

SEEM Collaborative Board of Director's Meeting
SEEM Administrative Office
12/19/2017
9:00 am – 11:00 am

Superintendents

Dr. John Doherty, Reading
Ms. Jane Tremblay, Lynnfield
Mr. Mark Donovan, Woburn
Mr. Jon Bernard, North Reading
Mr. Paul Ruggiero, Wilmington
Mr. John Macero, Stoneham
Mr. Matt Crowley, Assistant Superintendent, Woburn
Dr. Judy Evans, Winchester
Ms. Cyndy Taymore, Melrose

Absent Superintendents

Dr. Kim Smith, Wakefield
Dr. David DeRuosi, Saugus

Collaborative Staff

Dr. Cathy Lawson, Executive Director
Mr. Greg Zammuto, Director of Finance and Operations
Ms. Elizabeth Klepeis, Treasurer

Fritz Deguglielmo, LLC

Mr. Daniel Schaffner, CPA

- A. **The Meeting was called to order by Chair of the Board, Dr. John Doherty, at 9:00 AM.**
- B. Public Comment – There were no public comments.
- C. Approval of the Consent Agenda
 - a. General Session Minutes of 10/24/2017
 - b. Personnel Report of 10/21/2017
There were no major changes in the personnel report for this period. New positions are for per diem home services based on need or 1:1 aides. **Motion made to approve the consent agenda as presented by Mr. Jon Bernard, seconded by Ms. Jane Tremblay, all in favor.**
- D. Administrative and Committee Reports

- a. Executive Director's Report:
 - i. Dr. Cathy Lawson reminded the Board that per state regulations, all Board members must present SEEM's annual report to their respective school committees on an annual basis. The annual report must include the approved financial statements as well and must be submitted by the Executive Director to ESE prior to 1/1/18. The financial statements must be approved by the Board and submitted by the Executive Director to the state auditor's office prior to 1/1/18. The draft annual report will be voted today and then the final copy will be sent to the Board by the Executive Director. All Board members must also present the budget to their school committee's chair once approved.
 - ii. Dr. Cathy Lawson is now serving as the MA legislative liaison for the national association of educational service agencies. In January she'll be attending the legislative call to action conference for education related bills that are on the table. She will be meeting with Senator Warren and Representative's from Katherine Clark's office to discuss these bills and their potential impact on public education in the State of MA.
 - iii. Collaborative Programs/District Based Services
 1. SEEM has applied for the RADAR grant on behalf of 7 member districts (Melrose, North Reading, Reading, Stoneham, Wakefield, Wilmington and Woburn). The grant was awarded and will fund an inclusion coach position which will provide support to the participating districts. Funds will also support ongoing professional development in the area of inclusive practices. The Board thanked Dr. Lawson for the hard work that she did with the RADAR grant.
 2. Project Impact Grant: Preventing Sexual Abuse of Children with Disabilities – Dr. Cathy Lawson gave an update on the grant. All programs have received training on ableism. The steering committee has met with Elizabeth Bostic, project consultant, who is helping with the parent engagement component. A staff survey has gone out to gather data on the impact of the touch guidelines recently implemented. Implementation of Impact:Ability curriculum was begun with select students from SEEM Middle School and the TLC Middle School.
 - iv. MCAS
SEEM will be offering the computer based test of next generation MCAS in accordance with DESE's implementation plan for FY18.
- b. Financial Update – Enrollment report through 11/30/2017. Enrollment is just over 302 FTE's and projected to be on target for November tuition revenue even though enrollment is down a little bit.

Revenue and expense through 11/30/2017. As mentioned at the last meeting, this report shows a significant change from the previous report because all staffing changes and new hires are factored in. At this point there is a projected deficit of just over \$198,000. This is due to adding staff at the DHOH program due to additional enrollment. A spending freeze has been put in place for essential items only, being sure student needs are met.

Profit and Loss through 11/30/2017 shows further breakdown of the expense line items. **Motion to accept the Financial Report as presented made by Mr. John Macero, seconded by Mr. Jon Bernard, all in favor.**

E. Old Business – There was no old business to report on.

F. New Business

- a. Report of the Audited Financials by Mr. Dan Schafner from Fritz Deguglielmo, LLC. Charts and closing letter were handed out and reviewed. A new addition to the report this year is that other collaboratives' average numbers were compared with SEEM Collaborative's numbers. General Fund activities (operations) excluding transportation and retirement system for FY17 is over \$1,000,000. Compared to other collaboratives, this is the largest in revenue. Expenses are also on the larger end of the scale. Program expense is up about \$550,000 over last year. Administrative expense increased by about \$220,000 this year. Given the fact that SEEM is one of the larger collaboratives that they audit, the total expenses are what is expected compared to total revenue. Net surplus excluding transportation for the year is \$255,000. Transportation adds another \$250,000-\$300,000 of surplus. Overall the general fund surplus for this year is about \$550,000. The general fund surplus is a percentage of the general fund expenditures. This is the 25% rule that DESE looks at which is the cumulative of the general fund surplus at the end of the year divided by operating expenditures for the year. This year was just under 20% which is right in line with the collaborative average. A transfer to the OPEB trust this year helps reduce the surplus for the year.

Payroll expense: Payroll expense percent of revenue is 84%, meaning 84% of every dollar is spent on personal related costs, salary, benefits, etc. This is comparable to other collaboratives. Other program expenses: Professional services decreased \$106,000 over last year, insurance is up slightly over last year. This is in line with other collaboratives. Rent and utilities have slightly increased which is typical as costs increase each year. Maintenance costs were up about \$77,000 across facilities. Supplies decreased by \$28,000. Other categories are consistent with other years. This is all typical of what is seen across collaboratives. The facilities increase was largely due to door replacements that were necessary in two of the school buildings.

Change in OPEB reporting was reviewed. SEEM has implemented the new OPEB regulations (GASB 75) early. This more significantly overstates the

liability for retiree health insurance in the OPEB plan. Every governmental agency will have to go to this by next year. SEEM has decided to switch over now due to the timing of the actuarial study. From a financial perspective this results in an increase in the non-current liability to \$17.9 million dollars compared to \$6-7 million dollars last year. The related expense for OPEB currently is just over \$2 million. From an operational perspective it doesn't mean a whole lot because the actual retiree expenses is what is factored into the operating budget. The actual expense for retiree health insurance is \$138,000.

The general fund removes the OPEB liability and OPEB expense. The general fund shows the operating revenues and expenses for the year as well as general fund balance sheet. The cumulative general fund surplus is \$5,914,450 as of June 30, 2017. This is roughly 20% of the general fund expenditures which is well under the 25% threshold.

Transportation revenue and expense was reviewed. The transportation revenue was \$9.6 million dollars for the year compared to \$9.3 million of expense.

Now that OPEB trust funds are set aside for the restricted purpose, it is necessary to show fiduciary financial statements. These were reviewed. At the end of June it was at \$582,000 because of interest accruing. There were no funds taken out during FY17.

Cumulative effect of GASB 75 – Added about \$10.5 million of liability due to that change.

Budget to Actual: The net change in fund balance was positive \$545,000.

The internal control reports showed no findings that have to be reported and there was no management letter for this year. Overall the audit went very well. There were no issues found. The collaborative had a good year financially from an audit perspective for FY17.

The Board congratulated Dr. Cathy Lawson and Mr. Greg Zammuto on a clean audit.

Motion made to accept \$5,914,450 as the cumulative general fund amount by Ms. Cyndy Taymore, seconded by Mr. Jon Bernard, all in favor.

Motion made to accept the SEEM Collaborative FY17 audited financial statements as presented by Ms. Cyndy Taymore, seconded by Mr. Paul Ruggiero, all in favor.

b. FY19 Draft Budget Proposal First Reading

Dr. Cathy Lawson and Mr. Greg Zammuto presented the SEEM Collaborative Draft FY19 Budget Proposal for discussion purposes. The needs of the students have changed significantly which has added the need for additional staff and some additional costs causing a budget shortfall. Rather than asking for a flat rate increase in tuitions, other areas of reductions were explored. \$105,000 in staffing was eliminated from the administrative budget by eliminating the Grant Writer position and the Data Specialist position which were vacant. Those responsibilities were shifted to other individuals. There was still a shortfall of about \$352,000 after those reductions. In order to meet the level of service needs that the collaborative is facing, a tuition increase was explored. A range of tuition increases was found to be necessary for members from 2.72% to 8.85% depending on the program with the average increase being 5.86%. Not every member has students in the program so the net average was about 4.17% for current member enrolled students. For non-member enrolled students it translates to about 6.5% of the impact. This would bring tuition in line with service needs. The acuity of student needs is increasing especially in the Deaf and Hard of Hearing program, SEEM Middle School and the Ripley Elementary School. Dr. Cathy Lawson presented an Impact Summary which illustrates the frequency of behavioral incidents requiring staff support and the significant increase in these incidents over the last year. It also demonstrates a reduction in the use of restraints. The FY19 Budget proposal will be presented for a vote at the next meeting.

- c. 2016-2017 Annual Report – DESE requires that every year the collaborative provide an annual report. Dr. Cathy Lawson briefly reviewed the Annual Report. Any changes made since the report of 2015-2016 are highlighted in red. There is a tuition comparison and fee for services comparison for every program. Dr. Lawson will distribute the final copy in early January. **Motion to accept the 2016-2017 Annual Report as presented made by Mr. Jon Bernard, seconded by Dr. Judy Evans, all in favor.**

G. Other Business – Mr. Mark Donovan is retiring and this is his last meeting on the Board of Directors. The Board thanked him for his years of service and contributions to the Board.

H. Future Meetings and Agenda Items – The next meeting of the Board of Directors will be January 30, 2018. FY19 Budget will be presented for vote.

I. Meeting adjourned at 10:00 am.

Respectfully submitted by,
Catherine Lawson, Executive Director