



Board of Directors
Eastern Connecticut Regional Educational Service Center
Hampton, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eastern Connecticut Regional Educational Service Center (EASTCONN) as of and for the year ended June 30, 2023, and have issued our report thereon dated May 23, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Connecticut State Single Audit Act, as well as certain information related to the planned scope and timing of our audit letter dated March 19, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the EASTCONN are described in Note 1 to the financial statements.

The entity changed accounting policies related to subscription's by adopting Statement of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. There were no transactions that met the criteria of being included in the current year.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the total other post employment benefit (OPEB) liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the useful lives of governmental activities capital assets, which are used in computing depreciation in the government-wide and proprietary fund financial statements. We evaluated the key factors and assumptions used to develop useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the incurred but not reported liability for the health insurance plan is based on historical information and analysis of claims processed. We evaluated the key factors and assumptions used to develop the incurred but not reporting liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report.

Management representations

We have requested certain representations from management that are included in the management representation letter dated May 23, 2024.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Significant findings or issues that were discussed, or the subject of correspondence, with management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. The following summarizes the significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management:

- A material weakness is reported in relation to financial reporting process.
- A noncompliance is reported in relation to loan covenants.
- In connection with the audit, we have issued a management letter with suggestions for improvements to controls and best practices related to grant roll forward process, month end closing procedures, lack of review of capital asset roll forward, custodial fund cash management.

Other audit findings or issues

We have provided a separate communication to you dated May 23, 2024, communicating internal control related matters identified during the audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) and schedule of expenditures of state financial assistance (SESFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and the SESFA to determine that the SEFA and the SESFA comply with the requirements of the Uniform Guidance and the State Single Audit, respectively, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA and the SESFA are appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA and the SESFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 23, 2024.

With respect to the supplemental, combining and individual fund financial statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 23, 2024.

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This communication is intended solely for the information and use of the Board of Directors and management of the EASTCONN and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
May 23, 2024

Client: **A155050 - EASTCONN**
 Engagement: **AUD 2023 - EASTCONN**
 Period Ending: **6/30/2023**
 Trial Balance: **0900.00 - Gov TB2**
 Workpaper: **0114.21 - Adjusting Audit Entries**

| Account | Description | Debit | Credit |
|---|--------------------------------|---------------------|---------------------|
| Adjusting Journal Entry | | | |
| Adjusting Journal Entry JE # 2001 | | | |
| To record Accounts Receivable for the 12th E-Chip payment made in May of FY23 for FY24 | | | |
| 7200-00153 | Accounts Receivable | 520,000.00 | |
| 7203-01941 | ECHIP CONTR CLAIMS/PREM | | 520,000.00 |
| Total | | 520,000.00 | 520,000.00 |
| Adjusting Journal Entry JE # 2002 | | | |
| Entry to record transfer in from General Fund to cover debt service expenses and fix fund balance to tie to PY FS | | | |
| 1724-93010 | Operating Transfers | 218,096.00 | |
| 9012-00101 | Cash In Bank Checking | 218,096.00 | |
| 9012-00101 | Cash In Bank Checking | 218,096.00 | |
| 1100-00101 | Cash In Bank Checking | | 218,096.00 |
| 9012-00770 | Fund Balance - Unreserved | | 218,096.00 |
| 9012-05200 | Interfund Transfers | | 218,096.00 |
| Total | | 654,288.00 | 654,288.00 |
| Adjusting Journal Entry JE # 2003 | | | |
| Entry to fix fund balance to tie to PY financials | | | |
| 1900-00770 | Fund Balance - Unreserved | 195,131.00 | |
| 2200-00770 | Fund Balance - Unreserved | 9,318.00 | |
| 2900-00770 | Fund Balance - Unreserved | 2,202.00 | |
| 4400-00770 | Fund Balance - Unreserved | 1,504.00 | |
| 6700-00770 | Fund Balance - Unreserved | 17,779.00 | |
| 1900-00421 | Accounts Payable | | 195,131.00 |
| 2246-89002 | Miscellaneous Expense | | 9,318.00 |
| 2969-01310 | Tuition From Individuals | | 2,202.00 |
| 4420-10900 | Salaries/Non-Certified Admin | | 1,504.00 |
| 6700-05204 | EASTCONN Equipment Rental | | 17,779.00 |
| Total | | 225,934.00 | 225,934.00 |
| Adjusting Journal Entry JE # 2004 | | | |
| Adjusting entry to record depreciation for FY23 | | | |
| 6700-00262 | Accum Deprec - Furniture & Fix | 4,797.00 | |
| 6700-00740 | Retained Earnings | 1,092,888.00 | |
| 6700-00232 | Accum Deprec - Building | | 46,814.00 |
| 6700-00242 | Accum. Depreciation-Mach.&Equi | | 100,166.00 |
| 6700-00252 | Accum Deprec - Vehicles | | 897,513.00 |
| 6700-00272 | Accum Deprec - Oth Improvement | | 53,192.00 |
| Total | | 1,097,685.00 | 1,097,685.00 |
| Adjusting Journal Entry JE # 2006 | | | |
| To record unearned revenue for education grants not recorded by the client | | | |
| 2900-00142 | Grants Receivable-Year End | 15,038.00 | |
| 2925-03050 | State Contracts | | 15,038.00 |
| Total | | 15,038.00 | 15,038.00 |
| Adjusting Journal Entry JE # 2007 | | | |
| Entry to adjust DMHAS grant revenue for the unspent funds refunded to the State after YE | | | |
| 2200-00421 | Accounts Payable | 103,350.00 | |
| 2200-00421 | Accounts Payable | 22,393.00 | |
| 2208-03050 | DMHAS CONTRACT | 103,350.00 | |
| 2200-00412 | Due to State | | 103,350.00 |
| 2200-00412 | Due to State | | 103,350.00 |
| 2200-00412 | Due to State | | 22,393.00 |
| Total | | 229,093.00 | 229,093.00 |
| Adjusting Journal Entry JE # 2008 | | | |
| Adjusting entry to correct credit balance in AR and fund balance for the prior year receivable entry not recorded by the client - PYAJE#212 | | | |
| 2600-00155 | Accounts Receivable - Other | 155,744.00 | |
| 2600-00770 | Fund Balance - Unreserved | | 155,744.00 |
| Total | | 155,744.00 | 155,744.00 |
| Adjusting Journal Entry JE # 2009 | | | |
| Adjusting entry to record revenue and receivable for CIGNA wellness grant not recorded by the client at 6.30.23 | | | |
| 2500-00153 | Accounts Receivable | 25,988.00 | |

| | | | |
|--------------|-----------------|------------------|------------------|
| 2502-01960 | Local Contract- | | 25,988.00 |
| Total | | 25,988.00 | 25,988.00 |

Adjusting Journal Entry JE # 2010

Adjusting entry to properly record receivables and revenues after audit procedures

| | | | |
|--------------|--------------------------------|-------------------|-------------------|
| 3000-00144 | Grants Receivable-Local | 19,760.00 | |
| 3000-00144 | Grants Receivable-Local | 457,830.00 | |
| 3201-01960 | Local Contract#033499 WkF One | | 1,809.00 |
| 3301-01960 | Local Contract 41699 WkForce I | | 2,688.00 |
| 3302-01960 | Local Contract #201600 WkF One | | 10,365.00 |
| 3401-01960 | Local Contract | | 12,460.00 |
| 3402-01960 | Local Contract | | 12,657.00 |
| 3403-01960 | Local Contract | | 19,274.00 |
| 3405-01960 | LOCAL CONTRACT | | 47,617.00 |
| 3406-01960 | LOCAL CONTRACT | | 8,064.00 |
| 3408-01960 | Local Contract Workforce I | | 193,437.00 |
| 3504-01960 | Local Contract | | 233.00 |
| 3507-01960 | Local Contract | | 23,422.00 |
| 3509-01960 | Local Contract | | 11,888.00 |
| 3510-01960 | Local Contract | | 3,682.00 |
| 3603-01960 | Local Contract-WRKFC I 431700 | | 79,755.00 |
| 3701-01960 | Local Contract183400 WkF One | | 19,760.00 |
| 3801-01960 | Local Contract | | 6,125.00 |
| 3903-01960 | Loc Contract-Wrkforce I-441700 | | 20,957.00 |
| 3908-01960 | Local Contract | | 3,397.00 |
| Total | | 477,590.00 | 477,590.00 |

Adjusting Journal Entry JE # 2011

Entry to adjust IBNR to client calculation incorrectly recorded in the GL

| | | | |
|--------------------------------------|---------------------------|---------------------|---------------------|
| 6600-00460 | Accrued Operating Expense | 34,859.00 | |
| 6600-21000 | Health Insurance Premiums | | 34,859.00 |
| Total | | 34,859.00 | 34,859.00 |
| Total Adjusting Journal Entry | | 3,436,219.00 | 3,436,219.00 |
| Total All Journal Entries | | 3,436,219.00 | 3,436,219.00 |