

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

**Financial Statements
and Independent Auditors' Report**

For the Year Ended June 30, 2022

- I. Financial Statements**
- II. Supplementary Information**
- III. Report in Accordance with
*Government Auditing Standards***
- IV. Uniform Guidance Reports**



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Financial Section

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
State Education Resource Center

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise SERC’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SERC as of June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note I.C.9. to the financial statements, in 2022 SERC adopted new accounting guidance, GASB 87, *Leases*. There was no financial statement impact to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SERC’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SERC's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025 on our consideration of SERC'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 SERC'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 SERC's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Whittlesey PC".

Hartford, Connecticut
February 18, 2025

STATE EDUCATION RESOURCE CENTER

Management's Discussion and Analysis

For the Year Ended June 30, 2022

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 year ended June 30, 2022.

Financial highlights

- The assets of SERC exceeded its liabilities at the close of the most recent fiscal year by \$2,088,023.
- SERC's total net position increased by \$273,066. The increase is, in part, due to the positive operating results of in-district contracts.

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 the 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 creditworthiness.

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 postemployment 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 \$2,088,023 at the close of June 30, 2022.

**Summary Statement of Net Position
June 30, 2022**

Current and other assets	\$ 8,490,996
Capital assets (net)	<u>198,818</u>
Total assets	<u>8,689,814</u>
Other liabilities	6,522,201
Noncurrent liabilities	<u>79,590</u>
Total liabilities	<u>6,601,791</u>
Net position:	
Net investments in capital assets	198,818
Unrestricted	<u>1,889,205</u>
Total Net position	<u><u>\$ 2,088,023</u></u>

The largest portion of SERC's net position reflects its unrestricted net position of \$1,889,205. The increase of \$305,755 from the prior year is due to the result of positive operations of \$273,066. 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.

SERC's net position increased by \$273,066 during the current fiscal year.

**Statement of Changes in Net Position
For the Year Ended June 30, 2022**

Revenues:	
Governmental	\$ 20,580,918
Charges for services	869,594
Total revenues	21,450,512
Expenses:	
Salaries and stipends	3,944,399
Programs and events	5,061,798
Other operating expenses	1,572,446
Private school stipends	10,600,655
Total operating expenses	21,179,298
Operating income	271,214
Nonoperating revenue:	
Income from investments	1,852
Change in net position	273,066
Net position - July 1	1,814,957
Net position - June 30	\$ 2,088,023

This increase in net position is primarily attributable to positive operating results of in-district contracts of \$277,400 offset by negative operating result of other state agency contracts.

Revenues

Revenues totaled \$21,450,512 for the fiscal year, an increase of \$10,584,143 as compared to the prior year. Since SERC's mission is related to special education, \$10,600,655 of the operating grants are federal pass-through funds from the Emergency Assistance to Non-Public Schools ("EANS") grant. In addition, during the year, SERC received a grant from the Individual with Disabilities Education Act ("IDEA") for \$4,712,288 and a grant for the Regional Education Service Centers ("RESC") Alliance for \$2,867,490. Charges for services are from charges to local school districts and participants and are 4.05% of revenues. The most significant changes as compared to the prior year are as follows:

- Intergovernmental revenue increased by \$10,232,763 primarily due to an increase in the EANS grant of \$6,796,829, the RESC Alliance grant of \$1,800,828, and the IDEA grant of \$370,196. In addition, SERC received the Evaluation Project grant of \$995,625 and funding of \$210,639 for the African American/Black and Puerto Rican/Latino Course of Study program.
- Charges for services increased by \$351,546 due to a net increase of in-district contracts of \$378,353 and offset by decreased participant fees of \$26,807.

Expenses

Expenses totaled \$21,179,298 for the fiscal year. The most significant changes, as compared to the prior year, are as follows:

- Salaries and stipends increased by \$480,459 due to increased grant funding.
- Expenses related to programs and events increased by \$3,132,231 primarily due to an increase in events funded by the IDEA grant program.
- Private school stipends increased by \$6,673,922 due to receipt of the EANS grant.

Capital assets

SERC's investment in capital assets amounted to \$198,819, net of accumulated depreciation. This investment in capital assets includes equipment and furniture. Majority of the equipment balance consists of computer equipment. The breakdown of capital assets is as follows:

	<u>2022</u>
Equipment	\$ 488,911
Furniture	<u>72,997</u>
Total	<u>\$ 561,908</u>

Depreciation expense was \$29,803 for the year ended June 30, 2022. 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, account for approximately 93% 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, 175 Union Street, Waterbury, CT 06706.

**STATE EDUCATION RESOURCE CENTER
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Statement of Net Position

June 30, 2022

ASSETS

Current assets:

Cash	\$ 5,958,719
Intergovernmental receivable	2,394,155
Accounts receivable	102,788
Due from SERC Foundation	6,309
Prepaid expenses	29,025
Total current assets	<u>8,490,996</u>

Noncurrent assets:

Capital assets:

Equipment	488,911
Furniture	72,997
Accumulated depreciation	<u>(363,090)</u>
Total capital assets	<u>198,818</u>

Total assets	<u><u>\$ 8,689,814</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 672,757
Accrued payroll and related liabilities	197,104
Accrued expenses	72,837
Due to funding source	3,489
Unearned revenue	5,503,189
Compensated absences	<u>72,825</u>
Total current liabilities	6,522,201

Noncurrent liabilities:

Compensated absences	<u>79,590</u>
Total liabilities	<u>6,601,791</u>

NET POSITION

Net investment in capital assets	198,818
Unrestricted	<u>1,889,205</u>
Total net position	2,088,023
Total liabilities and net position	<u><u>\$ 8,689,814</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE EDUCATION RESOURCE CENTER
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Statement of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2022

Operating revenues:	
Intergovernmental	\$ 20,580,918
Charges for services	<u>869,594</u>
Total operating revenues	<u>21,450,512</u>
Operating expenses:	
Salaries and stipends	3,944,399
Employee benefits	900,963
Program and events	5,061,798
Occupancy	182,824
Technology	187,679
Professional services/insurance	136,015
Professional development	8,373
Office and administration	100,956
Private school stipends	10,600,655
Depreciation	29,803
Provision for bad debt	<u>25,833</u>
Total operating expenses	<u>21,179,298</u>
Operating income	271,214
Nonoperating revenues:	
Income from investments	<u>1,852</u>
Change in net position	273,066
Net position - July 1, 2021	<u>1,814,957</u>
Net position - June 30, 2022	<u><u>\$ 2,088,023</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE EDUCATION RESOURCE CENTER
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Statement of Cash Flows

For the Year Ended June 30, 2022

Cash flows from operating activities:	
Cash receipts from intergovernmental revenues	\$ 18,284,796
Cash receipts from charges for services	851,454
Payments to employees for salaries and benefits	(4,790,613)
Payments for programs and events	(5,061,798)
Payments of occupancy	(182,824)
Payments to suppliers	(165,664)
Payments for private school stipends	(10,600,655)
Net change in cash from operating activities	<u>(1,665,304)</u>
Cash flows from capital and related financing activities:	
Due from SERC Foundation	55,278
Acquisition of capital assets	2,886
Net change in cash from capital and related financing activities	<u>58,164</u>
Cash flows from investing activities:	
Income from investments	<u>1,852</u>
Net change in cash	(1,605,288)
Cash - July 1, 2021	<u>7,564,007</u>
Cash - June 30, 2022	<u>\$ 5,958,719</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 271,214
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	29,803
(Increase) decrease in:	
Intergovernmental receivable	(2,215,920)
Accounts receivable	(18,140)
Prepaid expenses	48,947
Increase (decrease) in:	
Accounts payable	216,308
Accrued payroll and related liabilities	(4,081)
Accrued expenses	27,937
Due to funding source	(36,011)
Unearned revenue	(44,191)
Compensated absences	58,830
Net change in cash from operating activities	<u>\$ (1,665,304)</u>

The accompanying notes are an integral part of the financial statements.

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Notes to the Financial Statements

As of and for the year ended June 30, 2022

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, online 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 socioeconomic 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 statements of revenues, expenses and changes in net position and cash flows) 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 the Financial Statements

As of and for the year ended June 30, 2022

I. Summary of significant accounting policies

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

1. Cash

Cash consists of cash on hand and demand deposits.

2. Accounts receivable

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:

Assets	Life
Furniture	40
Equipment	15-25
Compupter 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.

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Notes to the Financial Statements

As of and for the year ended June 30, 2022

I. Summary of significant accounting policies

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

6. 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 noncapital 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.

7. 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 year. Actual results could differ from those estimates.

8. Adoption of new accounting pronouncement

During the year ending June 30, 2022, SERC implemented the requirements of Government Accounting Standards Board Statement ("GASB") 87, *Leases*, which was effective for SERC as of July 1, 2021. This pronouncement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. To quantify and recognize applicable assets and liabilities, the present value of monthly lease payments over the term of the lease is calculated and then assessed as of the reporting period in which GASB 87 is implemented. There was no impact on SERC's financial statements.

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Notes to the Financial Statements

As of and for the year ended June 30, 2022

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 \$7,421,479 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,891,797
Uninsured and collateral held by the pledging bank's trust department, not in SERC's name	<u>1,029,682</u>
Total amount subject to custodial credit risk	<u><u>\$ 6,921,479</u></u>

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 year ending June 30, 2022 was as follows:

	Balance <u>July 1, 2021</u>	Increases	Decreases	Balance <u>June 30, 2022</u>
Capital assets				
Equipment	\$ 491,797	\$ -	\$ (2,886)	\$ 488,911
Furniture	<u>72,997</u>	<u>-</u>	<u>-</u>	<u>72,997</u>
Total capital assets	<u>564,794</u>	<u>-</u>	<u>(2,886)</u>	<u>561,908</u>
Accumulated depreciation				
Equipment	300,317	27,978	-	328,295
Furniture	<u>32,970</u>	<u>1,825</u>	<u>-</u>	<u>34,795</u>
Total accumulated depreciation	<u>333,287</u>	<u>29,803</u>	<u>-</u>	<u>363,090</u>
Capital assets, net	<u><u>\$ 231,507</u></u>	<u><u>\$ (29,803)</u></u>	<u><u>\$ (2,886)</u></u>	<u><u>\$ 198,818</u></u>

**STATE EDUCATION RESOURCE CENTER
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Notes to the Financial Statements

As of and for the year ended June 30, 2022

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 92% 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.

C. 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.

D. Operating Lease

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 \$164,749 for the year ending June 30, 2022.

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.

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Notes to the Financial Statements

As of and for the year ended June 30, 2022

A. Connecticut state teachers' retirement system

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.
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.

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Notes to the Financial Statements

As of and for the year ended June 30, 2022

A. Connecticut state teachers' retirement system

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		873,634
Total	\$	873,634

The net pension liability was measured as of June 30, 2021, 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 \$56,395 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%.

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Notes to the Financial Statements

As of and for the year ended June 30, 2022

A. Connecticut state teachers' retirement system

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%.

Changes in assumptions and inputs

- No changes to assumptions and inputs

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 current capital market assumptions and the target asset allocation as provided by the State's Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
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%
	100%	

**STATE EDUCATION RESOURCE CENTER
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Notes to the Financial Statements

As of and for the year ended June 30, 2022

A. Connecticut state teachers' retirement system

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 the actuarially determined rates in future years. 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.

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, 2021.

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

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Notes to the Financial Statements

As of and for the year ended June 30, 2022

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

2. Benefit provisions

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

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) under the Medicare Advantage plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, retired members who cancel their health care coverage(s) or elect not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Effective January 1, 2022, vision and hearing coverage is included with all plans. Additionally, prescription drug coverage is included with the Medicare Advantage plan. All plans except Dental are now fully insured. Those participants electing dental are required by the System's funding policy to pay the full cost of coverage for this benefit, and no liability is assumed by the Plan for this benefit.

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Notes to the Financial Statements

As of and for the year ended June 30, 2022

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

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 CTRB-Sponsored Medicare Supplemental or Medicare Advantage Plan options, 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 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	<u>95,181</u>
Total	<u><u>\$ 95,181</u></u>

The net OPEB liability was measured as of June 30, 2021, 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 \$3,515 for on-behalf amounts for contributions to the plan by the State.

**STATE EDUCATION RESOURCE CENTER
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Notes to the Financial Statements

As of and for the year ended June 30, 2022

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

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%
Healthcare cost trend rate (Medicare)	5.125% for 2020 decreasing to an ultimate Rate of 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	2023

Changes in assumptions and inputs

- The discount rate was decreased from 2.21% to 2.17% to reflect the change in the Municipal Bond Index rate.
- The annual rate of real wage increase assumption decreased from 0.75% to 0.50%.
- The payroll growth assumption decreased from 3.25% to 3.00%.
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Long-term expected rate of return

The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in the evaluation of the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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%. 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, 2021.

**STATE EDUCATION RESOURCE CENTER
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Notes to the Financial Statements

As of and for the year ended June 30, 2022

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

6. Discount rate

The discount rate used to measure the total OPEB liability was 2.17%. 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. In addition, the projection assumed total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date.

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.

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, 2021.

**Required Supplementary
Information**

**STATE EDUCATION RESOURCE CENTER
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Required Supplementary Information

Connecticut State Teachers' Retirement System - Last Eight Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015*
<u>Schedule of Proportionate State of the Net Pension Liability</u>								
SERC's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SERC's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with SERC	873,634	1,103,062	429,126	330,881	693,337	731,476	2,207,301	2,040,258
Total	<u>\$ 873,634</u>	<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>	<u>(2)</u>
SERC's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.50%
<u>Schedule of Contributions</u>								
Contractually required contribution (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>	<u>(2)</u>
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

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

**STATE EDUCATION RESOURCE CENTER
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Notes to the Required Supplementary Information

Connecticut State Teachers' Retirement System Schedule of Contributions - Last Eight Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015*
Changes of Benefit Terms	None		(2)	None				
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018		June 30, 2016		June 30, 2014		
Actuarial methods and assumptions used to determine contributions rates:								
Actuarial Cost Method	Entry age							
Amortization Method	Level percent of pay closed, grading to a level dollar				Level percent of salary, closed			
Remaining Amortization Period	30 years	27.8 years	30 years		20.4 years		21.4 years	22.4 years
Asset Valuation Method	4 year smoothing							
Inflation	2.50%		2.75%		3.00%			
Salary Increases, including wage inflation	3.00%-6.50%		3.25%-6.50%		3.75%-7.00%			
Cost-of-Living Adjustments	Members who retired prior to September 1, 1992 are assumed to receive an annual Cost-of-Living Adjustment (COLA) of 3.0%. Members who retired on or after September 1, 1992 and were hired prior to July 1, 2007 are assumed to receive an annual Cost-of-Living Adjustment (COLA) of 2.0%. Members who retired on or after September 1, 1992 and were hired on or after July 1, 2007 are assumed to receive an annual Cost-of-Living Adjustment (COLA) of 1.75%.						2.00%-3.00% based on retirement date	
Investment Rate of Return (net)	6.90%		8.00%		8.50%			
Basis for Postretirement Mortality Rates	PubT-2010 Table projected generationally with MP-2018		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-20000 Combined Mortality Table projected 19 years using scale AA.		

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

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

(2) Beginning January 1, 2018, member contributions increased from 6% to 7% of salary

**STATE EDUCATION RESOURCE CENTER
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Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan - Last Five Years (1)

	2022	2021	2020	2019	2018
<u>Schedule of Proportionate State of the Net OPEB Liability</u>					
SERC's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
SERC's proportionate share of the net OPEB liability	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with SERC	95,181	164,522	66,924	66,126	178,459
Total	\$ 95,181	\$ 164,522	\$ 66,924	\$ 66,126	\$ 178,459
SERC's covered payroll	(2)	(2)	(2)	(2)	(2)
SERC's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%	1.79%
<u>Schedule of Contributions</u>					
Contractually required contribution (3)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
SERC's covered payroll	(2)	(2)	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**STATE EDUCATION RESOURCE CENTER
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Notes to the Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan - Last Five Years (1)

	2022	2021	2020	2019	2018
Changes of Benefit Terms	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 contributions rates:					
Actuarial Cost Method	Entry age				
Amortization Method	Level percent of salary, closed				
Remaining Amortization Period	30 years				
Asset Valuation Method	Fair Value				
Inflation	2.50%		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 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		
Investment Rate of Return (net)	3.00%				
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.		

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

Compliance

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

To the Board of Directors of the
State Education Resource
Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the State Education Resource Center, which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 18, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the State Education Resource Center financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether State Education Resource Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

The State Education Resource Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on State Education Resource Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. State Education Resource Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of State Education Resource Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State Education Resource Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hartford, Connecticut
February 18, 2025

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of the
State Education Resource
Center

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited State Education Resource Center's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of State Education Resource Center's major federal programs for the year ended June 30, 2022. State Education Resource Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, State Education Resource Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State Education Resource Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the State Education Resource Center compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to State Education Resource Center's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on State Education Resource Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about State Education Resource Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding State Education Resource Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of State Education Resource Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of State Education Resource Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on State Education Resource Center's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. State Education Resource Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-01 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-02 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on State Education Resource Center's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. State Education Resource Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Whittlesey PC".

Hartford, Connecticut
February 18, 2025

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

Federal Grantor/ Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through the Connecticut State Department of Education:				
State Administrative Expenses for Child Nutrition	10.560	12060-SDE64165-30634	\$ -	\$ 16,247
State Administrative Expenses for Child Nutrition	10.560	12060-SDE64165-20524	-	8,842
Total U.S. Department of Agriculture			-	25,089
U.S. Department of Education:				
Passed-through the Connecticut State Department of Education:				
Special Education - Grants to States (IDEA, Part B)	84.027A	12060-SDE64215-20977	-	7,579,778
School Climate Transformation Grant	84.184F	12060-SDE64155-22684	-	181,673
Title IV, Part A: Student Support and Academic Enrichment Program	84.424A	N/A	-	181,450
Education Stabilization Fund (ESF) Cluster:				
Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance for Non-Public Schools (CRRSA EANS) Program				
	84.425R	12060-SDE64000-29635	-	9,406,293
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	N/A	-	1,212,480
American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)	84.425V	N/A	-	1,344,456
Total Education Stabilization Fund (ESF) Cluster			-	11,963,229
Total U.S. Department of Education			-	19,906,130
U.S. Department of Health and Human Services:				
Passed-through the Connecticut Department of Mental Health and Addiction Service:				
Opioid STR	93.788	12060-MHA51290	-	620,879
Total U.S. Department of Health and Human Services			-	620,879
Total Expenditures of Federal Awards			\$ -	\$ 20,552,098

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of State Education Resource Center (“SERC”) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of SERC, it is not intended to and does not present the net position, changes in net position, or cash flows of SERC.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Under agreement with the State of Connecticut Department of Education, SERC applies a restricted indirect cost rate of 29.00% to restricted programs and 25.14% unrestricted indirect cost rate to other programs. cost rate.

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Schedule of Federal Findings and Questioned Costs

For the year ended June 30, 2022

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:
 Material weakness(es) identified? X yes no
 Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? X yes no
 Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance? X yes no

Identification of Major Programs

Federal Assistance Listing Number	Name of Federal Program or Cluster Title
Education Stabilization Fund (ESF) Cluster:	
84.425R	Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance for Non-Public Schools (CRRSA EANS) Program
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
84.425V	American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)
93.788	Opioid STR

Dollar threshold used to distinguish between Type A and Type B programs was \$750,000

Auditee qualified as low risk auditee? yes X no

**STATE EDUCATION RESOURCE CENTER
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**

Schedule of Federal Findings and Questioned Costs

For the year ended June 30, 2022

II. FINANCIAL STATEMENT FINDINGS

Finding No. 2022-001: Financial Reporting – Material Weakness

Criteria

An accounting system and effective internal control environment should support the preparation of the financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”) and grant reports in accordance with Federal and State compliance requirements, including a robust financial close process at year end.

Condition

In fiscal year 2022, SERC’s accounting processes and internal controls over financial reporting were not functioning timely to support generating complete and accurate financial information. The books and records were not closed and finalized timely. Numerous adjustments to the trial balances were made, necessitating revisions to account reconciliations, and grant schedules.

Cause

SERC experienced staffing shortages and related difficulties during the fiscal year.

Effect

The books and records were not closed and finalized until many months after year end.

Context

SERC’s accounting processes and internal controls over financial reporting were not functioning properly.

Recommendation

We recommend that SERC maintain appropriately trained and experienced personnel. This will help ensure that the accounting processes and internal controls over financial reporting will function properly, and that the financial close process will be complete, accurate, and timely.

Management’s Response/View of Responsible Officials

Management agrees with this finding, see the Corrective Action Plan

**STATE EDUCATION RESOURCE CENTER
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Schedule of Federal Findings and Questioned Costs

For the year ended June 30, 2022

II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding No. 2022-001: Financial Reporting – Material Weakness, is also considered a finding under Federal Award Findings and Questioned Costs. This finding is applicable to all federal programs.

Finding No. 2022-002: Annual Audit Submission – Significant Deficiency

Assistance Listing Program Title and Number: All

Federal Agency: All

Criteria

As per the Code of Federal Regulations, Section 200.512 - Report Submission, the audit must be completed and the Data Collection Form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' report, or nine months after the end of the audit period. The due date for the audit and reporting package submission was March 31, 2023.

Condition

The audit, Data Collection Form and reporting package were not submitted by the due date March 31, 2023.

Cause

SERC experienced staffing shortages and related difficulties during the fiscal year. As such, SERC was not able to timely prepare for the audit in order for the Uniform Guidance, Data Collection Form and reporting package to be filed by the due date.

Effect

The audit, Data Collection Form and federal reporting package were not filed on time.

Questioned Costs

Unknown

Context

SERC was unable to complete the financial statements and Federal Single Audit by the due date.

Recommendation

We recommend that all necessary efforts be taken to ensure timely submission of the audit, Data Collection Form and reporting package.

Management's Response/View of Responsible Officials

Management agrees with this finding, see the Corrective Action Plan.

Headquarters

280 Trumbull Street, 24th Floor
Hartford, CT 06103
860.522.3111

One Hamden Center
2319 Whitney Avenue, Suite 2A
Hamden, CT 06518
203.397.2525

14 Bobala Road, 3rd Floor
Holyoke, MA 01040
413.536.3970

WAdvising.com