payroll [I.+II.]</u>	<u>IV. Contributions from current employees</u>	<u>V. Employer Payments for current plan members</u>	<u>VI. Employer Payments for future employees</u>	<u>VII. Total Payments [IV.+V.+VI.]</u>
2018	6,502,663	-	6,502,663	-	47,992	-	47,992
2019	5,816,259	881,484	6,697,743	-	79,617	-	79,617
2020	5,301,407	1,597,268	6,898,675	-	94,416	-	94,416
2021	4,926,957	2,178,678	7,105,635	-	105,261	-	105,261
2022	4,661,874	2,656,930	7,318,804	-	124,667	-	124,667
2023	4,425,118	3,113,250	7,538,368	-	112,823	-	112,823
2024	4,192,295	3,572,224	7,764,519	-	122,518	-	122,518
2025	3,980,577	4,016,878	7,997,455	-	136,427	-	136,427
2026	3,795,993	4,441,386	8,237,379	-	126,497	-	126,497
2027	3,547,869	4,936,631	8,484,500	-	142,415	-	142,415
2028	3,389,747	5,349,288	8,739,035	-	160,196	-	160,196
2029	3,212,664	5,788,542	9,001,206	-	168,146	-	168,146
2030	3,028,274	6,242,968	9,271,242	-	187,401	3,723	191,124
2031	2,878,812	6,670,567	9,549,379	-	191,566	12,103	203,669
2032	2,759,504	7,076,356	9,835,860	-	190,879	24,414	215,293
2033	2,637,615	7,493,321	10,130,936	-	197,219	41,196	238,415
2034	2,512,058	7,922,806	10,434,864	-	200,605	61,424	262,029
2035	2,383,289	8,364,621	10,747,910	-	204,190	70,915	275,105
2036	2,272,019	8,798,328	11,070,347	-	197,552	81,401	278,953
2037	2,155,542	9,246,915	11,402,457	-	214,139	93,952	308,091
2038	2,045,730	9,698,801	11,744,531	-	205,433	98,441	303,874
2039	1,950,002	10,146,865	12,096,867	-	204,173	104,239	308,412
2040	1,852,284	10,607,489	12,459,773	-	228,630	117,261	345,891
2041	1,761,631	11,071,935	12,833,566	-	240,894	141,037	381,931
2042	1,646,458	11,572,115	13,218,573	-	256,516	173,392	429,908
2043	1,571,206	12,043,924	13,615,130	-	253,784	215,859	469,643
2044	1,500,240	12,523,344	14,023,584	-	243,275	265,051	508,326
2045	1,427,144	13,017,148	14,444,292	-	252,194	291,540	543,734
2046	1,354,659	13,522,962	14,877,621	-	247,766	320,207	567,973
2047	1,266,239	14,057,711	15,323,950	-	248,380	352,488	600,868
2048	1,199,210	14,584,459	15,783,669	-	234,233	369,876	604,109
2049	1,132,126	15,125,053	16,257,179	-	254,402	389,959	644,361

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

20. Plan Projection Disclosures (Continued)

Projection of Contributions Using a June 30, 2017 Valuation Date (Continued)

<u>Fiscal Year</u>	<u>I. Payroll for current employees</u>	<u>II. Payroll for future employees</u>	<u>III. Total employee payroll [I.+II.]</u>	<u>IV. Contributions from current employees</u>	<u>V. Employer Payments for current plan members</u>	<u>VI. Employer Payments for future employees</u>	<u>VII. Total Payments [IV.+V.+VI.]</u>
2050	1,046,223	15,698,671	16,744,894	-	238,830	415,627	654,457
2051	990,364	16,256,877	17,247,241	-	229,370	447,923	677,293
2052	914,096	16,850,562	17,764,658	-	245,033	485,273	730,306
2053	848,986	17,448,612	18,297,598	-	217,471	528,578	746,049
2054	770,522	18,076,004	18,846,526	-	204,796	575,425	780,221
2055	687,232	18,724,690	19,411,922	-	217,454	614,626	832,080
2056	612,991	19,381,289	19,994,280	-	227,156	655,781	882,937
2057	516,185	20,077,923	20,594,108	-	226,374	697,976	924,350
2058	427,066	20,784,865	21,211,931	-	215,562	740,502	956,064
2059	358,233	21,490,056	21,848,289	-	206,316	784,964	991,280
2060	299,043	22,204,695	22,503,738	-	167,363	832,952	1,000,315
2061	237,383	22,941,467	23,178,850	-	150,472	886,734	1,037,206
2062	171,968	23,702,248	23,874,216	-	131,925	945,853	1,077,778
2063	123,459	24,466,983	24,590,442	-	121,714	1,010,817	1,132,531
2064	76,236	25,251,919	25,328,155	-	115,987	1,081,048	1,197,035
2065	47,121	26,040,879	26,088,000	-	104,968	1,150,794	1,255,762
2066	23,406	26,847,234	26,870,640	-	101,635	1,224,377	1,326,012
2067	12,946	27,663,813	27,676,759	-	97,851	1,301,604	1,399,455
2068	8,085	28,498,977	28,507,062	-	96,176	1,380,422	1,476,598
2069	1,860	29,360,414	29,362,274	-	94,383	1,461,638	1,556,021
2070	-	30,243,142	30,243,142	-	92,575	1,547,096	1,639,671
2071	-	31,150,436	31,150,436	-	90,647	1,637,932	1,728,579
2072	-	32,084,949	32,084,949	-	88,634	1,732,299	1,820,933
2073	-	33,047,497	33,047,497	-	86,528	1,831,650	1,918,178
2074	-	34,038,922	34,038,922	-	84,322	1,936,279	2,020,601
2075	-	35,060,090	35,060,090	-	81,990	2,047,487	2,129,477
2076	-	36,111,893	36,111,893	-	79,524	2,163,013	2,242,537
2077	-	37,195,250	37,195,250	-	76,931	2,283,449	2,360,380
2078	-	38,311,108	38,311,108	-	74,221	2,411,441	2,485,662
2079	-	39,460,441	39,460,441	-	71,381	2,543,194	2,614,575
2080	-	40,644,254	40,644,254	-	68,400	2,681,367	2,749,767
2081	-	41,863,582	41,863,582	-	65,257	2,826,717	2,891,974

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

20. Plan Projection Disclosures (Continued)

Projection of Contributions Using a June 30, 2017 Valuation Date (Continued)

<u>Fiscal Year</u>	<u>I. Payroll for current employees</u>	<u>II. Payroll for future employees</u>	<u>III. Total employee payroll [I.+II.]</u>	<u>IV. Contributions from current employees</u>	<u>V. Employer Payments for current plan members</u>	<u>VI. Employer Payments for future employees</u>	<u>VII. Total Payments [IV.+V.+VI.]</u>
2082	-	43,119,489	43,119,489	-	61,983	2,977,832	3,039,815
2083	-	44,413,074	44,413,074	-	58,525	3,136,461	3,194,986
2084	-	45,745,466	45,745,466	-	54,967	3,302,691	3,357,658
2085	-	47,117,830	47,117,830	-	51,263	3,477,492	3,528,755
2086	-	48,531,365	48,531,365	-	47,458	3,660,950	3,708,408
2087	-	49,987,306	49,987,306	-	43,571	3,853,317	3,896,888
2088	-	51,486,925	51,486,925	-	39,647	4,055,573	4,095,220
2089	-	53,031,533	53,031,533	-	35,733	4,266,601	4,302,334
2090	-	54,622,479	54,622,479	-	31,866	4,488,415	4,520,281
2091	-	56,261,153	56,261,153	-	28,109	4,721,088	4,749,197
2092	-	57,948,988	57,948,988	-	24,502	4,964,960	4,989,462
2093	-	59,687,458	59,687,458	-	21,101	5,221,481	5,242,582
2094	-	61,478,082	61,478,082	-	17,964	5,491,322	5,509,286
2095	-	63,322,424	63,322,424	-	15,096	5,775,649	5,790,745
2096	-	65,222,097	65,222,097	-	12,553	6,074,253	6,086,806

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

20. Plan Projection Disclosures (Continued)

Projection of OPEB Plan's Fiduciary Net Position Using a June 30, 2017 Valuation Date

Fiscal Year	I. Projected Beginning Fiduciary Net Position	II. Portion of Employer Contributions for Current Plan Members	III. Total Projected Benefit Payments	IV. Projected Administrative Expenses	V. Total Contributions to Trust	VI. Contributions to Trust for Current Plan Members	VII. Projected Investment Earnings	VIII.
								Projected Ending Fiduciary Net Position for Current Plan Members
2018	197,038	47,992	47,992	-	50,000	50,000	8,666	255,704
2019	255,704	79,617	79,617	-	45,000	39,078	17,661	312,443
2020	312,443	94,416	94,416	-	45,000	34,581	21,525	368,549
2021	368,549	105,261	105,261	-	45,000	31,202	25,346	425,097
2022	425,097	124,667	124,667	-	45,000	28,664	29,197	482,958
2023	482,958	112,823	112,823	-	45,000	26,416	33,137	542,511
2024	542,511	122,518	122,518	-	45,000	24,297	37,193	604,001
2025	604,001	136,427	136,427	-	45,000	22,398	41,380	667,779
2026	667,779	126,497	126,497	-	45,000	20,737	45,723	734,239
2027	734,239	142,415	142,415	-	45,000	18,817	50,249	803,305
2028	803,305	160,196	160,196	-	45,000	17,455	54,953	875,713
2029	875,713	168,146	168,146	-	45,000	16,061	59,884	951,658
2030	951,658	187,401	191,124	-	45,000	14,698	65,056	1,027,689
2031	1,027,689	191,566	203,669	-	45,000	13,566	70,233	1,099,385
2032	1,099,385	190,879	215,293	-	45,000	12,625	75,116	1,162,712
2033	1,162,712	197,219	238,415	-	45,000	11,716	79,428	1,212,660
2034	1,212,660	200,605	262,029	-	45,000	10,833	82,830	1,244,899
2035	1,244,899	204,190	275,105	-	45,000	9,979	85,025	1,268,988
2036	1,268,988	197,552	278,953	-	45,000	9,236	86,666	1,283,489
2037	1,283,489	214,139	308,091	-	45,000	8,507	87,653	1,285,697
2038	1,285,697	205,433	303,874	-	45,000	7,838	87,804	1,282,898
2039	1,282,898	204,173	308,412	-	45,000	7,254	87,613	1,273,526
2040	1,273,526	228,630	345,891	-	45,000	6,690	86,975	1,249,930
2041	1,249,930	240,894	381,931	-	45,000	6,177	85,368	1,200,438
2042	1,200,438	256,516	429,908	-	45,000	5,605	81,998	1,114,649
2043	1,114,649	253,784	469,643	-	45,000	5,193	76,155	980,138
2044	980,138	243,275	508,326	-	45,000	4,814	66,995	786,896
2045	786,896	252,194	543,734	-	45,000	4,446	53,835	553,637
2046	553,637	247,766	567,973	-	45,000	4,097	37,950	275,477
2047	275,477	248,380	600,868	-	45,000	3,718	19,008	22,726
2048	22,726	234,233	604,109	-	45,000	3,419	1,795	5,214
2049	5,214	254,402	644,361	-	45,000	3,134	603	3,737
2050	3,737	238,830	654,457	-	45,000	2,812	502	3,314
2051	3,314	229,370	677,293	-	45,000	2,584	473	3,057
2052	3,057	245,033	730,306	-	45,000	2,316	456	2,772
2053	2,772	217,471	746,049	-	45,000	2,088	437	2,525
2054	2,525	204,796	780,221	-	45,000	1,840	420	2,260
2055	2,260	217,454	832,080	-	45,000	1,593	402	1,995
2056	1,995	227,156	882,937	-	45,000	1,380	384	1,764
2057	1,764	226,374	924,350	-	45,000	1,128	368	1,496
2058	1,496	215,562	956,064	-	45,000	906	350	1,256
2059	1,256	206,316	991,280	-	45,000	738	333	1,071
2060	1,071	167,363	1,000,315	-	45,000	598	321	919

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

20. Plan Projection Disclosures (Continued)

Projection of OPEB Plan's Fiduciary Net Position Using a June 30, 2017 Valuation Date (Continued)

Fiscal Year	<u>I. Projected</u>	<u>II. Portion of</u>	<u>III. Total</u>	<u>IV. Projected</u>	<u>V. Total</u>	<u>VI.</u>	<u>VII.</u>	<u>VIII.</u>
	<u>Beginning</u> <u>Fiduciary</u> <u>Net</u> <u>Position</u>	<u>Employer</u> <u>Contributions</u> <u>for Current</u> <u>Plan</u> <u>Members</u>	<u>Projected</u> <u>Benefit</u> <u>Payments</u>	<u>Administrative</u> <u>Expenses</u>	<u>Contributions</u> <u>to Trust</u>	<u>Contributions</u> <u>to Trust for</u> <u>Current Plan</u> <u>Members</u>	<u>Projected</u> <u>Investment</u> <u>Earnings</u>	<u>Projected</u> <u>Ending</u> <u>Fiduciary</u> <u>Net</u> <u>Position for</u> <u>Current</u> <u>Plan</u> <u>Members</u>
2061	919	150,472	1,037,206	-	45,000	461	310	771
2062	771	131,925	1,077,778	-	45,000	324	300	624
2063	624	121,714	1,132,531	-	45,000	226	290	516
2064	516	115,987	1,197,035	-	45,000	135	283	418
2065	418	104,968	1,255,762	-	45,000	81	276	357
2066	357	101,635	1,326,012	-	45,000	39	272	311
2067	311	97,851	1,399,455	-	45,000	21	269	290
2068	290	96,176	1,476,598	-	45,000	13	267	280
2069	280	94,383	1,556,021	-	45,000	3	267	270
2070	270	92,575	1,639,671	-	45,000	-	266	266
2071	266	90,647	1,728,579	-	45,000	-	266	266
2072	266	88,634	1,820,933	-	45,000	-	266	266
2073	266	86,528	1,918,178	-	45,000	-	266	266
2074	266	84,322	2,020,601	-	45,000	-	266	266
2075	266	81,990	2,129,477	-	45,000	-	266	266
2076	266	79,524	2,242,537	-	45,000	-	266	266
2077	266	76,931	2,360,380	-	45,000	-	266	266
2078	266	74,221	2,485,662	-	45,000	-	266	266
2079	266	71,381	2,614,575	-	45,000	-	266	266
2080	266	68,400	2,749,767	-	45,000	-	266	266
2081	266	65,257	2,891,974	-	45,000	-	266	266
2082	266	61,983	3,039,815	-	45,000	-	266	266
2083	266	58,525	3,194,986	-	45,000	-	266	266
2084	266	54,967	3,357,658	-	45,000	-	266	266
2085	266	51,263	3,528,755	-	45,000	-	266	266
2086	266	47,458	3,708,408	-	45,000	-	266	266
2087	266	43,571	3,896,888	-	45,000	-	266	266
2088	266	39,647	4,095,220	-	45,000	-	266	266
2089	266	35,733	4,302,334	-	45,000	-	266	266
2090	266	31,866	4,520,281	-	45,000	-	266	266
2091	266	28,109	4,749,197	-	45,000	-	266	266
2092	266	24,502	4,989,462	-	45,000	-	266	266
2093	266	21,101	5,242,582	-	-	-	18	18
2094	18	17,964	5,509,286	-	-	-	1	1
2095	1	15,096	5,790,745	-	-	-	-	-
2096	-	12,553	6,086,806	-	-	-	-	-

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

20. Plan Projection Disclosures (Continued)

Actuarial Present Values of Projected Benefit Payments Using a June 30, 2017 Valuation Date

<u>Fiscal Year</u>	<u>I. Projected Beginning Fiduciary Net Position</u>	<u>II. Total Projected Benefit Payments</u>	<u>III. Funded Portion of Benefit Payments</u>	<u>IV. Unfunded Portion of Benefit Payments</u>	<u>V. Present Value of Funded Benefit Payments</u>	<u>VI. Present Value of Unfunded Benefit Payments</u>	<u>VII. Present Value of Benefit Payments Using Single Discount Rate</u>
2018	197,038	47,992	47,992	-	47,992	-	47,992
2019	255,704	79,617	79,617	-	74,541	-	76,071
2020	312,443	94,416	94,416	-	82,760	-	86,192
2021	368,549	105,261	105,261	-	86,384	-	91,812
2022	425,097	124,667	124,667	-	95,786	-	103,895
2023	482,958	112,823	112,823	-	81,159	-	89,836
2024	542,511	122,518	122,518	-	82,514	-	93,210
2025	604,001	136,427	136,427	-	86,023	-	99,169
2026	667,779	126,497	126,497	-	74,677	-	87,855
2027	734,239	142,415	142,415	-	78,713	-	94,504
2028	803,305	160,196	160,196	-	82,896	-	101,568
2029	875,713	168,146	168,146	-	81,462	-	101,860
2030	951,658	187,401	187,401	-	85,002	-	108,467
2031	1,027,689	191,566	191,566	-	81,351	-	105,939
2032	1,099,385	190,879	190,879	-	75,891	-	100,857
2033	1,162,712	197,219	197,219	-	73,413	-	99,565
2034	1,212,660	200,605	200,605	-	69,912	-	96,764
2035	1,244,899	204,190	204,190	-	66,624	-	94,106
2036	1,268,988	197,552	197,552	-	60,349	-	86,991
2037	1,283,489	214,139	214,139	-	61,245	-	90,094
2038	1,285,697	205,433	205,433	-	55,009	-	82,582
2039	1,282,898	204,173	204,173	-	51,186	-	78,419
2040	1,273,526	228,630	228,630	-	53,663	-	83,901
2041	1,249,930	240,894	240,894	-	52,936	-	84,464
2042	1,200,438	256,516	256,516	-	52,775	-	85,935
2043	1,114,649	253,784	253,784	-	48,884	-	81,233
2044	980,138	243,275	243,275	-	43,872	-	74,400
2045	786,896	252,194	252,194	-	42,581	-	73,692
2046	553,637	247,766	247,766	-	39,166	-	69,173
2047	275,477	248,380	248,380	-	36,760	-	66,256
2048	22,726	234,233	22,726	211,507	3,149	83,953	59,699
2049	5,214	254,402	5,214	249,188	676	95,909	61,951
2050	3,737	238,830	3,737	235,093	454	87,740	55,569
2051	3,314	229,370	3,314	226,056	377	81,808	50,990
2052	3,057	245,033	3,057	241,976	325	84,913	52,046
2053	2,772	217,471	2,772	214,699	276	73,056	44,134
2054	2,525	204,796	2,525	202,271	236	66,740	39,710
2055	2,260	217,454	2,260	215,194	197	68,850	40,287
2056	1,995	227,156	1,995	225,161	163	69,854	40,209
2057	1,764	226,374	1,764	224,610	135	67,570	38,286
2058	1,496	215,562	1,496	214,066	107	62,444	34,834
2059	1,256	206,316	1,256	205,060	84	58,003	31,854
2060	1,071	167,363	1,071	166,292	67	45,610	24,689

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

20. Plan Projection Disclosures (Continued)

Actuarial Present Values of Projected Benefit Payments Using a June 30, 2017 Valuation Date (Continued)

<u>Fiscal Year</u>	<u>I. Projected Beginning Fiduciary Net Position</u>	<u>II. Total Projected Benefit Payments</u>	<u>III. Funded Portion of Benefit Payments</u>	<u>IV. Unfunded Portion of Benefit Payments</u>	<u>V. Present Value of Funded Benefit Payments</u>	<u>VI. Present Value of Unfunded Benefit Payments</u>	<u>VII. Present Value of Benefit Payments Using Single Discount Rate</u>
2061	919	150,472	919	149,553	54	39,775	21,209
2062	771	131,925	771	131,154	42	33,824	17,766
2063	624	121,714	624	121,090	32	30,281	15,661
2064	516	115,987	516	115,471	25	28,000	14,259
2065	418	104,968	418	104,550	19	24,583	12,330
2066	357	101,635	357	101,278	15	23,091	11,407
2067	311	97,851	311	97,540	12	21,565	10,493
2068	290	96,176	290	95,886	11	20,556	9,854
2069	280	94,383	280	94,103	10	19,562	9,239
2070	270	92,575	270	92,305	9	18,606	8,659
2071	266	90,647	266	90,381	8	17,666	8,101
2072	266	88,634	266	88,368	8	16,748	7,568
2073	266	86,528	266	86,262	7	15,853	7,059
2074	266	84,322	266	84,056	7	14,979	6,573
2075	266	81,990	266	81,724	6	14,122	6,106
2076	266	79,524	266	79,258	6	13,280	5,659
2077	266	76,931	266	76,665	5	12,456	5,230
2078	266	74,221	266	73,955	5	11,652	4,821
2079	266	71,381	266	71,115	5	10,864	4,430
2080	266	68,400	266	68,134	4	10,093	4,056
2081	266	65,257	266	64,991	4	9,336	3,697
2082	266	61,983	266	61,717	4	8,596	3,355
2083	266	58,525	266	58,259	4	7,869	3,027
2084	266	54,967	266	54,701	3	7,164	2,716
2085	266	51,263	266	50,997	3	6,476	2,421
2086	266	47,458	266	47,192	3	5,811	2,141
2087	266	43,571	266	43,305	3	5,171	1,878
2088	266	39,647	266	39,381	3	4,560	1,633
2089	266	35,733	266	35,467	2	3,982	1,406
2090	266	31,866	266	31,600	2	3,440	1,198
2091	266	28,109	266	27,843	2	2,939	1,010
2092	266	24,502	266	24,236	2	2,481	841
2093	266	21,101	6,792	14,309	49	1,420	692
2094	18	17,964	6,051	11,913	40	1,147	563
2095	1	15,096	5,096	10,000	32	933	452
2096	0	12,553	4,241	8,312	25	752	359

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 12 - Other Post-employment Benefits (OPEB) (Continued)  
(As of the June 30, 2017 Measurement Date)

21. Changes to Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of differences between expected and actual experience

<u>Fiscal Year</u>	<u>Differences between actual and expected experience</u>	<u>Recognition Period (years)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2018	\$247,743	7.00	\$ -	\$35,392	\$35,392	\$35,392	\$35,392	\$35,392
Net increase (decrease) in OPEB expense			\$ -	\$35,392	\$35,392	\$35,392	\$35,392	\$35,392

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between Projected and Actual Earnings on OPEB Plan Investments

<u>Fiscal Year</u>	<u>Differences between actual and expected experience</u>	<u>Recognition Period (years)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2018	\$(4,092)	5.00	\$ -	\$(818)	\$(818)	\$(818)	\$(818)	\$(818)
Net increase (decrease) in OPEB expense			\$ -	\$(818)	\$(818)	\$(818)	\$(818)	\$(818)

22. Impact of Patient Protection and Affordable Care Act (“PPACA”) Excise Tax

Under the Patient Protection and Affordable Care Act (“PPACA”), an excise tax will be imposed for tax years beginning after December 31, 2021 (formerly December 31, 2017, but amended by Consolidated Appropriations Act) for high cost employer sponsored health coverage. The law specifies a 40% excise tax, to be paid by the provider of such coverage, of the excess value beyond a basic dollar amount plus an additional “kicker” for qualified retirees or those engaged in a high risk profession. The projected 2022 threshold amounts are \$12,511 for single coverage and \$32,676 for family coverage and a “kicker” amount of \$1,650 for single coverage and \$3,450 for family coverage.

For fiscal year ending June 30, 2018, the TOL for the excise tax is \$35,522 and the increase in OPEB Expense is \$5,813. Given the Collaborative’s premiums through the 2018 fiscal year and the excise tax threshold, the average single premiums are \$3,989 below the excise tax threshold and average family premiums are \$11,300 below the excise tax threshold. As more regulatory guidance becomes available, the calculation of the excise tax liability will evolve.

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.

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.

Note 13 - Net Position/Fund Balance (Continued)

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.

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	\$ 50,000
Unassigned	<u>1,602,383</u>
<u>Total Fund Balance</u>	<u>\$1,652,383</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 reserve balance of \$250,000 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 Ave in New Bedford. At the end of fiscal year 2017, the Board voted to move \$50,000 back into the capital reserve fund.

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.

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Continued)  
June 30, 2018

Note 16 - Line of Credit (Continued)

The outstanding balance as of June 30, 2018 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		\$10,863,615
Adjustments		<u>-</u>
Revenues – GAAP		<u>\$10,863,615</u>
Expenditures – Actual		\$10,610,541
Adjustments:		
Accrual of compensated absences	\$ 2,683	
Prepaid expenses	( 90,090)	
Net capitalized costs for vehicles and improvements	( 146,054)	
Depreciation recognized on capital assets	72,289	
Net OPEB obligation	138,288	
Rounding	<u>2</u>	
Total adjustments		( <u>22,882</u> )
Expenditures – GAAP		<u>\$10,587,659</u>

Note 18 - Prior Period Adjustment

The Collaborative has recorded a prior period adjustment after adopting GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions. The prior period adjustment relates to the new actuarial cost method and discount rate used, as required by GASB 75. The beginning net position has increased by \$73,427 in accordance with the actuaries’ calculation shown in the GASB Statements No.s 74/75 Actuarial Valuation delivered April 2018.

Note 19 - Implementation of GASB Pronouncement

The Collaborative adopted GASB Statement No. 75 Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, for the fiscal year ending 2018. The adoption of GASB 75 introduces a new actuarial cost method and discount rate as well as new disclosures and methodologies for reporting plan liabilities and OPEB expenses. Significant changes have been made to the recognition of OPEB expenses, which makes the comparison of Net OPEB Expense in the

Southeastern Massachusetts Educational Collaborative  
Notes to Financial Statements (Concluded)  
June 30, 2018

Note 19 – Implementation of GASB Pronouncement (Continued)

current valuation to the expenses reported under GASB 45 misleading. The liability reported on the Collaborative balance sheet is likely to increase dramatically as GASB 75 require the recognition of liabilities immediately rather than over a 30 year period as GASB 45 allowed.

Note 20 - Subsequent Events

Management has evaluated the impact of all subsequent events through November 15, 2018, the date on which the financial statements were available to be issued, and has determined that there were no subsequent events requiring adjustment in the financial statements.

SUPPLEMENTARY INFORMATION

Southeastern Massachusetts Educational Collaborative  
 Supplementary Information  
 June 30, 2018

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, 2017 but is to be used in the employer fiscal year 2018 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>Measurement Date</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial determined calculation	\$ 250,324	\$ 213,435	\$ 171,600	\$ 183,128
Contributions in relation to actuarial determined contribution	<u>(250,324)</u>	<u>(213,435)</u>	<u>(171,600)</u>	<u>(183,128)</u>
Contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
 Collaborative’s covered payroll (approximate)	 \$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%
 Collaborative’s proportionate share of the collaborative net pension liability as percentage of covered payroll	 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, 2018

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, 2017 but is to be used in the employer fiscal year 2018 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>Measurement Date</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial determined calculation	\$ 247,281	\$ 230,773	\$ 222,012	\$ 210,599
Contributions in relation to actuarial determined contribution	<u>(247,281)</u>	<u>(230,773)</u>	<u>(222,012)</u>	<u>(210,599)</u>
Contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Collaborative’s covered payroll (approximate)	\$4,415,732	\$4,120,946	\$3,964,500	\$3,760,696
Collaborative’s contributions as a percentage of its covered payroll	5.60%	5.60%	5.60%	5.60%
Collaborative’s proportionate share of the collaborative net pension liability as percentage of covered payroll	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, 2018

Required Supplementary Information – OPEB  
(As of the June 30, 2017 Measurement Date)

Valuation Date: Actuarially Determined Contribution was calculated as of June 30, 2017

Actuarial Cost Method: Individual Entry Age Normal

Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2017

Actuarial Assumptions

Investment Rate of Return: 6.81% net of OPEB plan investment expense, including inflation

Municipal Bond Rate 3.13% as of June 30, 2017 (source: S&P Municipal Bond 20-Year High Grade Index -SAPIHG)

Single Equivalent Discount Rate: 4.75%, net of OPEB plan investment expense, including inflation

Inflation: 2.75% as of June 30, 2017 and for future periods

Salary Increases: 3.00% annually as of June 30, 2017 and for future periods

Cost of Living Adjustment: Not Applicable

Pre-Retirement Mortality: RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females

Post-Retirement Mortality: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females

Disabled Mortality: RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females

Southeastern Massachusetts Educational Collaborative  
 Supplementary Information  
 June 30, 2018

Required Supplementary Information – OPEB (Continued)  
 (As of the June 30, 2017 Measurement Date)

Plan Membership

Plan Membership: At June 30, 2017, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	8
Active Employees:	<u>165</u>
Total:	173

Changes in Assumptions: Effective June 30, 2017

- Discount rate is 4.75% previously 4.00%
- The assumed pre-retirement mortality table is the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females- previously RP-2000 Mortality Table projected to 2017
- The assumed post-retirement mortality table is the RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females- previously RP-2000 Mortality Table projected to 2017
- The actuarial cost method is Individual Entry Age Normal

Deferred Outflows of Resources and Deferred Inflows of Resources Arising between Expected & Actual Experience

Fiscal Year	Experience Losses	Experience Gains	Amounts recognized in OPEB Expense through June 30, 2018	Balances at June 30, 2018	
				Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$247,743	\$ _____ -	\$ _____ -	\$247,743	\$ _____ -
Total	<u>\$247,743</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$247,743</u>	<u>\$ _____ -</u>

Southeastern Massachusetts Educational Collaborative  
 Supplementary Information  
 June 30, 2018

Required Supplementary Information – OPEB (Continued)  
 (As of the June 30, 2017 Measurement Date)

Deferred Outflows of Resources and Deferred Inflows of Resources between Projected and Actual Earnings on OPEB Plan Investments

<u>Fiscal Year</u>	<u>Balances at June 30, 2018</u>				
	<u>Increase in the Total OPEB Liability</u>	<u>Decrease in the Total OPEB Liability</u>	<u>Amounts recognized in OPEB Expense through June 30, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ _____ -	\$(4,092)	\$ _____ -	\$ _____ -	\$(4,092)
Total	\$ _____ -	\$(4,092)	\$ _____ -	\$ _____ -	\$(4,092)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
I. Differences between actual and expected experience	\$247,743	\$ -
II. Changes of assumptions	-	-
III. Net difference between projected and actual earnings on OPEB plan investments	_____ -	(4,092)
IV. Total [I.+II.+III.]	<u>\$247,743</u>	<u>\$(4,092)</u>
	<u>Year ended June 30</u>	
	2019	\$34,574
	2020	\$34,574
	2021	\$34,574
	2022	\$34,574
	2023	\$34,572
	Thereafter	\$70,783

Contributions

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. The Collaborative expects to contribute \$50,000 beyond the pay-as-you-go cost for the period ending on the June 30, 2017 Measurement Date. Total Collaborative premiums plus implicit costs for the retiree medical program are \$47,992 for the period ending on the June 30, 2017 Measurement Date.

BENOIT & McARDLE, P.C.  
Certified Public Accountants

---

James N. Benoit, CPA  
Joseph L. McArdle, Jr., CPA

240 Wareham Road ~ P.O. Box 1037  
Marion, Massachusetts 02738  
Phone: (508) 748-1611  
Fax: (508) 748-2216

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, 2018, 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 15, 2018.

**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 15, 2018.

**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 15, 2018

Southeastern Massachusetts Educational Collaborative  
Supplementary Information  
June 30, 2018

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	\$141,994
Jill Brillhante	Director of Finance & Operations	97,419
Nelson Cordeiro	Adult Services Director	92,755
Michelle Goettlich	Student Services Director	90,735
Kimberly Wilmot	Assistant Student Services Director	84,951

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.

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 S.A.I.L. 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.

Student Services Director - Responsible for all LEA funded school-year 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.

Southeastern Massachusetts Educational Collaborative  
 Supplementary Information  
 June 30, 2018

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 2018, the S.A.I.L. program expended \$3,652,171 and the ADH program expended \$771,424.

4. The amounts expended on administration and overhead

Administration and Overhead	\$801,258
-----------------------------	-----------

5. Any 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	\$ 19,066
Dartmouth Public Schools	15,804
Fairhaven Public Schools	47,704
Ledgewood Commons	4,880
Old Rochester Regional School District	11,164
Rochester Public Schools	15,804
25 Russell Mills Rd, Dartmouth, MA - Landlord - (Four Kings, LLC)	<u>312,104</u>
	<u>\$426,526</u>

See Independent Auditor's Report

Southeastern Massachusetts Educational Collaborative  
 Supplementary Information  
 June 30, 2018

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>FY18 Cumulative Surplus Calculation Worksheet</b>		Page in FY18 FS <sup>2</sup>
Enter values below		
(A)	<b>Voted Cumulative Surplus as of 6/30/17</b> (not including committed capital reserve fund balance of \$50,000)	\$ 1,374,309 (A) <u>p. 19</u>
(B)	Amount of (A) used to support the FY18 Budget (B)1	\$ -
	Amount of (A) returned to member districts (B)2	\$ -
	(B)1 + (B)2 = (B)	\$ - (B)
(C)	<b>Unexpended FY18 General Funds</b>	\$ 228,074 (C) <u>p. 19</u>
(D)	Cumulative Surplus as of 6/30/18	(A) - (B) + (C) = (D) \$ 1,602,383 (D)
(E)	<b>FY18 Total General Fund Expenditures without intergovernmental</b> on behalf payments of \$1,751,436	\$ 9,092,732 (E) <u>p. 19</u>
(F)	Cumulative Surplus Percentage	(D) ÷ (E) 17.62% (F) <u>p. 19</u>

See Independent Auditor's Report