AUDITORS' REPORT

Connecticut Agricultural Experiment Station

FISCAL YEARS ENDED JUNE 30, 2024 AND 2025

STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor

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State Auditor

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STATE OF CONNECTICUT

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INTRODUCTION

We are pleased to submit this audit of the Connecticut Agricultural Experiment Station for the fiscal years ended June 30, 2024 and 2025 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies and instances of noncompliance with laws, regulations, or policies.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Agricultural Experiment Station during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Jessica Longobardi

Jessica Longobardi
Associate Auditor

Approved:

John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Connecticut Agricultural Experiment Station disclosed the following recommendation, which was not repeated from the previous audit.

Finding 1

Asset Management Deficiencies

Criteria

Section 4-33a of the General Statutes requires state agencies to promptly notify the Auditors of Public Accounts and the Office of the State Comptroller of any instance involving unauthorized, illegal, irregular, or unsafe handling or expenditure of state or quasi-public agency funds. These are referred to as loss reports.

Section 4-36 of the General Statutes requires each state agency to establish and maintain inventory records in the form prescribed by the State Comptroller. The State Property Control Manual establishes the compliance guidelines and requirements for state agency property controls systems. This includes completing an annual physical inventory to ensure all property control records accurately reflect the actual inventory on hand and submitting an annual Asset Management/Inventory Report (CO-59 report) of its year end balances to the Office of the State Comptroller. The CO-59 balances should agree with balances in Core-CT, the state's official accounting system, and agencies must provide a written explanation for any discrepancies. The manual requires agencies to tag and record capital and controllable assets in the Core-CT asset module and maintain a detailed software inventory listing.

Condition

Our review of the station's loss reports, CO-59's, and new asset purchases disclosed the following:

- The station failed to file loss reports for three controllable assets, totaling $3,543, deemed missing during the station's physical inspection for fiscal year 2025.

- The station's CO-59 report for fiscal year 2025 did not reconcile to Core-CT asset management records. Building costs in Core-CT were $2,037,825 lower than the CO-59 as of June 30, 2025, due to the station properly recording renovations to greenhouses in New Haven on the CO-59, but not updating the values in Core-CT. The station did not

provide the required additional justification regarding the variance between Core-CT with the CO-59.

- Three new assets purchased during the audited period totaling $148,633 lacked physical tags identifying the assets. Furthermore, the original $47,661 purchase for one of these untagged items was for two identical items, but the station incorrectly recorded the purchase as one asset in Core-CT. The second asset also lacked a physical tag and went undetected by the station through two physical inventories.

- The station recorded the cost of one new asset in Core-CT as $56,600 and incorrectly included $4,500 in costs to remove an old asset, thus overstating the CO-59 by $4,500.

Context

The station reported $37,964,539 and $40,534,081 in total real and personal property on the CO-59 as of June 30, 2024, and 2025, respectively. The station added a total of $1,034,637 and $739,380 in capital equipment to the CO-59, during fiscal years 2024, and 2025, respectively, and a total of $2,037,825 in buildings during the fiscal year 2025.

We verified the amounts reported on the CO-59's agreed to Core-CT records for both fiscal years 2024 and 2025.

We judgmentally selected 15 new capital asset purchases during the audited period for testing, totaling $861,554. Our selection focused on the largest purchases from each fiscal year, assets over the capital threshold with no apparent asset identification number in Core-CT, purchases that appeared to replace items originally entered incorrectly in Core-CT, and assets coded to controllable property but over the capital threshold.

As of June 30, 2025, the station held a total of 2,187 capital and controllable assets.

Effect

When agencies do not record equipment purchases, tag assets, conduct complete physical inventories, and maintain comprehensive inventory records, they are more likely to inaccurately report assets, resulting in an increased risk of loss of state property.

Cause

The issues noted appear to be due to a lack of management oversight and inadequate asset recording and reporting controls.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Connecticut Agricultural Experiment Station should strengthen internal controls over asset management and reporting to ensure

compliance with the State Property Control Manual and Section 4-33a of the General Statutes.

Agency Response

"We agree with this finding. The Connecticut Agricultural Experiment Station will promptly report any inventory items not found during the annual physical inventory process. We will reconcile any differences between CORE-CT and CO-59 to ensure that all the state's reporting systems agree and that the agency is fully compliant with the State Property Manual and Connecticut State Statutes."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Connecticut Agricultural Experiment Station contained one recommendation. The recommendation has been implemented or otherwise resolved during the current audit.

Prior Recommendation	Current Status
The Connecticut Agricultural Experiment Station should strengthen internal controls over the processing of retroactive payments to ensure it accurately pays its employees.	RESOLVED

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Connecticut Agricultural Experiment Station in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2024 and 2025. The objectives of our audit were to evaluate the:

1. Station's internal controls over significant management and financial functions;

2. Station's compliance with policies and procedures internal to the station or promulgated by other state agencies, as well as certain legal provisions; and

3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, purchasing and expenditures, asset management, reporting systems, and information technology. We also determined the status of the findings and recommendations in our prior audit report.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the station. We also tested selected transactions. Our transaction selections were designed to provide sufficient and appropriate evidence to support our findings, conclusions, and recommendations. This testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the station's management and state information systems. It was not subject to our audit procedures. For the areas audited, we:

1. Identified deficiencies in internal controls;

2. Identified apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and

3. Did not identify a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Connecticut Agricultural Experiment Station.

ABOUT THE AGENCY

Overview

The Connecticut Agricultural Experiment Station, established in 1875, is the oldest agricultural experiment station in the United States. The station's principal function is basic and developmental plant science research directed toward the agricultural problems of the state. The station also analyzes milk, feed and fertilizer, foods, and cosmetics. It is responsible for the control of insects and diseases capable of damaging plants of economic importance and contagious diseases among honeybees. The station conducts its research in four locations: the main campus in New Haven, Valley Laboratory in Windsor, Lockwood Farm in Hamden, and Griswold Research Center in Griswold.

The station operates primarily under the provisions of Title 22, Chapters 426, 427a, and 428a of the General Statutes, and has authority and responsibilities under Title 21a, Chapter 418; Title 22, Chapter 430; Title 22a, Chapter 441; and Title 23, Chapter 451. In accordance with Section 22-79 of the General Statutes, the Connecticut Agricultural Experiment Station is within the Department of Agriculture for administrative purposes only.

Organizational Structure

In accordance with Section 22-79 of the General Statutes, the experiment station management is vested in an eight-member Board of Control consisting of the commissioner of Agriculture (or designee), one member selected by the Board of Trustees of the University of Connecticut, one by the governing board of the Sheffield Scientific School, one by the Board of Trustees of Wesleyan University, and two appointed by the Governor. The Governor (or designee) and the director of the station are ex-officio members. Dr. Jason C. White was appointed as director on April 1, 2020, and continues to serve in this capacity.

Significant Legislative Changes

Notable legislative changes that took effect during the audited period are presented below:

- Public Act 25-10, effective May 29, 2025, allowed Connecticut Agricultural Experiment Station employees to receive compensation or serve as a board member on a start-up company that develops and commercializes a product based on the employee's inventions or discoveries, subject to certain conditions.

Financial Information

General Fund

General Fund receipts totaled $11,638 and $17,432 for fiscal years 2024, and 2025, compared to $10,265 for fiscal year 2023. Receipts are primarily due to rental income from an employee-occupied apartment at the main campus and are typically consistent from year to year. The increase in fiscal year 2025 is directly related to a refund of prior year expenditures of approximately $7,000.

A summary of General Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	2024	2025
Personal Services	$ 6,793,147	$ 7,201,796	$ 7,918,327
Contractual Services & Other Expenditures	1,164,710	1,182,379	1,172,865
Capital Outlays	10,876		8,690
Total	**$ 7,968,733**	**$ 8,384,175**	**$ 9,099,882**

Personal services increased by approximately 6% from fiscal year 2023 to 2024, and 10% from fiscal year 2024 to 2025, primarily due to collective bargaining cost-of-living and annual increments, merit bonuses, lump-sum payments to employees, and retirement payouts. In addition, the station added new positions during fiscal year 2025.

Contractual services and other expenditures stayed consistent from fiscal year 2023 through 2025. Capital outlay expenditures fluctuate year-to-year, depending on equipment needs of the station. The increase from fiscal year 2024 to 2025 was for the purchase of a centrifuge used for scientific testing.

Federal and Other Restricted Accounts Fund

Federal and Other Restricted Accounts Fund receipts totaled $7,282,037 and $9,190,890 for fiscal years 2024 and 2025, compared to $6,044,876 for fiscal year 2023. Federal and Other Restricted Accounts Fund Receipts fluctuate year to year based on federal award agreements.

A summary of Federal and Other Restricted Account Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	2024	2025
Personal Services	$ 4,485,455	$ 4,399,642	$ 4,810,243
Contractual Services & Other Expenditures	1,294,370	1,577,405	1,880,960
Grant Transfers	324,128	521,293	1,081,012
Capital Outlays	93,266	88,939	954,498
Total	**$ 6,197,219**	**$ 6,587,279**	**$ 8,726,713**

Personal services remained consistent from fiscal year 2023 to 2024 and grew 9% from fiscal year 2024 to 2025, primarily due to collective bargaining cost of living adjustments, annual increase and lump-sum payments to employees. In addition, the station hired additional scientific staff during fiscal year 2025.

Contractual services and other expenditures grew by approximately 22% and 19% during fiscal years 2024 and 2025, respectively, mainly due to increases in laboratory supplies, facility maintenance and repairs, and the furnishing of newly renovated greenhouses at the New Haven campus.

Grant transfers increased approximately 61% and 107% during fiscal years 2024 and 2025, respectively. Amounts transferred are dictated by subaward agreements and fluctuate from year to year.

Capital outlay expenditures remained consistent from fiscal year 2023 to 2024 and increased 973% from fiscal year 2024 to 2025. The increase from fiscal year 2024 to 2025 consisted primarily of $625,000 in greenhouse renovation costs, in addition to an aquatic tank for Lockwood Farm in Hamden, and several Polymerase Chain Reaction (PCR) systems for the New Haven Campus.

Cannabis Regulatory Fund Expenditures

A summary of Cannabis Regulatory Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	2024	2025
Personal Services	$ 0	$ 249,164	$ 257,227
Contractual Services & Other Expenditures	0	64,505	64,179
Total	**$ 0**	**$ 313,669**	**$ 321,406**

The station's biennial budget for fiscal years 2024 and 2025 included funding for the Cannabis Regulatory Fund, with funding for three scientific staff. As such, the station began charging personal services for these staff and general costs to conduct testing including overhead costs, supplies, and equipment.

Fiduciary Funds and Foundations

Fiduciary Funds

The Connecticut Agricultural Experiment Station Board of Control administers fiduciary funds that support the station's research and development activities. The funds include trustee and fiduciary research funds. They are subject to an annual audit by an independent public accounting firm in accordance with generally accepted accounting principles (GAAP) and auditing standards. Trustee funds' total net assets were $22,732,580 and $24,755,124 as of June 30, 2024, and 2025, respectively, compared to $20,723,949 as of June 30, 2023. Fiduciary Research funds' combined assets totaled $3,476,970 and $3,845,637 as of June 30, 2024, and 2025, respectively, compared to $3,148,424 as of June 30, 2023.

Foundations

Experiment Station Associates, Inc.

Experiment Station Associates, Inc. is a publicly supported non-profit foundation founded in 1990. Its purpose is to educate the public and communicate the availability of scientists and testing facilities at the Connecticut Agricultural Experiment Station. The foundation's participation and monetary support to the station is limited. The foundation pays for informational brochures and provides volunteers for the station's Plant Science Day and Spring Open House.

Section 4-37f(8) of the General Statutes requires an audit of a foundation be performed every three years when receipts and earnings total less than two hundred fifty thousand dollars in each consecutive fiscal year. In accordance with Section 4-37f(8) of the General Statutes, an independent certified public accounting firm performed an audit of the foundation's books for the year ended December 31, 2025, and issued an unmodified opinion. In addition, the foundation submitted year-end financial statements for the years ended December 31, 2023, and 2024. Foundation total assets were $40,687 and $66,886 as of December 31, 2024, and December 31, 2025, respectively, compared to $54,488 as of December 31, 2023.

Connecticut Agricultural Experiment Station Research Foundation, Inc.

The Connecticut Agricultural Experiment Station Research Foundation, Inc. was founded in June 2007 as a tax-exempt 501(c)(3) nonprofit organization. Its main purpose is to support current and future research of the Connecticut Agricultural Experiment Station scientists. The foundation provides individuals,

industry associations, and philanthropic organizations the opportunity to contribute to the Connecticut Agricultural Experiment Station's research and public services.

In accordance with Section 4-37f(8) of the General Statutes, an independent certified public accounting firm performed an audit of the foundation's books for the year ended December 31, 2025, and issued an unmodified opinion. In addition, the foundation submitted year-end financial statements for the years ended December 31, 2023, and 2024. Foundation total net assets were $96,313 and $98,702 as of December 31, 2024, and December 31, 2025, respectively, compared to $66,813 as of December 31, 2023.