

SEEM Collaborative

Financial Statements

For the Year Ended
June 30, 2023

SEEM Collaborative
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For the Year Ended June 30, 2023

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FRITZ DEGUGLIELMO LLC
*CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SEEM Collaborative
Stoneham, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, OPEB Plan – Required Supplementary Information and pension schedules on pages 4-8 and 33-40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of SEEM Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SEEM Collaborative's internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SEEM Collaborative's internal control over financial reporting and compliance.

Certified Public Accountants

Fairy O'Meghinno LLC

Newburyport, Massachusetts

December 12, 2023

SEEM Collaborative
Management's Discussion and Analysis
June 30, 2023

Our discussion and analysis of SEEM Collaborative's ("The Collaborative") financial performance provides an overview of the Collaborative's financial activities for the fiscal year ended June 30, 2023 with comparative information from the fiscal years ended June 30, 2022 and 2021. Please read it in conjunction with the financial statements that begin on page 9.

OVERVIEW OF THE FINANCIAL REPORTS

This discussion and analysis is intended to serve as an introduction to the Collaborative's financial statements. The Collaborative's financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Statements:

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

- The **Statement of Net Position** presents information on all of the Collaborative's assets and liabilities with the difference between the two reported as net position. It is one way of measuring the Collaborative's financial health or position.
- The **Statement of Activities** presents information showing how the Collaborative's net position changed during the most recent fiscal year. All of the current year's revenues and expenditures are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

Fund Financial Statements:

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

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

Notes to the Financial Statements:

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

Supplementary information:

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

SEEM Collaborative
Management's Discussion and Analysis
June 30, 2023

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS

Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Current Assets	\$ 9,928,123	\$ 9,956,654	\$ 10,982,718
Total Non-current Assets, net**	<u>8,931,134</u>	<u>10,193,174</u>	<u>2,009,919</u>
Total Assets	<u>\$ 18,859,257</u>	<u>\$ 20,149,828</u>	<u>\$ 12,992,637</u>
Deferred Outflows Related to OPEB	<u>\$ 4,877,815</u>	<u>\$ 4,509,463</u>	<u>\$ 5,414,408</u>
Liabilities			
Total Current Liabilities	\$ 4,295,964	\$ 4,468,261	\$ 4,259,335
Total Non-current Liabilities**	<u>30,739,089</u>	<u>31,528,874</u>	<u>29,835,047</u>
Total Liabilities	<u>\$ 35,035,053</u>	<u>\$ 35,997,135</u>	<u>\$ 34,094,382</u>
Deferred Inflows Related to OPEB	<u>\$ 10,280,523</u>	<u>\$ 9,354,955</u>	<u>\$ 3,259,926</u>
Net Position			
Unrestricted	\$(21,904,032)	\$(21,105,936)	\$(19,537,112)
Restricted	289,193	218,918	202,756
Invested in right-of-use assets, net of liabilities**	(402,276)	(334,653)	-
Invested in capital assets, net of related debt	<u>438,612</u>	<u>528,872</u>	<u>387,093</u>
Total Net Position	<u>\$(21,578,503)</u>	<u>\$(20,692,799)</u>	<u>\$(18,947,263)</u>

SEEM Collaborative's net position decreased by approximately \$886,000 and \$1,750,000 in fiscal 2023 and 2022. During fiscal 2023, SEEM Collaborative recorded increases in net retirement health benefit obligations required by GASB Statement No. 75 of \$287,496 and transferred an additional \$96,506 to an OPEB trust. There was an increase in the OPEB deferred outflow of \$368,352 and an increase in the OPEB deferred inflows of \$925,568. During fiscal 2022, SEEM Collaborative recorded decreases in net retirement health benefit obligations required by GASB Statement No. 75 of \$5,364,824 and transferred an additional \$71,918 to an OPEB trust. There was a decrease in the OPEB deferred outflow of \$904,945 and an increase in the OPEB deferred inflows of \$6,095,029. Increases in net position before these OPEB expenses were approximately \$55,000 and \$187,000 in fiscal 2023 and 2022, respectively. The surplus in fiscal 2023 was a result of revenues exceeding expenses during the year. The Collaborative recorded restricted net position in the amount of \$218,258 as of June 30, 2023. Other changes in assets and liabilities are due primarily to operations in fiscal 2023.

Statement of Activities

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Program Revenues*	\$ 33,165,789	\$33,644,155	\$31,052,465
General Revenues	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>
Total Revenues	<u>33,226,289</u>	<u>33,704,655</u>	<u>31,112,965</u>
Program Expenses*	30,798,336	31,389,154	29,111,496
Administrative Expenses*	<u>2,372,439</u>	<u>2,129,351</u>	<u>1,886,679</u>
Total Expenses*	<u>33,170,775</u>	<u>33,518,505</u>	<u>30,998,175</u>
Change in net position, before increase in net retirement health benefit obligation**	55,514	186,150	114,790
Increase in net retirement health benefit obligation	(844,712)	(1,635,150)	(2,552,951)
OPEB trust funding	(96,506)	(71,918)	(71,242)
Right-of-use asset, prior period adjustment**	-	(224,618)	-
Total net position – beginning	<u>(20,692,799)</u>	<u>(18,947,263)</u>	<u>(16,437,860)</u>
Total net position – ending	<u>\$(21,578,503)</u>	<u>\$(20,692,799)</u>	<u>\$(18,947,263)</u>

* Excludes Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments.

SEEM Collaborative
Management's Discussion and Analysis
June 30, 2023

** During 2022, the Collaborative implemented GASB No. 87 and as a result, made adjustments effective July 1, 2021 for right-of-use leased assets and liabilities. The information above includes information reported under GASB Statement No. 87 in the 2022 information only and does not adjust for lease assets or liabilities in prior presented year. In addition, the change in net position reflects the 2022 net change, not including the cumulative effect of implementing GASB Statement No.87 of \$224,618.

During the years ended June 30, 2023 and 2022, operating revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, decreased by approximately \$480,000 and increased by \$2,592,000, respectively. The decrease in fiscal year 2023 revenues was primarily from a decrease of transportation services by approximately \$360,000. The increase in fiscal 2022 revenues was primarily from an increase of transportation services of approximately \$1,310,000 and increase of grants of approximately \$700,000. During the years ended June 30, 2023 and 2022, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, decreased approximately \$350,000 and increased by \$2,520,000 respectively. The decrease in expenses for the year ended June 30, 2023 was primarily due to decreases in transportation services that correspond with the decrease in transportation revenue. The increase in expenses for the year ended June 30, 2022 was primarily due to increase in transportation costs that correspond to increase transportation revenues as well as an increase in payroll costs as a result of increase in services.

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

The Collaborative reported a total general fund balance of \$6,420,248, of which \$535,523 was nonspendable and \$5,884,725 was unassigned. The governmental funds balance increased approximately \$117,000 during the year ended June 30, 2023. During fiscal 2023 there was a transfer of approximately \$96,500 to the OPEB Trust. The increase of approximately \$213,000 in the funds balance prior to the funding of the Trust was primarily due to decreases in transportation in excess of related revenues. Cash and cash equivalents increased by approximately \$360,000 and accounts receivable increased by approximately \$336,000. The balance in the restricted funds increased by approximately \$70,000 during the year ended June 30, 2023 due to unspent restricted contributions received.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Collaborative's annual budget for fiscal 2023 was approved by its Board of Directors. For the fiscal year ended June 30, 2023, the Collaborative received revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, of approximately \$33,104,000 compared to budgeted revenues of approximately \$35,750,000. The difference between actual revenues received and budgeted revenues is primarily due to significantly lower than expected fees for transportation and tuition received during the fiscal year.

For the fiscal year ended June 30, 2023, the Collaborative incurred actual expenditures, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, of approximately \$32,962,000 compared to budgeted expenditures of approximately \$35,750,000. The difference between actual expenditures incurred and budgeted expenditures is primarily due to the change in accounting policy of GASB Statement No.87 and decrease in transportation which corresponds with transportation revenue decrease.

CAPITAL ASSETS AND DEBT OBLIGATIONS

The collaborative's investment in capital assets as of the end of the current fiscal year amounts to \$1,860,840 (net of accumulated depreciation). This investment in capital assets included major improvement costs and renovations of the Collaborative's new building (260 Fordham Road, Wilmington, MA), leasehold improvements, vehicles, and equipment. Additional information on the Collaborative's capital assets can be found in Note C in the notes to the financial statements.

The Collaborative incurred debt totaling \$1,888,947 to make significant improvements and renovations to the new leased building during fiscal year 2021. During fiscal year 2023, the Collaborative paid principal on the

SEEM Collaborative
Management's Discussion and Analysis
June 30, 2023

debt of \$61,005 and interest of \$53,124. For additional information on the debt, see Note I to the financial statements.

LEASES

During 2022, the Collaborative implemented GASB Statement No. 87 which requires right-of-use leased assets and related liabilities for all long-term leases. The Collaborative recorded the lease assets and liabilities effective July 1, 2021 with a cumulative effect for a change in account principal to the prior year ending net position of \$224,618. As of June 30, 2023, the Collaborative recognized right-of-use assets totaling \$10,962,588, net of accumulated amortization of \$3,892,294 and lease liabilities of \$7,472,570 for facility leases. See Note B in the notes to the financial statements for additional information on the Collaborative's leases.

SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

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

KNOWN FACTS, DECISIONS, OR CONDITIONS

The Collaborative implemented GASB Statement No. 68 in fiscal year 2015. The standard relates to the accounting and financial reporting for pensions. The Collaborative's employees participate in the Massachusetts Teachers' (MTRS) or State Employees' Retirement System (MSERS), statewide cost-sharing multi-employer defined benefit plans public employee retirement systems (PERS) covering all employees of local school districts within the Commonwealth of Massachusetts ("the Commonwealth").

Educational collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. The Commonwealth is a nonemployer contributor in MTRS and MSERS and is required by statute to make all actuarially determined employer contributions on behalf of the member employers participating in MTRS. Therefore, the Collaborative is considered to be in a 100% special funding situation as defined by GASB Statement No. 68. Since the employers do not contribute directly to each system beyond the MSERS annual normal cost, there is no net pension liability to recognize. However, the notes to the financial statements must disclose the portion of the nonemployer contributing entities' share of the collective net pension liability that is associated with the employer. In addition, the Collaborative must recognize its portion of the collective pension expense as both revenue and pension expense.

The Collaborative fully implemented two new standards from GASB Statements No. 74 and No. 75, in fiscal year 2017. These standards relate to the accounting and reporting by plans and employers for postemployment benefits other than pensions. The Collaborative provides financial support for postemployment health benefits.

The Collaborative historically recorded the cost of the postemployment health benefits on a "pay as you go" basis. Under Statement No. 75, the Collaborative is required to report the effects of OPEB-related transactions and events on its financial statements and to provide information about the Collaborative's OPEB obligations and the assets available to satisfy the obligations. This change significantly increased and accelerated the recording of these costs and significantly impacted the Collaborative's government-wide financials in fiscal year 2023 and 2022. The Collaborative recorded a charge for the estimated annual cost of OPEB for fiscal year 2023 of \$941,218.

The Collaborative implemented a new standard from the GASB, Statement No. 87, in fiscal year 2022. The standard changes the recognition of leases in the Collaborative's financial statements. Long-term leases are required to be recorded as assets with related liabilities for future lease payments. The change significantly impacted the Collaborative's total assets and liabilities in its government-wide financial statements, and resulted in a cumulative change in net position from prior years but did not significantly impact its governmental fund financial statements. See Note B in the notes to the financial statements for additional information on the Collaborative's leases.

SEEM Collaborative
Management's Discussion and Analysis
June 30, 2023

CONTACTING THE COLLABORATIVE

This financial report is designed to provide readers of the financial statement an overview of the Collaborative's financial activities. If you have any questions in regard to this report, please contact our finance department at (781) 279-1361.

SEEM Collaborative
Statement of Net Position
June 30, 2023

	Governmental Activities
<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$ 6,337,107
Accounts receivable, net	3,055,493
Prepaid expenses and other assets	535,523
Total Current Assets	9,928,123
Non-current Assets	
Right-of-use leased assets, net of accumulated amortization	7,070,294
Furniture, equipment and leasehold improvements, net of accumulated depreciation	1,860,840
Total Non-current Assets	8,931,134
Total Assets	18,859,257
<u>Deferred Outflows of Resources</u>	
Deferred Outflows of Resources Related to OPEB	4,877,815
Total Assets and Deferred Outflows of Resources	\$ 23,737,072
<u>Liabilities</u>	
Current Liabilities	
Lease liability, current portion	\$ 1,014,012
Loan payable, current portion	63,269
Accounts payable and accrued liabilities	3,107,722
Deferred revenues	110,960
Total Current Liabilities	4,295,963
Non-current Liabilities:	
Lease liabilities, net of current position	6,458,558
Loan payable, net of current portion	1,358,959
Net OPEB liability	22,921,572
Total Non-current Liabilities	30,739,089
Total Liabilities	35,035,052
<u>Deferred Inflows of Resources</u>	
Deferred Inflows of Resources Related to OPEB	10,280,523
<u>Net Position</u>	
Net Position	
Invested in capital assets, net of related debt	438,612
Invested in right-of-use leased assets, net of liabilities	(402,276)
Restricted - grants and contributions	289,193
Unrestricted	(21,904,032)
Total Net Position	(21,578,503)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 23,737,072

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

SEEM Collaborative
Statement of Activities
For the Year Ended June 30, 2023

Functions/ Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Administration	\$ 2,372,439	\$ -	\$ -	\$ (2,372,439)
Education and related	19,882,346	23,125,067	639,166	3,881,887
Transportation	9,120,971	9,401,556	-	280,585
Intergovernmental revenue and expense	3,581,787	-	3,581,787	-
Interest expense	351,793	-	-	(351,793)
Other postemployment benefits	941,218	-	-	(941,218)
Amortization expense: Right-of-use asset	1,110,775	-	-	(1,110,775)
Depreciation	332,451	-	-	(332,451)
Total Governmental Activities	\$ 37,693,780	\$ 32,526,623	\$ 4,220,953	(946,204)
General revenue:				
Assessments to member districts				60,500
Total General Revenue				60,500
Change in Net Position				(885,704)
Net Position, Beginning of Year				(20,692,799)
Net Position, End of Year				\$ (21,578,503)

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

SEEM Collaborative
 Balance Sheet
 Governmental Funds
 June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,047,914	\$ 289,193	\$ 6,337,107
Accounts receivable, net	3,055,493	-	3,055,493
Prepaid expenses and other assets	535,523	-	535,523
Total Assets	\$ 9,638,930	\$ 289,193	\$ 9,928,123
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,107,722	\$ -	\$ 3,107,722
Deferred revenues	110,960	-	110,960
Total Liabilities	3,218,682	-	3,218,682
Fund Balances:			
Nonspendable	535,523	-	535,523
Restricted	-	289,193	289,193
Committed	-	-	-
Unassigned	5,884,725	-	5,884,725
Total Fund Balances	6,420,248	289,193	6,709,441
Total Liabilities and Fund Balances	\$ 9,638,930	\$ 289,193	\$ 9,928,123

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

SEEM Collaborative

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

Total fund balances, governmental funds	\$ 6,709,441
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of related debt, used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	438,612
Right-of-use leased assets, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported in the funds.	7,070,294
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Long-term lease liabilities related to right-of-use leased assets	(7,472,570)
Deferred outflows relating to the other postemployment benefit obligation are not a current financial resource and therefore are not reported in this fund financial statement, but are reported in the government activities of the Statement of Net Position.	4,877,815
Deferred inflows relating to the other postemployment benefit obligation is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the government activities of the Statement of Net Position.	(10,280,523)
Other postemployment benefit (OPEB) liability is not a current obligation and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the Statement of Net Position.	<u>(22,921,572)</u>
Net position of governmental activities	<u><u>\$ (21,578,503)</u></u>

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Tuition and service revenues	\$ 23,125,067	\$ -	\$ 23,125,067
Transportation	9,401,556	-	9,401,556
Member assessments	60,500	-	60,500
Grants and contributions	517,592	121,574	639,166
Intergovernmental revenue	3,581,787	-	3,581,787
Total Revenues	36,686,502	121,574	36,808,076
Expenditures:			
Administration	2,372,439	-	2,372,439
Program payroll	15,282,090	-	15,282,090
Program fringe benefits and payroll taxes	2,270,735	-	2,270,735
Professional services	756,953	36,640	793,593
Rent and utilities	379,416	-	379,416
Maintenance	500,715	-	500,715
Supplies	501,807	-	501,807
Transportation	9,120,971	-	9,120,971
Travel, field trips, and conferences	64,097	14,659	78,756
Telephone and internet	33,583	-	33,583
Training	20,896	-	20,896
Miscellaneous	20,755	-	20,755
Intergovernmental expense	3,581,787	-	3,581,787
Capital outlay	181,186	-	181,186
Lease Service:			
Lease financing principal	1,043,152	-	1,043,152
Lease interest	298,669	-	298,669
Debt Service:			
Debt principal	61,005	-	61,005
Debt interest	53,124	-	53,124
Total Expenditures	36,543,380	51,299	36,594,679
Excess of Revenues over Expenditures	143,122	70,275	213,397
Other Financing Sources:			
OPEB obligation funding	(96,506)	-	(96,506)
Net Change in Fund Balances	46,616	70,275	116,891
Fund Balances, Beginning of Year	6,373,632	218,918	6,592,550
Fund Balances, End of Year	\$ 6,420,248	\$ 289,193	\$ 6,709,441

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

SEEM Collaborative

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

Net change in fund balances of total governmental funds \$ 116,891

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

Governmental funds report outlays for capital assets and right-of-use leased assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation or amortization expense for the period.

Capital outlay purchases	181,186
Net debt proceeds, incurred on capital outlay purchases	61,005
Amortization	(1,110,775)
Depreciation	(332,451)

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

Lease financing principal	1,043,152
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Other postemployment benefits 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 other postemployment benefits (OPEB) accrual	<u>(844,712)</u>
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Change in net position of governmental activities	<u><u>\$ (885,704)</u></u>
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SEEM Collaborative
Statement of Fiduciary Net Position
Retirees' Health Insurance Trust Fund
June 30, 2023

Assets

Investment held with PARS (mutual funds)	<u>\$ 1,405,726</u>
Total Assets	<u><u>\$ 1,405,726</u></u>

Net Position

Net position restricted for OPEB	<u>\$ 1,405,726</u>
Total Net Position	<u><u>\$ 1,405,726</u></u>

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

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

Additions

Contributions	\$ 96,506
Investment gain	<u>102,109</u>
Total Additions	<u>198,615</u>
Change in Net Position	198,615
Net Position - Beginning of Year	<u>1,207,111</u>
Net Position - End of Year	<u><u>\$ 1,405,726</u></u>

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

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

SEEM Collaborative (“the Collaborative”) was created by agreement pursuant to the provisions of Section 4E of Chapter 40, as Amended by Chapter 797 of the Acts of 1974 and by Chapter 43 of the Acts of 2012 by the following school committees: Lynnfield, Melrose, North Andover, North Reading, Reading, Saugus, Stoneham, Wakefield, Wilmington, Woburn, and Winchester. The purpose of the agreement is to provide special programs and services for school children under the members’ jurisdiction. The Collaborative also provides services to non-member districts as services are requested.

Basis of Presentation

The Collaborative's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

As required by GAAP and in accordance with the GASB, the accompanying financial statements present the Collaborative and its component units. Component units are included in the reporting entity if their operational and financial relationships with the Collaborative are significant. Pursuant to these criteria, the Collaborative did not identify any component units requiring inclusion in the accompanying financial statements.

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

Cumulative effect of change in accounting principle

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

Government-wide Financial Statements

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Collaborative does not allocate indirect expenses to functions in the statement of Activities.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program revenues included charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund balance, revenues and expenditures. The emphasis in fund financial statements is on the major funds in the governmental activities categories. GASB pronouncements set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Collaborative may electively add funds, as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

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

Governmental Funds:

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

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

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

Fiduciary Funds:

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

Basis of Accounting and Measurement Focus

The Collaborative's government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gain, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Collaborative’s governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Fair Value Measurements and Investments

The Collaborative has contributed \$1,098,879 to a public employee retirement trust account with U.S Bank National Association as trustee, on behalf of its retirees’ health insurance trust fund. The trustee invests the funds in Vanguard mutual funds. As of June 30, 2023, the balance in these investments consisted of the following:

	<u>Collaborative Contributions (Estimated Cost)</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Mutual Funds	\$1,098,879	\$1,405,726	\$306,847

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

Net increase in the fair value on investments for the year ended June 30, 2023 was \$102,109. There were no realized gains or losses during the year ended June 30, 2023. Investment fees for the year ended June 30, 2023 were \$3,958.

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

Revenues

Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Charges for services provided to other education agencies and private parties are recognized as revenue when services are provided. Amounts owed to the Collaborative for services already performed, which are not available are recorded as receivables. Amounts received prior to the entitlement period are recorded as unearned revenue. Revenues susceptible to accrual include expenditure-driven programs and interest income.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For financial statement purposes, the Collaborative considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are carried at their net realized value. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received. At June 30, 2023, management has not recorded an allowance for doubtful accounts because they have deemed all accounts collectible. At June 30, 2023, accounts receivable consisted of:

Services – SEEM programs and transportation	\$ 3,055,493
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Deferred Revenue

Revenue is recognized when earned, however funds received that are not earned as of year-end are recorded as deferred revenue in the financial statements.

Property and Equipment

Furniture and equipment are capitalized in the government-wide financial statements where the Collaborative maintains possession of the assets and expects future benefits to exceed one year. The assets are stated at cost less accumulated depreciation computed on the straight-line method. The useful lives are estimated to be five to ten years for equipment and five years for leasehold improvements. The Collaborative capitalizes assets purchased in excess of \$5,000.

Equity Classifications

Government-wide Statements

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

Net position invested in capital assets – Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributed to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end the portion of the debt attributable to the unspent proceeds are not included in the calculation or invested in capital assets. The Collaborative has no bonded debt on Capital assets at June 30, 2023.

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

Restricted net position (as applicable) – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other government or, (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – general and other purposes – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance in the fund financial statements is classified as nonspendable, restricted, committed, assigned or unassigned as described below:

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

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted: Amounts that can be used only for specific purposes because of (a) constitutional provisions or enabling legislation or (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.)

Committed: Amounts that can be used only for specific purposes because of a formal action by the government's highest level of decision-making authority (Board of Directors). This classification might also include contractual obligations if existing resources have been committed for use in satisfying those contractual requirements.

Assigned: Amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom authority has been given.

Unassigned: This is residual classification for the General Fund – that is, everything that is not in another classification or in another fund. The General Fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Collaborative's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. The Collaborative's restricted balance of \$289,193 as of June 30, 2023 consists of restricted grants and contributions for various different program expenditures. The restricted balance also includes funds held for another agency in the amount of \$70,935.

Use of Estimates

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

Allocation of Costs

Directly identifiable costs are charged to student services or general and administrative functions as applicable. Costs related to more than one function are allocated based on criteria intended to associate the cost with whichever function benefits.

Income Tax Status

The Collaborative was established under Chapter 40 Section 4(e) under the general laws of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements.

Subsequent Events

Subsequent events have been evaluated through December 12, 2023, which is the date the financial statements were available to be issued.

NOTE B – LEASE OBLIGATIONS

Operating Leases

The Collaborative has leases for office space and classroom space in various locations. With the exception of the Collaborative's administrative office and Fordham Road facility, all space is leased from certain member districts' cities and towns. The leases have varying expiration dates through fiscal 2032. Classroom and office lease expense was \$1,341,821 for the year ended June 30, 2023.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE B – LEASE OBLIGATIONS (continued)

Leases with member districts include:

-Town of Stoneham, School Facility – Central School, 7/1/19-6/30/29, and Administrative Office, 7/1/19-12/31/23.

-Town of Melrose, School Facilities – Ripley School, 8/1/11-7/31/26.

The Collaborative’s leases that qualify as long-term leases are recorded in accordance with GASB Statement No. 87. The Collaborative calculated all lease assets and liabilities in effect at July 1, 2021 and recorded a cumulative effect from the change as a decrease in net position of \$224,618.

Lease agreements, including modifications, are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 6/30/2023	Net Asset 6/30/2023	Liability Balance 6/30/2023
260 Fordham Road	6/1/21	10 years, 4 months	\$58,795/month	3.65%	\$6,025,448	\$1,175,697	\$4,849,751	\$5,019,488
Central School	7/1/19	10 years	\$31,781/month	3.65%	3,191,215	1,276,486	\$1,914,729	2,052,234
Ripley School	8/1/11	15 years	\$9,541/month	5.00%	1,184,000	940,622	\$243,378	331,449
Admin Office	7/1/19	4.5 years	\$11,374/month	3.65%	561,925	499,489	\$62,436	69,399
Total Lease Agreements					\$10,962,588	\$3,892,294	\$7,070,294	\$7,472,570

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

Year Ending 30-Jun	Principal	Interest	Total
2024	\$1,014,012	\$259,116	\$1,273,128
2025	981,240	221,877	1,203,117
2026	1,019,165	183,952	1,203,117
2027	950,018	146,579	1,096,597
2028	975,071	111,842	1,086,913
Thereafter	2,533,064	141,307	2,674,371
	\$7,472,570	\$1,064,673	\$8,537,243

For the year ended June 30, 2023, total amortization expense of leased assets was \$1,110,775 and total interest expense on lease liabilities was \$298,669.

The Collaborative also leases equipment under leases that do not qualify as long-term leases recorded in accordance with GASB Statement No. 87. These leases consist principally of the leasing of copiers under operating leases that expire next fiscal year. Equipment lease expense was \$42,492 for the year ended June 30, 2023.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE C – CAPITAL ASSETS

A summary of depreciable capital assets follows:

	<u>Leasehold Improvements</u>	<u>Furniture & Equipment</u>	<u>Vehicles</u>	<u>Fordham Road</u>	<u>Total</u>
<u>COST</u>					
Balance, July 1, 2022	\$ 639,935	\$ 240,394	\$ 421,905	\$1,725,468	\$ 3,027,702
Additions	151,816	29,370	-	-	181,186
Disposals	-	-	-	-	-
	<u>791,751</u>	<u>269,764</u>	<u>421,905</u>	<u>1,725,468</u>	<u>3,208,888</u>
<u>ACCUMULATED DEPRECIATION</u>					
Balance, July 1, 2022	(415,600)	(228,346)	(197,588)	(174,063)	(1,015,597)
Additions	(69,668)	(6,393)	(74,772)	(181,618)	(332,451)
Disposals	-	-	-	-	-
	<u>(485,268)</u>	<u>(234,739)</u>	<u>(272,360)</u>	<u>(355,681)</u>	<u>(1,348,048)</u>
Net, June 30, 2023	<u>\$ 306,483</u>	<u>\$ 35,025</u>	<u>\$ 149,545</u>	<u>\$1,369,787</u>	<u>\$ 1,860,840</u>

Depreciation expense of \$332,451 was not allocated to governmental functions. It appears unallocated on the Statement of Activities.

During fiscal year ended 2023, the Collaborative incurred additional costs of \$181,186 of improvement, furniture, and equipment costs and capitalized those costs in the government-wide Statement of Net Position. The improvement costs were recorded in governmental funds under the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE D – CONCENTRATION OF CREDIT RISK

From time to time, the Collaborative maintained bank account balances in a bank in excess of the federally insured limits. However, the bank has additional insurance provided by the Depositors Insurance Fund in the event of a loss in excess of the FDIC insured limit of \$250,000.

See Note A for a description of risk of investments held in the Collaborative's OPEB trust.

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

Plan Descriptions:

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

Benefits Provided:

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

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE E – MASSACHUSETTS TEACHERS’ AND STATE EMPLOYEES’ RETIREE SYSTEMS
(continued)

Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

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

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

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

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

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

Contributions:

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

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

Educational collaboratives contribute amounts equal to the normal cost of employees’ benefits participating in MSERS at a rate established by the Public Employees’ Retirement Administration Commission (PERAC), currently 6.1% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees’ benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. During fiscal year 2023, the Collaborative’s contributions on behalf of employees totaled \$369,290.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE E – MASSACHUSETTS TEACHERS’ AND STATE EMPLOYEES’ RETIREE SYSTEMS
(continued)

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

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

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

The nonemployer contributing entities’ share of the collective net pension liability that is associated with the Collaborative was measured as of June 30, 2022 and was \$14,206,780 and \$29,967,216 under MSERS and MTRS, respectively. In fiscal 2023, the Collaborative recognized revenue and related expense of \$1,116,691 for its portion of the collective pension expense under MSERS. In fiscal 2023, the Collaborative recognized revenue and related expense of \$2,465,096 for its portion of the collective pension expense under MTRS.

NOTE F – RETIREMENT HEALTH BENEFITS

The Collaborative follows the provisions of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions.” The Collaborative has also established a trust that follows the provisions of GASB Statement No. 74 that is intended to set funds aside for future retiree health insurance. The trust does not issue a separate financial report and its financial activities are reported in the fiduciary financial statements

Description

The Collaborative offers comprehensive medical insurance via Tufts Health Plan to eligible employees. An employee shall become eligible to retire under this plan upon meeting either of the following conditions:

- i. For employees hired before April 2, 2012, attainment of age 55 as an active member and completion of 10 years of service or completion of 20 years of service regardless of age.
- ii. For employees hired on and after April 2, 2012, attainment of age 60 as an active member and completion of 10 years of service.

The single-employer plan is administered by the Collaborative, which is the only employer involved in the plan, and the retirees share in 30% of premiums for Medical insurance.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE F – RETIREMENT HEALTH BENEFITS (continued)

Funding Policy

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. For the period ending June 30, 2023 Measurement Date, total Collaborative premiums plus implicit costs for the retiree medical program were \$314,156. The Collaborative also contributed \$96,506 to an OPEB Trust for a total contribution during the measurement period of \$410,662 to be reported on the financial statements for fiscal year 2023.

Investment Policy

The Collaborative’s Board of Directors, Executive Director, Finance Director and Treasurer must select an investment vehicle designed to ensure adequate funding for OPEB obligations to SEEM retirees. Safety, Liquidity, and Yield are important considerations for these long-term investments. SEEM’s investments for OPEB must be consistent with the goal of attaining a reasonable level of income and long-term growth of capital income. These funds may, however, be subject to market fluctuations. Trusts designed for this purpose which partner with investment houses are appropriate for vehicles for these funds. Compliance with GASB is required.

As of June 30, 2023, the Collaborative has established a Trust with Public Agency Retirement Services (PARS). The plan investments were in Vanguard mutual funds through Public Agency Retirement Services, the trust administrator. The annual money-weighted rate of return as of the of the June 30, 2023 measurement date was 8.35%.

Actuarially Determined Contribution (ADC)

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

Actuarially Determined Contribution - Deficiency / (Excess)	
	<u>June 30, 2023</u>
I. Service Cost	\$1,391,584
II. 30 year amortization of NOL at 3.00%	920,569
III. Actuarial Determined Contribution [I. + II.]	<u>2,312,153</u>
IV. Contributions in relation to the actuarially determined contribution	<u>(410,662)</u>
V. Contribution deficiency / (excess) [III. + IV.]	<u>\$1,901,491</u>
Covered employee payroll	\$14,671,561
Contribution as a % of covered employee payroll	2.80%

Funded Status and Funding Progress

As of June 30, 2023, the plan was 5.78% funded. The Total OPEB Liability (TOL) for benefits was \$24,327,298, and the Fiduciary Net Position was \$1,405,726, resulting in a Net OPEB Liability (NOL) of \$22,921,572. The covered payroll (annual payroll of active employees covered by the plan) was \$14,671,561 and the ratio of the NOL to the covered payroll was 156.23%.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE F – RETIREMENT HEALTH BENEFITS (continued)

OPEB Liability, OPEB Expense and ADC

	Fiscal Year Ended June 30, 2023	
	Collaborative Employees and Retirees	Total
I. Total OPEB Liability	\$24,327,298	\$24,327,298
II. Fiduciary Net Position as of June 30, 2023	<u>1,405,726</u>	<u>1,405,726</u>
III. Net OPEB Liability (Asset) [I.-II.]	22,921,572	22,921,572
IV. Service Cost	1,391,584	1,391,584
V. Interest on Net OPEB Liability (Asset) and Service Cost	1,080,834	1,080,834
VI. Deferred (Inflows)/Outflows from Plan Design Changes	-	-
VII. Deferred (Inflows)/Outflows from Plan Experience	(1,234,197)	(1,234,197)
VIII. Deferred (Inflows)/Outflows from Changes in Assumptions	76,007	76,007
IX. Projected Earnings on OPEB Plan Investments	(68,263)	(68,263)
X. Deferred (Inflows)/Outflows from Earnings on Investments	9,409	9,409
XI. Employer Share of Costs	(314,156)	(314,156)
XII. Employer Payments (Withdrawals) to/from OPEB Trust	(96,506)	(96,506)
XIII. Total Employer Contribution [XI.+XII.]	<u>(410,662)</u>	<u>(410,662)</u>
XIV. Net OPEB Expense [IV.+V.+VI.+VII.+VIII.+IX.+X.+XIII.]	\$ 844,712	\$ 844,712

Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Total OPEB Liability as of the June 30, 2023 Measurement Date would increase to \$30,840,159 and Net OPEB Liability would increase to \$29,434,433. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Total OPEB Liability would decrease to \$19,522,869 and the Net OPEB Liability would decrease to \$18,117,143.

Changes in Net OPEB Liability

	Changes in Net OPEB Liability		
	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
I. Balances at June 30, 2022	\$23,841,187	\$ 1,207,111	\$22,634,076
II. Prior Period Adjustment	-	-	-
III. Balances at June 30, 2022 GASB 75 [I.+II.]	<u>23,841,187</u>	<u>1,207,111</u>	<u>22,634,076</u>
Changes for the year:			
IV. Service Cost	1,391,584	-	1,391,584
V. Interest on Net OPEB Liability and Service Cost	1,080,834	-	1,080,834
VI. Changes in Benefit Terms*	-	-	-
VII. Changes in assumptions**	1,657,164	-	1,657,164
VIII. Differences between actual and expected experience**	(3,329,315)	-	(3,329,315)
IX. Net Investment Income	-	102,109	(102,109)
X. Employer Contributions (Withdrawals) to/from Trust	-	410,662	(410,662)
XI. Employee Contributions to Trust	-	(314,156)	314,156
XII. Benefit payments excluding implicit cost	(282,994)	-	(282,994)
XIII. Implicit cost amount	(31,162)	-	(31,162)
XIV. Total benefit payments including implicit cost [XII.+XIII.]	(314,156)	-	(314,156)
XV. Administrative expense	-	-	-
XVI. Other Charges	-	-	-
XV. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	<u>\$ 486,111</u>	<u>\$ 198,615</u>	<u>\$ 287,496</u>
XVI. Balances at June 30, 2023 [III.+XV.]	\$24,327,298	\$ 1,405,726	\$ 22,921,572

* Recognized immediately

** Amortized over 7 years

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE F – RETIREMENT HEALTH BENEFITS (continued)

Effect of 1% Change in Discount Rates

As of the June 30, 2023 Measurement Date, if the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$20,078,114 and the Net OPEB Liability would decrease to \$18,672,388. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$29,887,528 and the Net OPEB Liability would increase to \$28,481,802.

Actuarial Methods and Assumptions

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

Actuarial Cost Method:	Individual Entry Age Normal
Discount Rate:	4.38% per annum (previously 4.31%)
General Inflation Assumption:	2.50% per annum
Annual Compensation Increases:	3.00% per annum
Actuarial Value of Assets:	Market Value

Recognition of OPEB Trust Assets

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

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

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

Deferred Inflows/Outflows

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of differences between expected & actual experience										
Fiscal	Differences between actual & expected experience	Recognition Period (years)	2023 Amortization	6/30/2023 Remaining Balance	2024	2025	2026	2027	2028	2029 and Thereafter
2017	35,147	14.01	2,509	17,584	2,509	2,509	2,509	2,509	2,509	5,039
2018	-	14.01	-	-	-	-	-	-	-	-
2019	(4,952,379)	7.00	(707,483)	(1,414,964)	(707,483)	(707,481)	-	-	-	-
2020	(264,431)	7.00	(37,776)	(113,327)	(37,776)	(37,776)	(37,775)	-	-	-
2021	(110,817)	7.00	(15,831)	(63,324)	(15,831)	(15,831)	(15,831)	(15,831)	(15,831)	-
2022	-	7.00	-	-	-	-	-	-	-	-
2023	(3,329,315)	7.00	(475,616)	(2,853,699)	(475,616)	(475,616)	(475,616)	(475,616)	(475,616)	(475,619)
Total Remaining Balance				(4,427,730)						
Net increase (decrease) in OPEB Expense			(1,234,197)		(1,234,197)	(1,234,195)	(526,713)	(488,938)	(468,068)	(470,580)

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE F – RETIREMENT HEALTH BENEFITS (continued)

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of the effects of changes in assumption												
Fiscal	Differences between actual & expected experience	Recognition Period (years)	2023		6/30/2023		2024	2025	2026	2027	2028	2029 and Thereafter
			Amortization	Remaining Balance	2024	2025						
2019	1,690,382	7.00	241,483	482,967	241,483	241,484	-	-	-	-	-	-
2020	1,141,662	7.00	163,095	489,282	163,095	163,095	163,092	-	-	-	-	-
2021	4,212,134	7.00	601,733	2,406,935	601,733	601,733	601,733	601,736	-	-	-	-
2022	(8,169,291)	7.00	(1,167,041)	(5,835,209)	(1,167,041)	(1,167,041)	(1,167,041)	(1,167,041)	(1,167,041)	(1,167,041)	-	-
2023	1,657,164	7.00	236,737	1,420,427	236,737	236,737	236,737	236,737	236,737	236,737	236,737	236,742
Total Remaining Balance					(1,035,598)							
Net increase (decrease) in OPEB Expense			76,007		76,007	76,008	(165,479)	(328,568)	(930,308)			236,742

Deferred (Inflows)/Outflows in OPEB Expense arising from the recognition of differences between projected & actual earnings on OPEB plan investments												
Fiscal	Differences between actual & expected experience	Recognition Period (years)	2023		6/30/2023		2024	2025	2026	2027	2028	2029 and Thereafter
			Amortization	Remaining Balance	2024	2025						
2019	(7,225)	5.00	(1,445)	-	-	-	-	-	-	-	-	-
2020	3,929	5.00	786	785	785	-	-	-	-	-	-	-
2021	(181,997)	5.00	(36,399)	(72,800)	(36,399)	(36,401)	-	-	-	-	-	-
2022	266,184	5.00	53,236	159,712	53,236	53,236	53,240	-	-	-	-	-
2023	(33,846)	5.00	(6,769)	(27,077)	(6,769)	(6,769)	(6,769)	(6,770)	(6,770)	-	-	-
Total Remaining Balance					60,620							
Net increase (decrease) in OPEB Expense			9,409		10,853	10,066	46,471	(6,770)	-	-	-	-

Impact of Section 9A1/2 of M.G.L. Section 32B

For employees who retire on or after January 1, 2011, whenever a retired employee or beneficiary receives a healthcare premium contribution from a government unit in a case where a portion of the retiree's creditable service is attributable to service in 1 or more other governmental units, the first governmental unit shall be reimbursed in full, in accordance with this paragraph, by the other governmental units for the portion of the premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable to each governmental unit. The other governmental units shall be charged based on their own contribution rate or the contribution rate of the first employer, whichever is lower.

For purposes of the valuation the Collaborative has not attempted to value the impact of prior governmental service at other entities in the State of Massachusetts for current employees of the SEEM Collaborative nor has the Collaborative attempted to value the impact of prior SEEM Collaborative employees currently working at other governmental entities in the State of Massachusetts.

NOTE G – RISK MANAGEMENT

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

NOTE H – TAX POSITION

The primary tax positions made by the Collaborative are the existence of Unrelated Business Income Tax and the Collaborative's status as an exempt organization under the Internal Revenue Code. The Collaborative currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE H – TAX POSITION (continued)

For the years presented, and as a result of adoption, the Collaborative has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Collaborative is not currently under examination by any taxing jurisdiction. As a Chapter 40 governmental entity, the Collaborative is exempt from filing certain non-profit filings and, accordingly, there are no returns currently open for examination.

NOTE I – DEBT

In fiscal 2021, the Organization entered into a line of credit of \$1,497,671 (“line of credit”) with a local bank and a loan agreement (“loan”) with the landlord in the amount of \$391,276 to finance the improvements within the Collaborative’s new leased building located at 260 Fordham Road, Wilmington, Massachusetts. The loan was paid off during fiscal 2022.

Under the line of credit, monthly payments of principal and interest are \$9,510.74 starting in March 2022, amortized on a 216-month amortization schedule with a maturity date of March 26, 2030. The interest rate is 3.65%, will be payable at that rate until maturity on March 26, 2030. As of June 30, 2023, the remaining principal balance of the line of credit is \$1,422,228.

The following summarizes long-term debt activity of the Collaborative for the year ended June 30, 2023:

June 30, 2023 balance	\$ 1,483,233
Additions, fiscal 2023	-
Reductions (repayments), fiscal 2023	<u>(61,005)</u>
June 30, 2023 balance	<u>\$ 1,422,228</u>

Future maturities of debt payable as of June 30, 2023 are as follows:

Fiscal Year End

June 30:	Principal	Interest	Total
2024	\$ 63,269	\$ 50,860	\$ 114,129
2025	65,617	48,512	114,129
2026	68,053	46,076	114,129
2027	70,579	43,550	114,129
2028	73,198	40,931	114,129
2029-2031	1,081,512	65,030	1,146,542
Thereafter	-	-	-
	<u>\$ 1,422,228</u>	<u>\$ 294,959</u>	<u>\$ 1,717,187</u>

NOTE J – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW c.40 § 4E

Names, duties and total compensation for the five most highly compensated employees

The five highest paid employees of the Collaborative during fiscal 2023 were as follows:

Name	Title	Fiscal 2023 Salary
Catherine Lawson	Executive Director	\$206,514
Gregory Zammuto	Director of Finance and Operations	\$165,917
Ryan Snyder	Supervisor of Behavioral Services	\$134,725
Catherine Hindle	Board Certified Behavior Analyst	\$130,371
Jennifer Thornton	Principal	\$127,335

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE J – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW c.40 § 4E
(continued)

The first, second, and third employees listed above were employed by the Collaborative under 12-month contracts and the fourth and fifth employees listed above was employed by the Collaborative under 11-month contracts.

The duties of the individuals listed above include:

Executive Director - The executive director is the professional leader of the Collaborative and as such shall be responsible for all matters of decision and administration which come within the scope as executive officer.

Director of Finance and Operations - Ensures the Collaborative's overall financial integrity, stability and best practices in all financial management operations.

Supervisor of Behavioral Services - Provides leadership, supervision and oversight of the consultative Board Certified Behavioral Analyst ("BCBA") department and the Program based BCBA staff

Program Principal/Director - Assumes full administrative responsibilities for the operation, maintenance, and climate of their school or program.

Amounts expended on services for individuals aged 22 years and older

The Collaborative does not provide services to individuals aged 22 years or older.

Amounts expended on administration and overhead

Total administrative costs incurred by the Collaborative totaled \$2,372,439 for the year ended June 30, 2023. Administrative expenses include all costs that cannot be directly or reasonably applied to a program of the Collaborative. Administrative expenses include salaries, related benefits and payroll taxes associated with the Collaborative's administrative office (i.e., Executive Director, finance staff, human resources, etc.), as well as other costs associated with maintaining that office (i.e. occupancy, supplies, etc.). The Collaborative directly applies salaries, where appropriate, to its programs and allocates related employee benefits and taxes to those programs. Occupancy, supplies, maintenance and any other cost that can be directly applied, or reasonably allocated, are reported under program expense.

Accounts held by the collaborative that may be spent at the discretion of another person or entity

As of June 30, 2023, the Collaborative did not hold any accounts that may be spent at the discretion of another person or entity.

Transactions between the collaborative and any related for-profit or non-profit organization

Leases of space from member districts are described in Note B to the financial statements and are the only transactions between the collaborative and any related for-profit or non-profit organization.

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

Transactions or contracts related to the purchase, sale, rental, or lease of real property are described in Notes B and C to the financial statements.

SEEM Collaborative
Notes to Financial Statements
June 30, 2023

NOTE J – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW c.40 § 4E
(continued)

Annual determination and disclosure of cumulative surplus

Cumulative Surplus Calculation – FY23		Page(s) in financial statements
(A) Surplus as of June 30, 2022	\$ 6,373,632	(A) p. 13
<i>(Breakdown of use of 2023 surplus)</i>		
B(1) used to support the FY23 budget	\$ -	
B(2) issued as credits to member districts	\$ -	
B(3) issued as a check(s) to member district(s)	\$ -	
B(4) deposited to a restricted account(s)	\$ 96,506	
(B) Board voted uses of surplus funds during FY23 <i>(total from B1:B4)</i>	\$ 96,506	(B)
(C) Unexpended FY23 General Funds	\$ 143,122	(C) p. 13
(D) Cumulative Surplus as of June 30, 2023	(A) - (B) + (C) = (D) \$ 6,420,248	(D) p. 13
(E) FY23 Total General Fund Expenditures*	\$ 33,058,099	(E) p. 13
(F) Cumulative Surplus Percentage	(D) ÷ (E) 19.42%	(F)

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

(G) Cumulative surplus as of June 30, 2023	\$ 6,420,248
	25% limit (allowed) \$ 8,264,525
(H) Cumulative Surplus REDUCTIONS	
(H)1 Credited to member districts for tuition, services, etc.	\$ -
(H)2 Deposited to an established trust and/or reserve fund	\$ -
(H)3 Returned (check) to school districts/towns	\$ -
Total Reductions	\$ -

FY23 Cumulative Surplus Percentage after Reductions **19.42%**

* Excludes Intergovernmental expense, includes transfer to postemployment benefits trust

Reconciliation of Total General Fund Expenditures to the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds on page 13:

Total Expenditures:	\$36,543,380
Intergovernmental Expense:	(3,581,787)
OPEB Obligation Funding:	<u>96,506</u>
Total General Fund Expenditures per calculation above:	<u>\$33,058,099</u>

SEEM Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balance
of the General Fund - Budget to Actual
For the Year Ended June 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Tuition and service revenues	\$ 25,190,181	\$ 23,125,067	\$ (2,065,114)
Transportation	10,500,000	9,401,556	(1,098,444)
Member assessments	60,500	60,500	-
Grants and contributions	-	517,592	517,592
Intergovernmental revenue*	-	3,581,787	3,581,787
Total Revenues	<u>35,750,681</u>	<u>36,686,502</u>	<u>935,821</u>
Expenditures:			
Administration	2,855,305	2,372,439	482,866
Program payroll	17,103,424	15,282,090	1,821,334
Program fringe benefits and payroll taxes	2,619,242	2,270,735	348,507
Professional services	226,778	756,953	(530,175)
Rent and utilities**	1,728,229	1,721,237	6,992
Maintenance	472,740	500,715	(27,975)
Supplies	454,904	501,807	(46,903)
Transportation	10,185,000	9,120,971	1,064,029
Travel, field trips, and conferences	51,559	64,097	(12,538)
Telephone and internet	50,053	33,583	16,470
Training	-	20,896	(20,896)
Miscellaneous	3,447	20,755	(17,308)
Intergovernmental expense*	-	3,581,787	(3,581,787)
Capital outlay	-	181,186	(181,186)
Debt Service:			
Debt principal	-	61,005	(61,005)
Debt interest	-	53,124	(53,124)
Total Expenditures	<u>35,750,681</u>	<u>36,543,380</u>	<u>(792,699)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 143,122</u>	<u>\$ 143,122</u>
Other Budget Items:			
OPEB obligation funding	<u>\$ -</u>	<u>\$ (96,506)</u>	<u>\$ (96,506)</u>
	<u>\$ -</u>	<u>\$ (96,506)</u>	<u>\$ (96,506)</u>

*Intergovernmental revenue and expense is not budgeted by the Collaborative because it is actuarially determined annually and does not require actual expenditure by the Collaborative.

**Due to GASB Statement No. 87, the Statement of Revenues, Expenditures, and Changes in Fund Balances has the lease principal and interest separated from rent and utilities. For classification purposes, the lease principal and interest payments are grouped with rent and utilities for this schedule only.

Note: The schedule above is presented on the same basis used by the Collaborative to present its internal budget to actual comparison and account groupings are not necessarily consistent with the Statement of Revenue, Expenditures and Changes in Fund balances presented on page 13.

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

Year	Actuarial Determined Contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
June 30, 2018	\$ 2,419,005	\$ (155,845)	\$ 2,263,160	\$ 13,574,188	1.15%
June 30, 2019	\$ 2,503,168	\$ (201,147)	\$ 2,302,021	\$ 15,560,829	1.29%
June 30, 2020	\$ 2,854,495	\$ (263,067)	\$ 2,591,428	\$ 16,027,654	1.64%
June 30, 2021	\$ 2,851,847	\$ (285,567)	\$ 2,566,280	\$ 14,712,193	1.94%
June 30, 2022	\$ 3,005,003	\$ (347,068)	\$ 2,657,935	\$ 15,153,559	2.29%
June 30, 2023	\$ 2,312,153	\$ (410,662)	\$ 1,901,491	\$ 14,671,561	2.80%

Schedule Presentation

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

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

Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios						
Valuation Date	July 1, 2022	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2017
For the Reporting Period & Fiscal Year ending on:	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
I. Service Cost	1,391,584	2,104,194	1,951,063	1,777,776	1,548,729	1,798,596
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	1,080,834	860,435	737,698	691,291	637,592	607,386
III. Changes in Benefit terms						-
IV. Difference between Expected & Actual Plan Experience	(3,329,315)	-	(110,817)	(264,431)	(4,922,250)	-
V. Changes of Assumption	1,657,164	(8,169,291)	4,212,134	1,141,662	1,690,382	-
VI. Benefit Payments Excluding Implicit Cost	(282,994)	(240,142)	(197,566)	(171,162)	(146,334)	-
VII. Implicit Cost Amount	(31,162)	(35,008)	(16,759)	(14,858)	(8,788)	(134,887)
VIII. Total Benefit payments including Implicit Cost [VI.+VII.]	(314,156)	(275,150)	(214,325)	(186,020)	(155,122)	(134,887)
IX. Net Change in OPEB liability [I.+II.+III.+IV.+V.+VIII.]	486,111	(5,479,812)	6,575,753	3,160,278	(1,200,669)	2,271,095
X. Total OPEB liability - beginning of period	23,841,187	29,320,999	22,745,246	19,584,968	20,785,637	18,514,542
XI. Prior Period Adjustment for Retirees not Previously Reflected	-	-	-	-	-	-
XII. Total OPEB Liability - end of period [IX.+X.+XI.]	24,327,298	23,841,187	29,320,999	22,745,246	19,584,968	20,785,637
Plan Fiduciary Net Position						
XIII. Earning from Plan Investments	102,109	(186,906)	242,912	51,826	54,195	41,436
XIV. Employer Contribution to trust	410,662	347,068	285,567	263,067	201,147	290,732
XV. Benefit payments from trust, including refunds of member contributions	(314,156)	(275,150)	(214,325)	(186,020)	(155,122)	(134,887)
XVI. Administrative expense	-	-	-	-	-	-
XVII. Other	-	-	-	-	-	-
XVIII. Net change in plan fiduciary net position [XIII.+XIV.+XV.+XVI.+XVII.]	198,615	(114,988)	314,154	128,873	100,220	197,281
XIX. Plan fiduciary net position - beginning of period	1,207,111	1,322,099	1,007,945	879,072	778,852	581,571
XX. Plan fiduciary net position - end of period [XVIII.+XIX.]	1,405,726	1,207,111	1,322,099	1,007,945	879,072	778,852
XXI. Net OPEB Liability [XII.-XX.]	22,921,572	22,634,076	27,998,900	21,737,301	18,705,896	20,006,785
XXII. Plan fiduciary net position as a % of total OPEB liability [XX./XII.]	5.78%	5.06%	4.51%	4.43%	4.49%	3.75%
XXIII. Covered employee payroll	14,671,561	15,153,559	14,712,193	16,027,654	15,560,829	13,981,413
XXIV. Plan NOL as % of covered employee payroll [XXI./XXIII]	156.23%	149.36%	190.31%	135.62%	120.21%	143.10%
Single Discount Rate to calculate Plan Liabilities	4.38%	4.31%	2.75%	3.00%	3.25%	3.00%

Schedule Presentation

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

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

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was valued as of July 1, 2022.

Actuarial Cost Method: Individual Entry Age Normal

Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2023.

Actuarial Assumptions:

Investment Rate of Return: 5.30 percent, net of OPEB plan investment expense, including inflation.

Municipal Bond Rate: 4.13 percent as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)

Single Equivalent Discount Rate: 4.38 percent, net of OPEB plan investment expense, including inflation.

Inflation: 2.50 percent as of June 30, 2023 and for future periods

Salary Increases: 3.00 percent annually as of June 30, 2023 and for future periods

Cost of Living Adjustment: Not Applicable

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

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

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

Notes to Required Supplementary Information (Continued):

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

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

Plan Membership

Plan Membership: At July 1, 2022, the OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	47
Active Employees:	<u>228</u>
Total:	275

Events Subsequent to the Measurement Date:

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

Changes in Assumptions: From June 30, 2022 to June 30, 2023

* Discount rate is 4.38% previously 4.31%

Contributions:

The contribution requirements of plan members and the Collaborative are established and may be amended through Collaborative ordinances. The Collaborative contributed \$96,506 beyond the pay-as-you-go cost for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date total Collaborative premiums plus implicit costs for the retiree medical program were \$314,156. \$31,162 of the \$314,156 represents implicit cost.

SEEM Collaborative
Schedule of the Collaborative's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2023

		<u>MTRS</u>	<u>MSERS</u>
Collaborative's proportion of net pension liability	FY2015	0.10453%	0.09903%
	FY2016	0.11035%	0.09431%
	FY2017	0.11664%	0.10736%
	FY2018	0.11392%	0.10697%
	FY2019	0.12029%	0.10499%
	FY2020	0.11965%	0.10239%
	FY2021	0.11466%	0.10178%
	FY2022	0.11575%	0.10213%
Collaborative's proportionate share of net pension liability	FY2015	\$ 21,418,635	\$ 11,272,144
	FY2016	\$ 24,671,118	\$ 13,004,413
	FY2017	\$ 26,692,845	\$ 13,769,155
	FY2018	\$ 27,011,576	\$ 14,151,835
	FY2019	\$ 30,330,731	\$ 15,364,606
	FY2020	\$ 34,153,568	\$ 17,567,190
	FY2021	\$ 26,035,785	\$ 10,622,570
	FY2022	\$ 29,967,216	\$ 14,206,780
Collaborative's covered-employee payroll	FY2015	\$ 6,710,478	\$ 5,533,186
	FY2016	\$ 7,392,830	\$ 5,374,488
	FY2017	\$ 7,600,056	\$ 5,900,774
	FY2018	\$ 8,127,873	\$ 6,149,145
	FY2019	\$ 8,819,110	\$ 6,255,653
	FY2020	\$ 9,112,494	\$ 6,273,995
	FY2021	\$ 8,983,451	\$ 5,941,581
	FY2022	\$ 9,673,176	\$ 6,081,279
Collaborative's proportionate share of the net pension liability as a percentage of its covered-employee payroll	FY2015	319.18%	203.72%
	FY2016	333.72%	241.97%
	FY2017	351.22%	233.34%
	FY2018	332.33%	230.14%
	FY2019	343.92%	245.61%
	FY2020	374.80%	280.00%
	FY2021	289.82%	178.78%
	FY2022	309.80%	233.62%
Plan fiduciary net position as a percentage of total pension liability	FY2015	55.38%	67.87%
	FY2016	52.73%	63.48%
	FY2017	54.25%	67.21%
	FY2018	54.84%	67.91%
	FY2019	53.95%	66.28%
	FY2020	50.67%	62.48%
	FY2021	62.03%	77.54%
	FY2022	57.75%	71.05%

See independent auditor's report.

SEEM Collaborative
Schedule of the Collaborative's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2023

Notes to Required Supplementary Information - See Note E to the financial statements

MTRS is the Massachusetts Teachers' Retirement System and MSERS is the Massachusetts State Employee's
Measurement Date

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

Schedule Presentation

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

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

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<u>MTRS</u>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collaborative's covered-employee payroll	\$ 6,680,161	\$ 6,710,161	\$ 7,392,830	\$ 7,600,056	\$ 8,819,110	\$ 9,112,494	\$ 8,983,451	\$ 9,673,176
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>MSERS</u>								
Contractually required contribution	\$ 303,508	\$ 294,171	\$ 325,726	\$ 364,782	\$ 367,421	\$ 360,624	\$ 351,585	\$ 370,958
Contributions in relation to the contractually required contribution	\$ 303,508	\$ 294,171	\$ 325,726	\$ 364,782	\$ 367,421	\$ 360,624	\$ 351,585	\$ 370,958
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collaborative's covered-employee payroll	\$ 5,533,186	\$ 5,374,488	\$ 5,900,774	\$ 6,149,145	\$ 6,255,653	\$ 6,273,995	\$ 5,941,581	\$ 6,081,279
Contributions as a percentage of covered-employee payroll	5.49%	5.47%	5.52%	5.93%	5.87%	5.75%	5.92%	6.10%

Notes to Required Supplementary Information

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

Measurement Date

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

Schedule Presentation

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

Contributions

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



FRITZ DEGUGLIELMO LLC
*CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS*

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

To the Board of Directors of
SEEM Collaborative
Stoneham, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SEEM Collaborative (a collaborative organized under the Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SEEM Collaborative's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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

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.

Fitzgerald & Associates LLC

Certified Public Accountants

Newburyport, Massachusetts

December 12, 2023



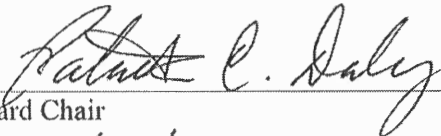
Creating Successful Futures...

92 Montvale Avenue, Suite 3500, Stoneham, MA 02180 ~ p. 781-279-1361 ~ f. 781-279-0292 www.seemcollaborative.org

ACCEPTANCE OF THE BOARD OF DIRECTORS

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

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



Board Chair

12/12/2023
Date