

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

**Financial Statements
and Independent Auditors' Report**

For the Year Ended June 30, 2019

**State Education Resource Center
(A Component Unit of the State of Connecticut)
For the Year Ended June 30, 2019**

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Financial Section

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, 2019, 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.

**Board of Directors
State Education Resource Center**

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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, 2019, 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 and other post-employment benefit 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.

**Board of Directors
State Education Resource Center**

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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 the effectiveness of State Education Resource Center'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 State Education Resource Center's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 30, 2019

Management's Discussion and Analysis For the Year Ended June 30, 2019

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, 2019.

Financial Highlights

- The assets of SERC exceeded its liabilities at the close of the most recent fiscal year by \$1,514,378.
- SERC's total net position increased by \$278,542. This increase decrease is primarily attributable to the increase in the operating results of the programs that are provided to local school districts totaling \$199,934 and the increase in the District's indirect cost allocation rate.

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 \$1,514,378 at the close of the most recent fiscal year.

The largest portion of SERC's net position reflects its unrestricted net position \$1,259,805. The increase from the prior year is due to the result of operations of \$278,542 and the reduction in net investment in capital assets of \$27,056. 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
June 30**

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 2,211,559	\$ 2,309,223
Capital assets (net)	<u>254,573</u>	<u>281,629</u>
 Total assets	 <u>2,466,132</u>	 <u>2,590,852</u>
Other liabilities	898,665	1,289,604
Noncurrent liabilities	<u>49,801</u>	<u>65,412</u>
 Total liabilities	 <u>948,466</u>	 <u>1,355,016</u>
 Net position:		
Net investment in capital assets	254,573	281,629
Unrestricted	<u>1,263,093</u>	<u>954,207</u>
 Total net position	 <u><u>\$ 1,517,666</u></u>	 <u><u>\$ 1,235,836</u></u>

Management's Discussion and Analysis (continued)

SERC's net position increased by \$278,542 during the current fiscal year.

**Statement of Changes in Net Position
For the Year Ended June 30**

	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues:		
Intergovernmental	\$ 4,369,295	\$ 4,660,599
Charges for services	615,835	771,407
Private funding	-	46,215
General revenues:		
Interest income	3,636	2,756
Other	2,258	12,591
	<u>4,991,024</u>	<u>5,493,568</u>
Total revenues		
Expenses:		
Salaries	2,732,079	3,657,664
Employee benefits	621,693	914,164
Programs and events	711,703	629,975
External contract services	77,008	71,581
Occupancy	209,482	238,034
Technology	102,669	66,789
Professional services	63,098	129,954
Travel	62,671	56,964
Library	1,312	20,677
Insurance	47,177	122,601
Professional development	9,496	2,947
Marketing	1,416	14,375
Office supplies	20,014	8,070
Other	19,981	37,183
Depreciation	29,395	30,572
	<u>4,709,194</u>	<u>6,001,550</u>
Total expenses		
Change in net position	281,830	(507,982)
Net position - July 1	<u>1,235,836</u>	<u>1,743,818</u>
Net position - June 30	<u>\$ 1,517,666</u>	<u>\$ 1,235,836</u>

This increase in operating results is primarily attributable to the reduction of expenses of \$1,289,068, offset by the reduction of funding of \$502,544.

Revenues

Revenues totaled \$4,991,024 for the fiscal year, a decrease of \$502,544 as compared to the prior year. This is due to reduced funding for private grants. Approximately, 87.54% 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, \$3,512,468 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 is 12.34% of revenues.

Expenses

Expenses totaled \$4,712,482 for the fiscal year. The most significant changes as compared to the prior year are as follows:

- Salaries decreased by \$922,297 due to reductions in funding for certain grants and employee layoffs.
- Employee benefits decreased by \$292,471 due to decreases in salaries and on behalf amounts for the State Teachers' pension and OPEB contributions.
- Insurance expenses decreased by \$75,424 primarily due to a payment of \$60,000 made in prior year for legal claims and a decrease of \$30,000 in insurance for directors and officers/employment practices insurance.

Capital Assets

SERC's investment in capital assets amounted to \$254,573 (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

	2019	2018
Equipment	\$ 210,896	\$ 236,127
Furniture	43,677	45,502
Total	\$ 254,573	\$ 281,629

The decrease of \$27,056 is due to equipment additions of \$2,339 offset by depreciation expense of \$29,395.

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 87.54% 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

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

**Statement of Net Position
June 30, 2019**

Assets

Current assets:	
Cash	\$ 1,082,970
Receivables:	
Intergovernmental	970,595
Other	124,693
Due from SERC Foundation	4,254
Prepaid expenses	29,047
Total current assets	2,211,559
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Equipment	210,896
Furniture	43,677
Total capital assets (net of accumulated depreciation)	254,573
Total assets	2,466,132

Liabilities

Current liabilities:	
Accounts payable	321,380
Accrued payroll and related liabilities	186,292
Due to funding source	16,370
Accrued expenses	38,123
Unearned revenue	324,050
Compensated absences	12,450
Total current liabilities	898,665
Noncurrent liabilities:	
Compensated absences	49,801
Total liabilities	948,466

Net Position

Net investment in capital assets	254,573
Unrestricted	1,263,093
Total net position	\$ 1,517,666

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

**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, 2019**

Operating revenues:	
Intergovernmental	\$ 4,369,295
Charges for services	615,835
Other	<u>2,258</u>
Total operating revenues	<u>4,987,388</u>
Operating expenses:	
Salaries	2,732,079
Employee benefits	621,693
Programs and events	711,703
External contract services	77,008
Occupancy	209,482
Technology	102,669
Professional services	63,098
Travel	62,671
Library	1,312
Insurance	47,177
Professional development	9,496
Marketing	1,416
Office supplies	20,014
Other	19,981
Depreciation	<u>29,395</u>
Total operating expenses	<u>4,709,194</u>
Operating income (loss)	278,194
Nonoperating revenues (expenses):	
Income from investments	<u>3,636</u>
Change in net position	281,830
Net position - July 1, 2018	<u>1,235,836</u>
Net position - June 30, 2019	<u><u>\$ 1,517,666</u></u>

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

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

**Statement of Cash Flows
For the Year Ended June 30, 2019**

Cash flows from operating activities:	
Cash receipts from intergovernmental revenues	\$ 3,191,294
Cash receipts from charges for services and other	632,497
Cash from other	2,258
Payments to employees for salaries and benefits	(3,362,329)
Payments for programs and events	(711,703)
Payments for external contracted services	(77,008)
Payments for occupancy	(209,482)
Payments to suppliers	<u>(271,704)</u>
Net cash from operating activities	(806,177)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,339)
Noncapital financing activities:	
Payments to SERC foundation	(5,767)
Cash flows from investing activities:	
Income from investments	<u>3,636</u>
Net increase (decrease) in cash and cash equivalents	(810,647)
Cash - July 1, 2018	<u>1,893,617</u>
Cash - June 30, 2019	<u><u>\$ 1,082,970</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	<u>\$ 278,194</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	29,395
(Increase) decrease in:	
Intergovernmental receivable	(703,802)
Other receivable	16,662
Prepaid expenses	(21,589)
Increase (decrease) in:	
Accounts payable	112,307
Accrued payroll and related liabilities	10,957
Accrued expenses	1,091
Unearned revenue	236,448
Due to funding source	(710,647)
Amounts held for others	(35,679)
Compensated absences	<u>(19,514)</u>
Total adjustments	<u>(1,084,371)</u>
Net cash from operating activities	<u><u>\$ (806,177)</u></u>

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

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

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

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.

Activities not related to SERC’s primary purpose are considered nonoperating. Nonoperating activities consist of income from investments.

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.

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

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

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

1. Cash

Cash consists of cash on hand and demand deposits.

For cash flow purposes the SERC considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and payables

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 acquisition 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

4. 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.

5. Long-term obligations

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

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

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

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

6. 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.

7. 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.

8. 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.

At year end, SERC's bank balance was \$1,118,939 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 339,204
Uninsured and collateral held by the pledging bank's trust department, not in SERC's name	279,735
Total amount subject to custodial credit risk	\$ 618,939

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

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

A. Cash (continued)

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.

B. Capital assets

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>Capital assets, being depreciated:</u>				
Equipment	\$450,451	\$ 2,339	\$ -	\$452,790
Furniture	72,997	-	-	72,997
Total capital assets, being depreciated	<u>523,448</u>	<u>2,339</u>	<u>-</u>	<u>525,787</u>
<u>Less accumulated depreciation for:</u>				
Equipment	214,324	27,570	-	241,894
Furniture	27,495	1,825	-	29,320
Total accumulated depreciation	<u>241,819</u>	<u>29,395</u>	<u>-</u>	<u>271,214</u>
Total capital assets, being depreciated, net	<u>\$281,629</u>	<u>\$(27,056)</u>	<u>\$ -</u>	<u>\$254,573</u>

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.

**State Education Resource Center
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**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

C. Operating leases

SERC leases office space under a lease agreement that expired in July 2019. An addendum was made for SERC to lease the space on a month to month basis up to January 2020. Lease expense totaled \$157,416 for the fiscal year.

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.

IV. Pension and other post-employment benefit plans

A. Connecticut State Teachers' Retirement System

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/trb.

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 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 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 nonservice-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 annual average salary.

Pre-Retirement Death Benefit: The Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

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

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

A. Connecticut State Teachers' Retirement System (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 the State Teachers' Retirement Board 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 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 statutory requirement that the State pay 100% of the required contribution.

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 were as follows:

SERC's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with SERC	<u>330,881</u>
Total	<u>\$ 330,881</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. SERC has no proportionate share of the net pension liability. During the year SERC recognized pension expense and revenue of \$31,979 for on-behalf amounts for the contributions to the plan by the State.

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

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

A. Connecticut State Teachers' Retirement System

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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.

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments 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:

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

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

A. Connecticut State Teachers' Retirement System

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	6.0%	0.4%
	<hr/>	
Total	<u>100.0%</u>	

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, 2018.

**State Education Resource Center
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**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

B. Connecticut State Teachers' Retirement Board Retiree Health Insurance 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 10-183t 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.
- **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.

**State Education Resource Center
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**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

B. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)

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.

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).

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 10-183z, 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.

Employees

Each member is required to contribute 1.25% of their annual salary.

**State Education Resource Center
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**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

B. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)

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	<u>66,216</u>
Total	<u>\$ 66,216</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. SERC has no proportionate share of the net OPEB liability.

SERC recognized OPEB expense and revenue of \$887 for on-behalf amounts for the contribution to the plan by the State.

5. Actuarial assumptions and inputs

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care cost trend rate	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.87%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**State Education Resource Center
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**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

B. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)

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.
- The discount rate has been increased from 3.56% to 3.87% 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.

Long-term expected rate of return

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 weighing 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 3.00%.

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.

**State Education Resource Center
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**Notes to Financial Statements
As of and for the Year Ended June 30, 2019**

B. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)

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.

6. Discount rate

The discount rate used to measure the total OPEB liability was 3.87%. 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

The 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, 2018.

**Required
Supplementary
Information**

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

Required Supplementary Information

**Connecticut State Teachers' Retirement System
Last Five Years (3)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>					
SERC's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
SERC's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with SERC	<u>330,881</u>	<u>693,337</u>	<u>731,476</u>	<u>2,207,301</u>	<u>2,040,258</u>
Total	<u>\$ 330,881</u>	<u>\$ 693,337</u>	<u>\$ 731,476</u>	<u>\$ 2,207,301</u>	<u>\$ 2,040,258</u>
SERC's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
SERC's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>57.69%</u>	<u>55.93%</u>	<u>57.26%</u>	<u>59.50%</u>	<u>61.50%</u>
<u>Schedule of Contributions</u>					
Contractually required contribution	(1) \$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SERC's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

* 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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Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Five Years (1)**

	2019	2018	2017	2016	2015
Changes of Benefit Terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	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	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	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	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

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

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

Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Two Years (3)**

	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>		
SERC's proportion share of the net OPEB liability	0.00%	0.00%
SERC's proportionate share of the collective net OPEB liability	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with SERC	66,126	178,459
Total	<u>\$ 66,126</u>	<u>\$ 178,459</u>
SERC's covered payroll	(2) N/A	N/A
SERC's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

Schedule of Contributions

Contractually required contribution	(1) \$ -	\$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
SERC's covered payroll	(2) N/A	N/A
Contributions as a percentage of covered payroll	0.00%	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
(A Component Unit of the State of Connecticut)**

Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Schedule of Contributions
Last Two Years (1)**

	2019	2018
Changes of Benefit Terms	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016
Actuarial methods and assumptions used to determine contribution rates:		
Actuarial Cost Method	Entry age	Entry age
Amortization Method	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value
Inflation	2.75%	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	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.	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
(A Component Unit of the State of Connecticut)

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2019

	IDEA	Preschool ECE	Parent Trust	School Climate	Food Distribution
Operating revenues:					
Intergovernmental	\$ 3,512,468	\$ 28,559	\$ 244,063	\$ 418,819	\$ 22,586
Charges for services	9,425	4,020	-	-	-
Other	1,500	-	-	-	-
Total operating revenues	<u>3,523,393</u>	<u>32,579</u>	<u>244,063</u>	<u>418,819</u>	<u>22,586</u>
Operating expenses:					
Salaries	1,932,703	2,249	24,669	190,824	12,211
Employee benefits	368,133	705	2,628	43,768	2,238
Programs and events	341,219	22,306	149,967	77,726	20
External contract services	12,557	-	-	-	-
Occupancy	811	-	-	-	-
Technology	68,614	-	-	-	3,114
Administration	754,518	6,977	66,601	89,688	4,837
Professional services	495	-	-	125	-
Travel	29,675	48	-	10,825	99
Library	1,312	-	-	-	-
Insurance	-	-	-	-	-
Professional development	350	-	-	5,863	-
Marketing	450	-	198	-	-
Office supplies	-	-	-	-	67
Other	12,556	294	-	-	-
Depreciation	-	-	-	-	-
Total operating expenses	<u>3,523,393</u>	<u>32,579</u>	<u>244,063</u>	<u>418,819</u>	<u>22,586</u>
Operating income (loss)	-	-	-	-	-
Nonoperating revenues (expenses):					
Income from investments	-	-	-	-	-
Change in net position before transfers	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2019

	CEEDAR District Partnerships	Safe Schools	Kaynor Technical HS: Student Engagement	DMHAS: Opioid Grant Project Coordinator	Statewide Family Engagement Center (SFEC)
Operating revenues:					
Intergovernmental	\$ 12,496	\$ 34,018	\$ 2,436	\$ 50,426	\$ 10,558
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total operating revenues	<u>12,496</u>	<u>34,018</u>	<u>2,436</u>	<u>50,426</u>	<u>10,558</u>
Operating expenses:					
Salaries	-	13,868	1,418	39,482	5,093
Employee benefits	-	2,920	341	9,465	1,010
Programs and events	11,570	9,945	-	599	103
External contract services	-	-	-	-	-
Occupancy	-	-	-	-	-
Technology	-	-	-	-	-
Administration	926	7,285	665	-	-
Professional services	-	-	-	-	500
Travel	-	-	12	700	2,352
Library	-	-	-	-	-
Insurance	-	-	-	-	-
Professional development	-	-	-	180	1,500
Marketing	-	-	-	-	-
Office supplies	-	-	-	-	-
Other	-	-	-	-	-
Depreciation	-	-	-	-	-
Total operating expenses	<u>12,496</u>	<u>34,018</u>	<u>2,436</u>	<u>50,426</u>	<u>10,558</u>
Operating income (loss)	-	-	-	-	-
Nonoperating revenues (expenses):					
Income from investments	-	-	-	-	-
Change in net position before transfers	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2019

	Other State Agency	In District Contracts	SERC Funded Events	Management and General	Operations Total	On Behalf Amount	Total
Operating revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 4,336,429	\$ 32,866	\$ 4,369,295
Charges for services	61,817	387,705	105,795	47,073	615,835	-	615,835
Other	2	-	565	191	2,258	-	2,258
Total operating revenues	61,819	387,705	106,360	47,264	4,954,522	32,866	4,987,388
Operating expenses:							
Salaries	24,421	142,601	21,003	321,537	2,732,079	-	2,732,079
Employee benefits	5,470	30,662	2,573	118,914	588,827	32,866	621,693
Programs and events	1,625	1,102	93,603	1,918	711,703	-	711,703
External contract services	-	-	-	64,451	77,008	-	77,008
Occupancy	25	-	-	208,646	209,482	-	209,482
Technology	-	-	-	30,941	102,669	-	102,669
Administration	-	-	-	(931,497)	-	-	-
Professional services	-	-	-	61,978	63,098	-	63,098
Travel	3,778	13,090	272	1,820	62,671	-	62,671
Library	-	-	-	-	1,312	-	1,312
Insurance	-	-	-	47,177	47,177	-	47,177
Professional development	60	-	-	1,543	9,496	-	9,496
Marketing	-	-	-	768	1,416	-	1,416
Office supplies	-	-	49	19,898	20,014	-	20,014
Other	225	316	2,866	3,724	19,981	-	19,981
Depreciation	-	-	-	29,395	29,395	-	29,395
Total operating expenses	35,604	187,771	120,366	(18,787)	4,676,328	32,866	4,709,194
Operating income (loss)	26,215	199,934	(14,006)	66,051	278,194	-	278,194
Nonoperating revenues (expenses):							
Income from investments	-	-	-	3,636	3,636	-	3,636
Change in net position before transfers	26,215	199,934	(14,006)	69,687	281,830	-	281,830
Transfers in	-	-	14,006	212,143	226,149	-	226,149
Transfers out	(26,215)	(199,934)	-	-	(226,149)	-	(226,149)
Change in net position	\$ -	\$ -	\$ -	\$ 281,830	\$ 281,830	\$ -	\$ 281,830

(Concluded)