

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

**Financial Statements
and Independent Auditors' Report**

For the Year Ended June 30, 2021

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

**Financial Statements
For the Year Ended June 30, 2021**

Table of Contents

	<u>Page</u>
<u>Financial Section</u>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-8
<u>Exhibits</u>	
<u>Basic Financial Statements</u>	
<u>Government-Wide Financial Statements</u>	
A Statement of Net Position	9
B Statement of Revenues, Expenses and Changes in Net Position	10
C Statement of Cash Flows	11
D Notes to Financial Statements	12-24
<u>RSI</u>	
<u>Required Supplementary Information</u>	
<u>Connecticut State Teachers' Retirement System</u>	
1A Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions	25
1B Notes to Required Supplementary Information	26
<u>Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan</u>	
2A Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions	27
2B Notes to Required Supplementary Information	28
<u>Schedule</u>	
1 Combining Schedule of Revenues, Expenses and Changes in Net Position	29-31

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, 2021, 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**

Page 2

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, 2021, 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, as listed in the table of contents, 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**

Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
July 7, 2022

Management's Discussion and Analysis For the Year Ended June 30, 2021

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, 2021.

Financial highlights

- The assets of SERC exceeded its liabilities at the close of the most recent fiscal year by \$1,814,957.
- SERC's total net position increased by \$183,852. The increase is due to the following:

➤ positive operating results of In District Contracts of	\$ 241,652
➤ Positive operation of Other State Agency contracts	60,709
➤ Negative operations of the African American/Black and Puerto Rican/Latino Course of Study program	(101,790)

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 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.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- Schedules to demonstrate SERC's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate SERC's progress in funding its obligation to provide other post-employment benefits.

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 \$1,814,957 at the close of the most recent fiscal year.

The largest portion of SERC's net position reflects its unrestricted net position of \$1,583,450. The increase of \$184,714 from the prior year is due to the result of positive operations of \$183,852. 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**

	2021	2020
Current and other assets	\$ 7,966,449	\$ 3,359,534
Capital assets (net)	231,507	232,369
Total assets	8,197,956	3,591,903
Other liabilities	6,308,131	1,889,425
Noncurrent liabilities	74,868	71,373
Total liabilities	6,382,999	1,960,798
Net position:		
Net investment in capital assets	231,507	232,369
Unrestricted	1,583,450	1,398,736
Total net position	\$ 1,814,957	\$ 1,631,105

SERC's net position increased by \$183,852 during the current fiscal year.

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

	2021	2020
Revenues:		
Program revenues:		
Intergovernmental	\$10,348,155	\$ 5,134,093
Charges for services	518,048	701,454
General revenues:		
Income from investments	2,664	4,626
Other	166	2,461
	10,869,033	5,842,634
Total revenues		
Expenses:		
Salaries and stipends	3,463,940	3,170,934
Employee benefits	870,215	746,122
Programs and events	1,929,567	941,620
External contract services	-	283,674
Occupancy	177,578	212,395
Technology	89,072	86,140
Professional services/insurance	121,692	97,843
Travel	-	57,320
Professional development	8,348	22,110
Marketing	5,365	20,913
Office supplies	61,595	17,300
Other	-	41,826
Private school stipends	3,926,734	-
Depreciation	31,075	30,998
	10,685,181	5,729,195
Total expenses		
Change in net position	183,852	113,439
Net position - July 1	1,631,105	1,517,666
Net position - June 30	\$ 1,814,957	\$ 1,631,105

This increase in net position is primarily attributable to positive operating results of In District Contracts of \$241,652 and Other State Agency contracts of \$60,709 offset by negative operating results of the African American/Black and Puerto Rican/Latino Course of Study program of \$101,790.

Revenues

Revenues totaled \$10,869,033 for the fiscal year, an increase of \$5,026,399 as compared to the prior year. Since SERC’s mission is related to special education, \$5,435,600 of the operating grants are federal pass-through funds from the Individual with Disabilities Education Act (“IDEA”) grants. In addition, during the year SERC received a grant for Emergency Assistance to Non-Public Schools (“EANS”) grant of \$3,953,919. Charges for services are from charges to local school districts and participants and are 4.77% of revenues. The most significant changes as compared to the prior year are as follows:

- Intergovernmental revenue increased by \$5,214,062 due to receiving the Emergency Assistance to Non-Public Schools (“EANS”) grant of \$3,953,919 and an increase in the IDEA grant of \$925,664.
- Charges for services decreased by \$183,406 due to the African American/Black and Puerto Rican/Latino Course of Study program of \$200,000 received in the prior year.

Expenses

Expenses totaled \$10,685,181 for the fiscal year. The most significant changes as compared to the prior year are as follows:

- Salaries and stipends increased by \$293,006 due to increased grant funding.
- Programs and events expense increased by \$987,947 primarily due to an increase in events funded by the IDEA grant program.
- External contract services decreased by \$283,674 due to the new program offered in prior year for individualized education programs training, design, and development.
- Private school stipends increased by \$3,926,734 due to receipt of the EANS grant.

Capital assets

SERC's investment in capital assets amounted to \$231,507 (net of accumulated depreciation). This investment in capital assets includes equipment and furniture. Computer equipment is the majority of the equipment category.

Capital Assets - Net

	<u>2021</u>	<u>2020</u>
Equipment	\$ 191,480	\$ 190,517
Furniture	<u>40,027</u>	<u>41,852</u>
Total	<u>\$ 231,507</u>	<u>\$ 232,369</u>

The decrease of \$862 is due to depreciation expense of \$31,075, offset by computer equipment additions of \$30,213.

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 95% of SERC's revenues. Therefore, the availability of both federal and state funding is the most significant economic factor that can impact SERC's operations.

The potential impact of the pandemic on the local economy, businesses and SERC's revenues is being closely monitored.

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, 2021**

Assets

Current assets:	
Cash	\$ 7,564,007
Receivables:	
Intergovernmental	178,235
Other	84,648
Due from SERC Foundation	61,587
Prepaid expenses	<u>77,972</u>
Total current assets	<u>7,966,449</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Equipment	191,480
Furniture	<u>40,027</u>
Total capital assets (net of accumulated depreciation)	<u>231,507</u>
Total assets	<u>8,197,956</u>

Liabilities

Current liabilities:	
Accounts payable	456,449
Accrued payroll and related liabilities	201,185
Accrued expenses	44,900
Due to funding source	39,500
Unearned revenue	5,547,380
Compensated absences	<u>18,717</u>
Total current liabilities	6,308,131
Noncurrent liabilities:	
Compensated absences	<u>74,868</u>
Total liabilities	<u>6,382,999</u>

Net Position

Net investment in capital assets	231,507
Unrestricted	<u>1,583,450</u>
Total net position	<u>\$ 1,814,957</u>

The notes to 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 Net Position
For the Year Ended June 30, 2021**

Operating revenues:	
Intergovernmental	\$ 10,348,155
Charges for services	518,048
Other	166
	<hr/>
Total operating revenues	10,866,369
Operating expenses:	
Salaries and stipends	3,463,940
Employee benefits	870,215
Programs and events	1,929,567
Occupancy	177,578
Technology	89,072
Professional services/insurance	121,692
Professional development	8,348
Marketing	5,365
Office and administration	61,595
Private school stipends	3,926,734
Depreciation	31,075
	<hr/>
Total operating expenses	10,685,181
Operating income (loss)	181,188
Nonoperating revenues (expenses):	
Income from investments	2,664
	<hr/>
Change in net position	183,852
Net position - July 1, 2020	1,631,105
	<hr/>
Net position - June 30, 2021	\$ 1,814,957
	<hr/> <hr/>

The notes to 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, 2021**

Cash flows from (used in) operating activities:	
Cash receipts from intergovernmental revenues	\$ 14,298,341
Cash receipts from charges for services	580,477
Cash receipts from other	166
Payments to employees for salaries and benefits	(4,282,642)
Payments for programs and events	(1,929,567)
Payments for occupancy	(177,578)
Payments to suppliers	(89,658)
Payments for private school stipends	<u>(3,926,734)</u>
Net cash from (used in) operating activities	4,472,805
Cash flows from (used in) capital and related financing activities:	
Acquisition of capital assets	(30,213)
Cash flows from (used in) noncapital financing activities:	
Payments to SERC foundation	(56,363)
Cash flows from (used in) investing activities:	
Income from investments	<u>2,664</u>
Net increase (decrease) in cash	4,388,893
Cash - July 1, 2020	<u>3,175,114</u>
Cash - June 30, 2021	<u><u>\$ 7,564,007</u></u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ 181,188
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
Depreciation	31,075
(Increase) decrease in:	
Intergovernmental receivable	(158,849)
Other receivable	62,429
Prepaid expenses	(65,239)
Increase (decrease) in:	
Accounts payable	243,752
Accrued payroll and related liabilities	47,144
Accrued expenses	17,901
Unearned revenue	4,109,035
Compensated absences	<u>4,369</u>
Net cash from (used in) operating activities	<u><u>\$ 4,472,805</u></u>

The notes to 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, 2021**

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 as of July 1, 2014 and began reporting 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 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, 2021**

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 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

Fee receivables are recorded for participant fees when they are billed.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items are recorded as expenses when consumed rather than when purchased.

4. 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:

<u>Assets</u>	<u>Life</u>
Furniture	40
Equipment	15-25
Computer equipment	7-10

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 liabilities

In the financial statements, long-term liabilities 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, 2021**

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

7. Net position

Net position is classified into the following categories:

Net Investment in Capital Assets	This category presents the net position that reflects capital assets net of depreciation and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.
Unrestricted Net Position	This category presents the net position of SERC which is not classified in the preceding categories.

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.

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, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues and expenses during the fiscal year. 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 \$7,777,876 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,333,406
Uninsured and collateral held by the pledging bank's trust department, not in SERC's name	<u>1,944,470</u>
Total amount subject to custodial credit risk	<u><u>\$ 7,277,876</u></u>

**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, 2021**

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:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
<u>Capital assets, being depreciated:</u>				
Equipment	\$ 461,584	\$ 30,213	\$ -	\$ 491,797
Furniture	72,997	-	-	72,997
Total capital assets, being depreciated	<u>534,581</u>	<u>30,213</u>	<u>-</u>	<u>564,794</u>
<u>Less accumulated depreciation for:</u>				
Equipment	271,067	29,250	-	300,317
Furniture	31,145	1,825	-	32,970
Total accumulated depreciation	<u>302,212</u>	<u>31,075</u>	<u>-</u>	<u>333,287</u>
Total capital assets, being depreciated, net	<u>\$ 232,369</u>	<u>\$ (862)</u>	<u>\$ -</u>	<u>\$ 231,507</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 95% of SERC's 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 and the Emergency Assistance for Non-Public Schools (EANS program), which are federal pass-through grants.

**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, 2021**

C. Operating leases

SERC leases office space under a lease agreement that expired in January 2020. An addendum was made for SERC to lease the space on a month to month basis. 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 (“OPEB”) 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

Normal retirement	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
Benefit calculation	2.00% 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	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
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% 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 3.00% per year by which retirement precedes normal retirement date.
Service connected disability amount	2.00% 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.

**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, 2021**

A. Connecticut state teachers' retirement system (continued)

Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

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

Each teacher is required to contribute 7.00% 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>1,103,062</u>
Total	<u>\$ 1,103,062</u>

**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, 2021**

A. Connecticut state teachers' retirement system (continued)

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. SERC has no proportionate share of the net pension liability.

During the year, SERC recognized pension expense and revenue of \$70,748 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019

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 3.00% and a maximum of 5.00% 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 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. 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 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.

**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, 2021**

A. Connecticut state teachers' retirement system (continued)

Long-term expected rate of return

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 geometric rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity fund	20.00%	5.60%
Developed market international stock fund	11.00%	6.00%
Emerging market international stock fund	9.00%	7.90%
Core fixed income fund	16.00%	2.10%
Inflation linked bond fund	5.00%	1.10%
Emerging market debt fund	5.00%	2.70%
High yield bond fund	6.00%	4.00%
Real estate fund	10.00%	4.50%
Private equity	10.00%	7.30%
Alternative investments	7.00%	2.90%
Liquidity fund	1.00%	0.40%
Total	<u>100.00%</u>	

6. Discount rate

The discount rate used to measure the total pension liability was 6.90%. 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 State 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.

**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, 2021**

A. Connecticut state teachers’ retirement system (continued)

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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

B. Connecticut state teachers’ retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers’ Retirement System 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	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	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
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years 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, 2021**

B. Connecticut state teachers' retirement board retiree health insurance plan (continued)

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. 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.

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).

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.

**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, 2021**

B. Connecticut state teachers' retirement board retiree health insurance plan (continued)

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 pays for one third of plan costs through an annual appropriation in the General Fund.

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.

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	164,522
Total	\$ 164,522

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. SERC has no proportionate share of the net OPEB liability.

SERC recognized OPEB expense and revenue of \$1,707 for on-behalf amounts for 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, 2021**

B. Connecticut state teachers' retirement board retiree health insurance plan (continued)

5. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2021

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

- The Medicare health care cost trend rate changed from 5.00% decreasing to 4.75% by 2028 to 5.125% decreasing to 4.50% by 2023.
- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.
- The discount rate was decreased from 3.50% to 2.21% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the real wage growth assumption was increased.

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.

**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, 2021**

B. Connecticut state teachers' retirement board retiree health insurance plan (continued)

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2020.

6. Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The Municipal Bond Index Rate was used in the determination in the discount rate. 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 annual State contributions will equal the most recent 5-year average of state contributions.

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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

Required Supplementary Information

Type	Description
<u>Pension Plans</u> State Teachers' Retirement System	Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions Notes to Required Supplementary Information
<u>Other Post-Employment Benefits Plans</u> State Teachers' Retirement Board Retiree Health Insurance Plan	Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions Notes to Required Supplementary Information

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

Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<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>	<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>1,103,062</u>	<u>429,126</u>	<u>330,881</u>	<u>693,337</u>	<u>731,476</u>	<u>2,207,301</u>	<u>2,040,258</u>
Total	<u>\$ 1,103,062</u>	<u>\$ 429,126</u>	<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	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</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>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>57.26%</u>	<u>59.50%</u>	<u>61.50%</u>

Schedule of Contributions

Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SERC's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</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>	<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.

See Notes to Required Supplementary Information.

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

Notes to Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	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	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	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
Cost-of-Living Adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment Rate of Return (net)	6.90%	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	PubT-2010 Table projected generationally with MP-2019	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.	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 .	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.	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.	RP-2000 Combined Mortality Table projected 19 years using scale AA.	RP-2000 Combined Mortality Table projected 19 years using scale AA.

(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 Four Years (3)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>				
SERC's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
SERC's proportionate share of the collective net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net OPEB liability associated with SERC	<u>164,522</u>	<u>66,924</u>	<u>66,126</u>	<u>178,459</u>
Total	<u>\$ 164,522</u>	<u>\$ 66,924</u>	<u>\$ 66,126</u>	<u>\$ 178,459</u>
SERC's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
SERC's proportionate share of the net OPEB liability as a percentage of its covered payroll	<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 OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>
<u>Schedule of Contributions</u>				
Contractually required contribution (1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SERC's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(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.

See Notes to Required Supplementary Information.

**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 Four Years (1)**

	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:				
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	3.00%	3.00%	3.00%
Mortality Rate	PubT-2010 Table projected generationally with MP-2019	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	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	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

(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 Net Position
For the Year Ended June 30, 2021

	IDEA	School Climate	Food Distribution	DMHAS	Bullard Havens Equity in Education	Stakeholders' Feedback	Statewide Family Engagement Center (SFEC)
Operating revenues:							
Intergovernmental	\$ 5,435,600	\$ 82,692	\$ 32,713	\$ 446,437	\$ 3,482	\$ 3,762	\$ 29,287
Charges for services	3,366	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total operating revenues	<u>5,438,966</u>	<u>82,692</u>	<u>32,713</u>	<u>446,437</u>	<u>3,482</u>	<u>3,762</u>	<u>29,287</u>
Operating expenses:							
Salaries and stipends	2,204,649	37,752	21,352	135,278	2,414	2,615	16,020
Employee benefits	484,301	9,999	5,603	23,049	464	558	4,644
Programs and events	1,713,266	14,091	158	222,893	-	-	6,747
Occupancy	-	-	-	-	-	-	-
Technology	61,482	-	-	-	-	-	-
Administration	938,545	13,800	5,600	65,217	604	589	1,126
Professional services/insurance	-	-	-	-	-	-	750
Professional development	289	7,050	-	-	-	-	-
Marketing	-	-	-	-	-	-	-
Office and administration	6,221	-	-	-	-	-	-
Private school stipends	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total operating expenses	<u>5,408,753</u>	<u>82,692</u>	<u>32,713</u>	<u>446,437</u>	<u>3,482</u>	<u>3,762</u>	<u>29,287</u>
Operating income (loss)	30,213	-	-	-	-	-	-
Nonoperating revenues (expenses):							
Income from investments	-	-	-	-	-	-	-
Change in net position before transfers	30,213	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Change in net position	<u>\$ 30,213</u>	<u>\$ -</u>	<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 Net Position
For the Year Ended June 30, 2021

30

	Family Conversations	Emergency Assistance to Non-Public Schools	Level Up	Alternative Attendance Pilot Project	Comprehensive School Choice Plan	African American/ Black and Puerto Rican/ Latino Course of Study
Operating revenues:						
Intergovernmental	\$ -	\$ 3,953,919	\$ 196,172	\$ 91,350	\$ 286	\$ -
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total operating revenues	-	3,953,919	196,172	91,350	286	-
Operating expenses:						
Salaries and stipends	17,058	19,364	138,326	44,020	193	61,522
Employee benefits	2,390	4,272	26,969	8,589	56	16,509
Programs and events	-	-	-	25,500	-	4,090
Occupancy	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Administration	3,611	3,485	30,716	13,241	37	15,099
Professional services/insurance	-	-	-	-	-	-
Professional development	-	-	-	-	-	-
Marketing	-	-	-	-	-	4,750
Office and administration	-	64	161	-	-	-
Private school stipends	-	3,926,734	-	-	-	-
Depreciation	-	-	-	-	-	-
Total operating expenses	23,059	3,953,919	196,172	91,350	286	101,970
Operating income (loss)	(23,059)	-	-	-	-	(101,970)
Nonoperating revenues (expenses):						
Income from investments	-	-	-	-	-	-
Change in net position before transfers	(23,059)	-	-	-	-	(101,970)
Transfers in	-	-	-	-	-	101,970
Transfers out	-	-	-	-	-	-
Change in net position	\$ (23,059)	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	Other State Agency	In District Contracts	Other Programs	Management and General	Operations Total	On Behalf Amount	Total
Operating revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 10,275,700	\$ 72,455	\$ 10,348,155
Charges for services	150,578	363,854	250	-	518,048	-	518,048
Other	135	-	-	31	166	-	166
Total operating revenues	150,713	363,854	250	31	10,793,914	72,455	10,866,369
Operating expenses:							
Salaries and stipends	74,151	97,008	-	502,417	3,374,139	-	3,374,139
Employee benefits	13,034	19,988	-	177,335	797,760	72,455	870,215
Programs and events	2,268	4,752	(4,437)	30,040	2,019,368	-	2,019,368
Occupancy	-	-	-	177,578	177,578	-	177,578
Technology	-	-	-	27,590	89,072	-	89,072
Administration	-	-	-	(1,091,670)	-	-	-
Professional services/insurance	-	-	-	120,942	121,692	-	121,692
Professional development	551	35	-	423	8,348	-	8,348
Marketing	-	-	-	615	5,365	-	5,365
Office and administration	-	419	-	54,730	61,595	-	61,595
Private school stipends	-	-	-	-	3,926,734	-	3,926,734
Depreciation	-	-	-	31,075	31,075	-	31,075
Total operating expenses	90,004	122,202	(4,437)	31,075	10,612,726	72,455	10,685,181
Operating income (loss)	60,709	241,652	4,687	(31,044)	181,188	-	181,188
Nonoperating revenues (expenses):							
Income from investments	-	-	-	2,664	2,664	-	2,664
Change in net position before transfers	60,709	241,652	4,687	(28,380)	183,852	-	183,852
Transfers in	-	-	-	307,048	409,018	-	409,018
Transfers out	(60,709)	(241,652)	(4,687)	(101,970)	(409,018)	-	(409,018)
Change in net position	\$ -	\$ -	\$ -	\$ 176,698	\$ 183,852	\$ -	\$ 183,852

(Concluded)