State Education Resource Center
(A Component Unit of the State of Connecticut)

Financial Statements
and Independent Auditors' Reports

For the Year Ended June 30, 2018

State Education Resource Center
(A Component Unit of the State of Connecticut)
For the Year Ended June 30, 2018

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Financial Section

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Directors
State Education Resource Center

Report on the Financial Statements

We have audited the accompanying financial statements of the State Education Resource Center ("SERC"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the State Education Resource Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Education Resource Center as of June 30, 2018, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State Education Resource Center's basic financial statements. The supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 25, 2019, on our consideration of State Education Resource Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State Education Resource Center's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
April 25, 2019

State Education Resource Center
100 Roscommon Drive, Suite 110 | Middletown, CT 06457
Ingrid M. Canady
Executive Director

Management's Discussion and Analysis
For the Year Ended June 30, 2018

As management of the State Education Resource Center ("SERC"), we offer readers of SERC's financial statements this narrative overview and analysis of the financial activities of SERC for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets of SERC exceeded its liabilities at the close of the most recent fiscal year by $1,235,836.
- SERC's total net position decreased by $507,982. This decrease is primarily attributable to the reduction in special education grant funding.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to SERC's basic financial statements. SERC's basic financial statements comprise two components: 1) fund financial statements and 2) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund Financial Statements. The *statement of net position* presents information on all of SERC's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between those accounts being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SERC is improving or deteriorating.

The fund financial statements present current year's revenues and expenses, which are accounted for in the statement of revenues, expenses and changes in fund net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. These statements measure the success of SERC's operations over the past year and can be used to determine whether SERC has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Financial Analysis

Net position may serve over time as a useful indicator of SERC's financial position. In the case of SERC, assets exceeded liabilities by $1,235,836 at the close of the most recent fiscal year.

The largest portion of SERC's net position reflects its unrestricted net position $954,207. The decrease from the prior year is due to the result of operations of $507,982, offset by the reduction in net investment in capital assets of $18,587. This balance is used to meet SERC's ongoing obligations to its employees and creditors.

The remaining balance is its investment in capital assets (e.g., furniture, equipment, and computer equipment). SERC uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

Summary Statement of Net Position

	2018	2017
Current and other assets	$2,309,223	$ 3,405,642
Capital assets (net)	281,629	300,216
Total assets	2,590,852	3,705,858
Other liabilities	1,289,604	1,928,084
Noncurrent liabilities	65,412	33,956
Total liabilities	1,355,016	1,962,040
Net position:		
Net investment in capital assets	281,629	300,216
Unrestricted	954,207	1,443,602
Total net position	$1,235,836	$ 1,743,818

SERC's net position decreased by $507,982 during the current fiscal year.

Statement of Changes in Net Position

	2018	2017
Revenues:		
Program revenues:		
Intergovernmental	$ 4,660,599	$ 6,089,319
Charges for services	771,407	902,854
Private funding	46,215	159,648
General revenues:		
Interest income	2,756	2,771
Other	12,591	122,505
Total revenues	5,493,568	7,277,097
Expenses:		
Salaries	3,657,664	3,986,791
Employee benefits	914,164	1,628,641
Programs and events	629,975	613,903
External contract services	71,581	211,319
Grantee payments	-	273,141
Professional development	2,947	24,677
Occupancy	238,034	200,217
Technology	66,789	25,784
Marketing	14,375	15,443
Library	20,677	44,859
Foundation	-	32,537
Professional services	38,525	86,364
Insurance	214,030	131,448
Travel	56,964	46,256
Office supplies	8,070	16,023
Other	37,183	-
Depreciation	30,572	32,824
Total expenses	6,001,550	7,370,227
Income before loss on disposal	(507,982)	(93,130)
Loss on disposal of capital assets	-	(69,548)
Change in net position	(507,982)	(162,678)
Net position - July 1	1,743,818	1,906,496
Net position - June 30	$ 1,235,836	$ 1,743,818

This decrease is primarily attributable to the reduction of funding for special education grants.

Revenues

Revenues totaled $5,493,568 for the fiscal year, a decrease of $1,783,529 as compared to the prior year. This is due to reduced funding for certain grants. Approximately, 85% of SERC's revenues consist of operating grants, the majority of which is provided by the Connecticut State Department of Education. Since SERC's mission is related to special education, $3,542,799 of the operating grants are federal pass through funds from the Individual with Disabilities Education Act ("IDEA") grants. Charges for services are from charges to local school districts and participants and are 14.04% of revenues and private funding was 0.84%.

Expenses

Expenses totaled $6,001,550 for the fiscal year. The most significant changes as compared to the prior year are as follows:

- Salaries decreased by $329,127 due to reductions in funding for certain grants and employee layoffs.

- Employee benefits decreased by $714,477 due to decreases in salaries and on behalf amounts for the State Teachers' pension and OPEB contributions.

- Grantee payments decreased by $273,141 due to the reduction in the Graustein Memorial Foundation grant which is now being provide to the SERC Foundation.

Capital Assets

SERC's investment in capital assets amounted to $281,629 (net of accumulated depreciation). This investment in capital assets includes equipment and furniture. Computer equipment is a significant amount of the equipment category.

Capital Assets - Net

	2018	**2017**
Equipment	$ 236,127	$ 252,888
Furniture	45,502	47,328
Total	$ 281,629	$ 300,216

The decrease of $18,587 is due to equipment additions of $11,985 offset by depreciation expense of $30,572.

Additional information on SERC's capital assets can be found in Note II.B. of this report.

Economic Factors

SERC's operations are financially dependent on Connecticut State Department of Education grants to fund its programs and activities. Federal and state grants, with the majority being funded by the Connecticut State Department of Education, accounts for approximately 85% of SERC revenues. Therefore, the availability of both federal and state funding is the most significant economic factor that can impact SERC's operations.

Requests for Information

This financial report is designed to provide a general overview of SERC's finances and to demonstrate fiscal accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 100 Roscommon Drive, Suite 110, Middletown, CT 06457.

Basic Financial Statements

Exhibit A

State Education Resource Center
(A Component Unit of the State of Connecticut)

Statement of Net Position
June 30, 2018

Assets	
Current assets:	
Cash	$ 1,893,617
Receivables:	
Intergovernmental	266,793
Other	141,355
Prepaid expenses	7,458
Total current assets	2,309,223
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Equipment	236,127
Furniture	45,502
Total capital assets (net of accumulated depreciation)	281,629
Total assets	2,590,852
Liabilities	
Current liabilities:	
Accounts payable	209,073
Accrued payroll and related liabilities	175,335
Due to funding source	727,017
Due to SERC Foundation	1,513
Amounts held for others	35,679
Accrued expenses	37,032
Unearned revenue	87,602
Compensated absences	16,353
Total current liabilities	1,289,604
Noncurrent liabilities:	
Compensated absences	65,412
Total liabilities	1,355,016
Net Position	
Net investment in capital assets	281,629
Unrestricted	954,207
Total net position	$ 1,235,836

The notes to the financial statements are an integral part of this statement.

Exhibit B

State Education Resource Center
(A Component Unit of the State of Connecticut)

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2018

Operating revenues:	
Intergovernmental	$ 4,660,599
Charges for services	771,407
Private funding	46,215
Other	12,591
Total operating revenues	5,490,812
Operating expenses:	
Salaries	3,657,664
Employee benefits	914,164
Programs and events	629,975
External contract services	71,581
Occupancy	238,034
Technology	66,789
Professional services	38,525
Travel	56,964
Library	20,677
Insurance	214,030
Professional development	2,947
Marketing	14,375
Office supplies	8,070
Other	37,183
Depreciation	30,572
Total operating expenses	6,001,550
Operating income (loss)	(510,738)
Nonoperating revenues (expenses):	
Interest income	2,756
Change in net position	(507,982)
Net position - July 1, 2017	1,743,818
Net position - June 30, 2018	$ 1,235,836

The notes to the financial statements are an integral part of this statement.

State Education Resource Center
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Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Cash receipts from intergovernmental revenues	$ 3,984,483
Cash receipts from charges for services and other	712,920
Cash from contributions	46,215
Payments to employees for salaries and benefits	(4,609,071)
Payments for programs and events	(629,975)
Payments for external contracted services	(71,581)
Payments for occupancy	(238,034)
Payments to suppliers	(621,699)
Net cash provided by (used in) operating activities	(1,426,742)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(11,985)
Cash flows from investing activities:	
Interest and dividends on investments	2,756
Net increase (decrease) in cash and cash equivalents	(1,435,971)
Cash - July 1, 2017	3,329,588
Cash - June 30, 2018	$ 1,893,617
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	$ (510,738)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	30,572
(Increase) decrease in:	
Intergovernmental receivable	(263,760)
Other receivable	(116,172)
Foundation receivable	43,581
Prepaid expenses	(3,201)
Increase (decrease) in:	
Accounts payable	(153,282)
Accrued payroll and related liabilities	(70,052)
Accrued expenses	6,092
Unearned revenue	(486,230)
Due to funding source	73,874
Due to foundation	1,513
Amounts held for others	(11,748)
Compensated absences	32,809
Total adjustments	(916,004)
Net cash provided by (used in) operating activities	$ (1,426,742)

The notes to the financial statements are an integral part of this statement.

State Education Resource Center
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Notes to Financial Statements
For the Year Ended June 30, 2018

History and organization

The State Education Resource Center ("SERC") has been in operation since 1969 and was formally known as the Special Education Resource Center.

SERC was established as a separate quasi-public agency pursuant to Public Act 14-212 and began operating as such as of July 1, 2015. SERC is a component unit of the State of Connecticut ("State").

The purpose of SERC is to assist the State Department of Education in the provision of programs and activities that will promote educational equity and excellence. Such activities shall be limited to: training, technical assistance and professional development for local and regional boards of education, school leaders, teachers, families and community partners in the form of seminars, publications, site visits, on-line content and other appropriate means; maintaining a state education resource center library; publication of technical materials; research and evaluation; writing, managing, administering and coordinating grants for the purposes described in this subsection; and any other related activities directly related to the purposes described in this subsection. SERC also supports programs and activities concerning early childhood education, in collaboration with the Office of Early Childhood, improving school and district academic performance, and closing academic achievement gaps between socio-economic subgroups, and other related programs and activities.

I. Summary of significant accounting policies

A. Financial statements

The financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in fund net position) report information on all of SERC's activities. SERC relies to a significant extent on intergovernmental revenues, fees and contributions for support.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

B. Measurement focus, basis of accounting and financial statement presentation

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SERC are intergovernmental revenues, charges for services, and contributions. Operating expenses for SERC include salaries and benefits, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

State Education Resource Center
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Notes to Financial Statements
For the Year Ended June 30, 2018

I. Summary of significant accounting policies (continued)

B. Measurement focus, basis of accounting and financial statement presentation (continued)

Activities not related to SERC's primary purpose are considered nonoperating. Non-operating activities consist of interest income.

When both restricted and unrestricted resources are available for use, it is SERC's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, liabilities, deferred outflows/inflows of resources and net position

1. Cash

SERC's cash consists of cash on hand and demand deposits.

2. Fee receivables (other)

Fee receivables are recorded for participant fees when they are billed and are presented net of allowance for uncollectibles.

3. Capital assets

Capital assets, which include property, plant and equipment, are reported in the financial statements. Capital assets are defined by SERC as assets with an initial, individual cost of more than $1,000 for all assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of SERC are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture	40 years
Equipment	15-25 years
Computer equipment	7-10 years

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Notes to Financial Statements
For the Year Ended June 30, 2018

I. Summary of significant accounting policies (continued)

C. Assets, liabilities, deferred outflows/inflows of resources and net position (continued)

4. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. SERC does not report any deferred outflows.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. SERC does not report any deferred inflows.

5. Compensated absences

Employees of SERC earn sick leave, which can accumulate, and vacation leave based on the provisions of personnel policies. Vacation leave vests with the employee and is payable upon termination of employment.

6. Long-term obligations

In the financial statements, long-term obligations are reported as liabilities in the statement of net position.

7. Net position flow assumption

Sometimes SERC will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is SERC's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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Notes to Financial Statements
For the Year Ended June 30, 2018

I. Summary of significant accounting policies (continued)

C. Assets, liabilities, deferred outflows/inflows of resources and net position (continued)

8. Fund equity and net position

Net position is classified into the following categories:

Net Investment in Capital Assets
This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purposes is excluded.

Unrestricted Net Position
This category presents the net position of SERC, which is not restricted.

9. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the fiscal year. Accordingly, actual results could differ from those estimates.

II. Detailed notes

A. Cash

Deposits - Custodial Credit Risk - Custodial credit risk is risk that, in the event of a bank failure, SERC's deposits may not be returned to it. SERC does not have a deposit policy for custodial credit risk.

As of the end of the fiscal year, $1,449,098 of SERC's bank balance of $1,949,098 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 961,823
Uninsured and collateral held by the pledging bank's trust department, not in SERC's name	487,275
Total amount subject to custodial credit risk	$1,449,098

Financial instruments that potentially subject SERC to significant concentrations of credit risk consist primarily of cash. From time to time, SERC's cash account balances exceed the Federal Deposit Insurance Corporation limit. SERC reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

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Notes to Financial Statements
For the Year Ended June 30, 2018

II. Detailed notes (continued)

B. Capital assets

SERC's capital asset activity for the fiscal year was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, being depreciated:				
Equipment	$ 438,466	$ 11,985	$ -	$ 450,451
Furniture	72,997	-	-	72,997
Total capital assets, being depreciated	511,463	11,985	-	523,448
Less accumulated depreciation for:				
Equipment	185,578	28,746	-	214,324
Furniture	25,669	1,826	-	27,495
Total accumulated depreciation	211,247	30,572	-	241,819
Total capital assets, being depreciated, net	$ 300,216	$ (18,587)	$ -	$ 281,629

III. Other information

A. Risk management

SERC is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disaster; and officer and director liability. SERC generally obtains commercial insurance for these risks. Settled claims have not exceeded commercial coverage during the year. There were no significant reductions in insurance coverage from amounts held in the prior year.

B. Concentration of risk/related party transactions

Currently, approximately over 80% of SERC funding is received from the Connecticut State Department of Education. The majority of the funding received from the Connecticut State Department of Education is for the IDEA special education grant, which is a federal pass-through grant.

C. Operating leases

SERC leases office space under a lease agreement that expired in December 2018. An addendum was made for SERC to lease the space on a month to month basis up to July 2019, while their new space is renovated. Lease expense totaled $165,050 for the fiscal year.

III. Other information (continued)

D. Annuity plan

SERC maintains a 403(b) tax sheltered annuity plan for qualified full-time employees. In general, employees are eligible to participate in the plan following the completion of 6 months of continuous service. Employees also must be at least 18 years of age and complete 1,000 hours of service per year to be eligible to participate.

E. Pension plan – Connecticut State Teachers' Retirement Plan

1. Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS) - a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

2. Benefit provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes the normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for non service-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

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Notes to Financial Statements
For the Year Ended June 30, 2018

III. Other information (continued)

E. Pension plan – Connecticut State Teachers' Retirement Plan (continued)

3. *Contributions*

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

Effective January 1, 2018, each teacher is required to contribute 7% of their salary for the pension benefit.

4. *Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions*

SERC reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the Connecticut State Comptroller determination that the required contribution is an obligation of the primary government.

The amounts recognized by SERC as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with SERC is as follows:

SERC's proportionate share of the net pension liability	$ -
State's proportionate share of the net pension liability associated with SERC	693,337
Total	$ 693,337

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State Education Resource Center
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Notes to Financial Statements
For the Year Ended June 30, 2018

III. Other information (continued)

E. Pension plan – Connecticut State Teachers' Retirement Plan (continued)

For the fiscal year ended, SERC recognized pension expense and revenue of $80,199 for on-behalf amounts for the benefits provided by the State.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25-6.50%, average, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Changes in assumptions and inputs

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.

- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

Other changes were as follows:

- The discount rate has been increased from 3.01% to 3.56% as a based upon the increase in the municipal bond index.

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Notes to Financial Statements
For the Year Ended June 30, 2018

III. Other information (continued)

E. Pension plan – Connecticut State Teachers' Retirement Plan (continued)

5. Actuarial assumptions (continued)

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	100.0%	

III. Other information (continued)

E. Pension plan – Connecticut State Teachers' Retirement Plan (continued)

6. *Discount rate*

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. *Sensitivity of the net pension liability to changes in the discount rate*

SERC's proportionate share of the net pension liability is $0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

8. *Plan fiduciary net position*

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

F. OPEB – Connecticut State Teachers' Retirement Plan

1. *Plan Description*

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. *Benefit Provisions*

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

- **Normal Retirement:** Eligibility - Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

III. Other information (continued)

F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

2. *Benefit Provisions (continued)*

- **Early Retirement:** Eligibility - 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.

- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.

- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Retiree Health Care Coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to $110 per month for a retired member plus an additional $110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of $220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least $220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

State Education Resource Center
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Notes to Financial Statements
For the Year Ended June 30, 2018

III. Other information (continued)

F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

2. Benefit Provisions (continued)

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

• Medicare Supplement with Prescriptions	$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the $110 monthly subsidy or participate in the TRB -Sponsored Medicare Supplemental Plans, as long as they do not remarry.

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183t, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

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Notes to Financial Statements
For the Year Ended June 30, 2018

III. Other information (continued)

F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

3. *Contributions (continued)*

Employees

Each member is required to contribute 1.25% of their annual salary. Contributions in excess of $500,000 will be credited to the Retiree Health Insurance Plan.

4. *OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

SERC reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by SERC as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with SERC were as follows:

SERC's proportionate share of the net OPEB liability	$ -
State's proportionate share of the net OPEB liability associated with SERC	178,459
Total	$ 178,459

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. SERC has no proportionate share of the net OPEB liability.

SERC recognized OPEB expense and revenue of $8,271 for on-behalf amounts for the benefits provided by the State.

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Notes to Financial Statements
For the Year Ended June 30, 2018

III. Other information (continued)

F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

5. Actuarial Assumptions

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale was used.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.75%.

III. Other information (continued)

F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

5. *Actuarial Assumptions (continued)*

Changes from Prior Valuation

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.

- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

- The discount rate has been increased from 3.01% to 3.56% based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

Affordable Care Act (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances.

Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

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Notes to Financial Statements
For the Year Ended June 30, 2018

III. Other information (continued)

F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

6. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

7. Sensitivity of the OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rate

SERC's proportionate share of the net OPEB liability is $0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

8. Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

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Required Supplementary Information

State Education Resource Center
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Connecticut State Teachers' Retirement Plan

Required Supplementary Information
Last Four Years (3)

Schedule of Proportionate Share of the Net Pension Liability

		2018	2017	2016	2015*
SERC's proportion of the net pension liability		0.00%	0.00%	0.00%	0.00%
SERC's proportionate share of the net pension liability		$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with SERC		693,337	731,476	2,207,301	2,040,258
Total		$ 693,337	$ 731,476	$ 2,207,301	$ 2,040,258
SERC's covered payroll	(2)	N/A	N/A	N/A	N/A
SERC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability		55.93%	57.26%	59.50%	61.50%

Schedule of Contributions

		2018	2017	2016	2015*
Contractually required contribution	(1)	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution		-	-	-	-
Contribution deficiency (excess)		$ -	$ -	$ -	$ -
SERC's covered payroll	(2)	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll		0.00%	0.00%	0.00%	0.00%

* SERC was established as a separate entity as of July 1, 2015.

(1) SERC is not required by the State to contribute to the plan.

(2) Not applicable since 0% proportional share of the net pension liability.

(3) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

State Education Resource Center
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Connecticut State Teachers' Retirement System

Notes to Required Supplementary Information
Schedule of Contributions
Last Four Years (1)

Changes of Benefit Terms	None
Change of Assumptions	**2016:** 1. Reduce the inflation assumption from 3.00% to 2.75% 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%. 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%. 4. Slightly modify the merit portion of the salary scale. 5. Reduce the payroll growth assumption from 3.75% to 3.25%. 6. Update mortality tables to projected versions of the RPH-2014 mortality tables. 7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females. 8. Increase rates of withdrawal. 9. Decrease rates of disability for males.
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

State Education Resource Center
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Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information
June 30, 2018 (3)

Schedule of Proportionate Share of the Net OPEB Liability

SERC's proportion of the net OPEB liability		0.00%
SERC's proportionate share of the net OPEB liability		$ -
State of Connecticut's proportionate share of the net OPEB liability associated with SERC		178,459
Total		$ 178,459
SERC's covered payroll	(2)	N/A
SERC's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		1.79%

Schedule of Contributions

Contractually required contribution	(1)	$ -
Contributions in relation to the contractually required contribution		-
Contribution deficiency (excess)		$ -
SERC's covered payroll	(2)	N/A
Contributions as a percentage of covered payroll		0.00%

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

State Education Resource Center
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Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information
Notes to Required Supplementary Information
Schedule of Contributions
June 30, 2018 (1)

Changes of Benefit Terms	None
Changes of Assumptions	**2016:** The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

(1) These schedules are intended to present information for 10 years.
Additional years will be presented as they become available.

Supplemental Schedule

State Education Resource Center
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Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2018

	IDEA	Assessment Initiative	Parent Trust	Settlement Agreement Revised	SPDG	Chronic Absenteeism	School Climate
Operating revenues:							
Intergovernmental	$ 3,542,799	$ 34,402	$ 265,524	$ 5,685	$ 10,657	$ 11,964	$ 416,651
Charges for services	52,740	-	-	925	-	-	-
Private funding	-	-	-	-	-	-	-
Other	4,032	-	-	-	-	-	-
Total operating revenues	3,599,571	34,402	265,524	6,610	10,657	11,964	416,651
Operating expenses:							
Salaries	2,274,131	21,040	26,641	-	1,287	36	232,596
Employee benefits	483,019	4,939	3,250	-	3,334	6	50,679
Programs and events	106,008	1,059	186,501	5,357	-	10,139	51,788
External contract services	12,500	-	-	-	4,446	-	-
Occupancy	52,438	714	-	-	-	-	10
Technology	73,082	-	-	-	-	-	-
Administration	536,367	6,328	48,840	1,216	1,590	1,783	62,085
Professional services	5,000	-	-	-	-	-	-
Travel	18,141	155	89	-	-	-	16,308
Library	20,677	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	308
Professional development	-	-	-	-	-	-	2,877
Marketing	5,018	-	203	-	-	-	-
Office supplies	1,483	-	-	-	-	-	-
Other	11,707	167	-	37	-	-	-
Depreciation	-	-	-	-	-	-	-
Total operating expenses	3,599,571	34,402	265,524	6,610	10,657	11,964	416,651
Operating income (loss)	-	-	-	-	-	-	-
Nonoperating revenues (expenses):							
Interest income	-	-	-	-	-	-	-
Change in net position before transfers	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Change in net position	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(Continued)

State Education Resource Center
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Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2018

	Primary Mental Health Project	Food Distribution	Promising Practices Catalog	CEEDAR Institute	CEEDAR District Partnerships	Safe Schools	Developing Tomorrow's Professionals	Graustein Memorial Fund
Operating revenues:								
Intergovernmental	$ 7,187	$ 13,582	$ 5,899	$ 65,569	$ 32,620	$ 159,590	$ -	$ -
Charges for services	-	-	-	4,950	-	-	-	-
Private funding	-	-	-	-	-	-	2,200	20,010
Other	-	-	-	-	-	-	-	3,837
Total operating revenues	7,187	13,582	5,899	70,519	32,620	159,590	2,200	23,847
Operating expenses:								
Salaries	625	9,435	18	4,401	1,395	76,397	1,886	28,177
Employee benefits	135	1,970	2	1,567	211	22,421	478	5,080
Programs and events	5,105	13	5,000	58,953	28,598	35,434	14,587	5,296
External contract services	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	165	-	-
Administration	1,322	2,024	879	5,224	2,416	23,780	-	-
Professional services	-	-	-	-	-	-	-	-
Travel	-	140	-	16	-	1,393	18	1,016
Library	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Professional development	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-	-	124
Other	-	-	-	358	-	-	-	-
Depreciation	-	-	-	-		-	-	-
Total operating expenses	7,187	13,582	5,899	70,519	32,620	159,590	16,969	39,693
Operating income (loss)	-	-	-	-	-	-	(14,769)	(15,846)
Nonoperating revenues (expenses):								
Interest income	-	-	-	-	-	-	-	-
Change in net position before transfers	-	-	-	-	-	-	(14,769)	(15,846)
Transfers in	-	-	-	-	-	-	14,769	15,846
Transfers out	-	-	-	-	-	-	-	-
Change in net position	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(Continued)

State Education Resource Center
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Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2018

	Other State Agency	In District Contracts	Convening of Principal	SERC Funded Events	Management and General	Operations Total	On Behalf Amount	Total
Operating revenues:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 4,572,129	$ 88,470	$ 4,660,599
Charges for services	183,029	420,829	-	106,809	2,125	771,407	-	771,407
Private funding	-	-	2,819	-	21,186	46,215	-	46,215
Other	500	-	-	204	4,018	12,591	-	12,591
Total operating revenues	183,529	420,829	2,819	107,013	27,329	5,402,342	88,470	5,490,812
Operating expenses:								
Salaries	50,600	163,859	528	41,343	723,269	3,657,664	-	3,657,664
Employee benefits	11,127	33,633	348	8,377	195,118	825,694	88,470	914,164
Programs and events	6,205	24,445	1,559	66,622	17,306	629,975	-	629,975
External contract services	-	-	-	6,000	48,635	71,581	-	71,581
Occupancy	-	-	-	-	184,872	238,034	-	238,034
Technology	-	-	-	-	(6,458)	66,789	-	66,789
Administration	46,430	90,025	368	-	(830,677)	-	-	-
Professional services	-	-	-	-	33,525	38,525	-	38,525
Travel	4,256	12,586	16	1,309	1,521	56,964	-	56,964
Library	-	-	-	-	-	20,677	-	20,677
Insurance	-	-	-	-	213,722	214,030	-	214,030
Professional development	-	-	-	-	70	2,947	-	2,947
Marketing	-	-	-	-	9,154	14,375	-	14,375
Office supplies	120	16	-	510	5,817	8,070	-	8,070
Other	-	731	-	3,410	20,773	37,183	-	37,183
Depreciation		-	-	-	30,572	30,572	-	30,572
Total operating expenses	118,738	325,295	2,819	127,571	647,219	5,913,080	88,470	6,001,550
Operating income (loss)	64,791	95,534	-	(20,558)	(619,890)	(510,738)	-	(510,738)
Nonoperating revenues (expenses):								
Interest income	-	-	-	-	2,756	2,756	-	2,756
Change in net position before transfers	64,791	95,534	-	(20,558)	(617,134)	(507,982)	-	(507,982)
Transfers in	-	-	-	20,558	109,152	160,325	-	160,325
Transfers out	(64,791)	(95,534)	-	-	-	(160,325)	-	(160,325)
Change in net position	$ -	$ -	$ -	$ -	$ (507,982)	$ (507,982)	$ -	$ (507,982)

(Concluded)