AUDITORS' REPORT

State Education Resource Center

FISCAL YEARS ENDED JUNE 30, 2023 AND 2024

STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
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November 5, 2026

INTRODUCTION

We are pleased to submit this audit of the State Education Resource Center (SERC) for the fiscal years ended June 30, 2023 and 2024 in accordance with the provisions of Sections 1-122, 2-90 and 10-357b(c) 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 State Education Resource Center during the course of our examination.

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

Michael A. Haynes

Michael A. Haynes
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 State Education Resource Center disclosed the following six recommendations, of which three were repeated from the previous audit.

Finding 1

State Open Checkbook for Quasi-Public Organizations

Criteria

Section 2-53l of the General Statutes requires quasi-public agencies to promptly submit any information requested by the Office of the State Comptroller (OSC) for the purpose of posting expenditures in its online database.

Condition

SERC underreported its vendor expenditures by $13,653,522 to the Office of the State Comptroller during the audited period. Database expenses totaled $8,424,504 and $7,931,086 and SERC's vendor payments totaled $12,434,424 and $17,574,688 for fiscal years 2023 and 2024, respectively.

Context

We judgmentally selected ten vendors for review from the 842 vendors listed for SERC within the OSC database. We selected five vendors with the largest expenses for fiscal year 2023 and a random sample of five vendors with expenses greater than $100,000 for fiscal year 2024. There were 491 and 351 vendors paid in fiscal years 2023 and 2024, respectively.

Effect

Online database users do not have access to accurate information.

Cause

SERC management did not adequately review the data it submitted to the Office of the State Comptroller.

Prior Audit Finding

This finding was previously reported in the last audit report covering fiscal years 2021 and 2022.

Recommendation

The State Education Resource Center should ensure the accuracy of data submitted to the Office of the State Comptroller for inclusion in its online database.

Agency Response

"We agree with this finding. After further review of the events and email communications between SERC's fiscal staff and the Office of the State Comptroller (OSC), SERC acknowledges that the expenditure information submitted for inclusion in the State Open Checkbook database was not sufficiently reviewed to ensure its accuracy and completeness.

The reports at issue were prepared and transmitted to OSC by SERC's former Chief Financial Officer. Following the former CFO's departure, SERC experienced a period of turnover within the fiscal department during which the Chief Financial Officer position remained vacant. Upon subsequent review of the underlying correspondence and reporting activity, the SERC Fiscal Department determined that the submissions contained errors and that an adequate secondary review and reconciliation process had not been in place to identify those errors before transmission to OSC.

SERC recognizes the importance of accurate and complete expenditure reporting and has implemented strengthened internal controls over the State Open Checkbook reporting process. Data submitted to OSC is now reconciled to SERC's accounting records and subject to a documented secondary review for completeness and accuracy prior to submission. Supporting documentation evidencing the reconciliation, review, and approval is also retained."

Finding 2

Bank Account Reconciliations

Criteria

In accordance with the State Education Resource Center's policies and fundamental internal controls, SERC management should properly review and approve its bank reconciliations.

Condition

SERC did not review and approve 69 of 72 reconciliations completed during the audited period for its three bank accounts covering its operating, reserve, and payroll funds.

Context

SERC had three bank accounts needing reconciliation each month. During the audited period, SERC completed 72 reconciliations. The total funds within the accounts ranged from $11,716,745 on July 1, 2023, to $1,318,964 on June 30, 2025.

Effect

The lack of monthly bank account reconciliation reviews increases the likelihood of undetected accounting errors, irregularities, and potential fraud.

Cause

Management turnover and failing to prioritize fundamental internal controls contributed to this condition.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The State Education Resource Center should comply with its bank account reconciliation policies.

Agency Response

"We agree with this finding in part. Management acknowledges that monthly bank reconciliations were not consistently reviewed and approved during FY 2023 and early FY 2024 due to turnover at the CFO level. Upon the onboarding of the most recent CFO, SERC re-established a standardized reconciliation workflow, including documented preparer/reviewer sign-off and retention of the reconciliation package. This control was operating effectively during the FY 2025 months tested, with reconciliations prepared by the Fiscal Operations Coordinator and reviewed/approved by the CFO. Following the CFO's resignation effective June 26, 2025, management implemented an interim approver to maintain continuity of the review control. Reconciliations continue to be prepared by the Fiscal Operations Coordinator and reviewed/approved by the CFO's designee (currently the Contracts Manager) until the position is filled. To further strengthen governance and ensure continuity during future vacancies, SERC will update the Accounting Policy and Procedures Manual to formally designate an alternate approver, define required evidence of review (signature/date), and specify timeframes for completion and supervisory review."

Auditors' Concluding Comments

On August 13, 2025, SERC informed our office that it had only reviewed one month's fiscal year 2023 and 2024 reconciliations.

Finding 3

Noncompliance with Statutory Reporting

Criteria

Section 1-123(a) of the General Statutes requires SERC to submit an annual report to the Governor and the Auditors of Public Accounts that includes specific information on the fiscal operations and workforce of the center during the fiscal year.

Section 10-357d of the General Statutes requires SERC to submit a yearly budget, projected revenue statement, and financial audit to the State Board of Education and the General Assembly.

Public Act 23-137, Section 38 required SERC, under the supervision of the State Department of Education, to review public transition programs for special education students. Such review shall examine aspects including the type of transition services, number of qualifications of staff, program location in relation to the student, and metrics for measuring the program's performance. The act required SERC to submit a report of its findings to the General Assembly by February 1, 2024.

Condition

SERC did not comply with the reporting requirements in Sections 1-123(a) and 10-357d of the General Statutes, and Public Act 23-137 Section 38.

Context

During the audited period, SERC had five statutory reporting requirements. We reviewed all five requirements for each fiscal year.

Effect

Lack of compliance with statutory reporting limited the intended recipient's monitoring function over SERC.

Cause

The condition appears to be due to a lack of administrative oversight.

Prior Audit Finding

This finding has been previously reported in the last four audit reports covering the fiscal years 2015 through 2020.

Recommendation

The State Education Resource Center should implement proper internal controls to ensure compliance with its statutory reporting requirements.

Agency Response

"We agree with this finding. SERC concurs with the auditors' recommendation. During the audited period, required statutory reporting was adversely affected by administrative capacity constraints, including turnover in the Chief Financial Officer position and the absence of a formalized, centralized process to track and produce mandated submissions. SERC recognizes that timely and complete reporting is essential to support appropriate oversight and transparency.

SERC has implemented corrective actions, including a reporting compliance calendar that identifies applicable statutory deliverables, due dates, required content, recipients, and primary and backup staff responsible for each report. Draft reports are reviewed by executive leadership prior to submission, and documentation of completion and submission is retained. SERC will submit any outstanding reports, as applicable, and will provide future annual reports and required submissions in accordance with Sections 1-123(a) and 10-357d of the Connecticut General Statutes and other applicable statutory requirements. These controls are in

effect for the current fiscal year and will be evaluated at least annually as part of SERC's internal control review.

With respect to Public Act 23-137, Section 38, the legislation directs SERC, under the supervision of the State Department of Education (SDE), to review public transition programs and submit a report of its findings. In practice, the reporting activities associated with this requirement have been performed through SDE. SERC will continue to coordinate with SDE to ensure that responsibilities, timelines, and submission requirements related to this provision are clearly understood and appropriately documented. SERC and SDE are also engaged in discussions regarding potential legislative changes to clarify and appropriately align responsibility for this reporting requirement. Until any statutory change is enacted, SERC will continue to track this requirement as part of its statutory reporting compliance process."

Finding 4

Asset Management: Physical Inventory and Disposal Policies

Criteria

Section 6.5 of the SERC Accounting Policy and Procedure Manual, in effect during the audit period, states that a detailed Property & Equipment listing of all SERC Capital and Controlled assets will be maintained in Excel, reconciled to its accounting system, and the records will be checked by an annual physical inventory.

Section 6.7 states that all disposals of assets require the completion of a capital asset disposal form and approval by the Fiscal and Finance Administrative Officer. No assets may be disposed without prior approval.

Condition

SERC did not perform a physical inventory or reconciliation of its inventory listing to its accounting system.

In February 2025, SERC replaced Section 6.7 of the Accounting Policy and Procedure Manual with Section 1.9. The updated policy does not include requirements for capital asset disposal forms or approvals prior to disposal. It states in part, that "procedures governing asset management shall be established for secure disposal and repurposing of equipment and resources prior to assignment transfer, transport or surplus." SERC's policies during the audited period appear to more accurately reflect good business practice over disposal of assets.

Context

Capital assets including equipment, furniture and leasehold improvements less accumulated depreciation totaled $700,264 and $646,712 for fiscal years 2023 and 2024, respectively.

Effect

Without proper administrative and fiscal controls, there is an increased risk of fraud and less assurance over the ability to safeguard assets.

Cause

Management did not prioritize the completion of a physical inventory and reconciliation with its accounting system. Management did not effectively review its updated policies to ensure inclusion of adequate asset disposal procedures.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The State Education Resource Center should perform a complete physical inventory, reconcile it with its accounting system, and ensure that its asset disposal policies require specific documentation and management approval.

Agency Response

"We agree with this finding. SERC concurs with the finding. By the close of FY2025, SERC will implement a documented capital asset physical inventory and reconciliation control process. The process will include (1) an annual physical inventory of capital and controlled assets, (2) reconciliation of the asset listing/subledger to the general ledger control accounts, (3) investigation and resolution of all variances with documented support, and (4) management review and sign-off of reconciliation workpapers and adjustments. SERC will also update the Accounting Policies and Procedures Manual to reinstate and formalize disposal requirements, including completion of a capital asset disposal form, documented supervisory and finance approval prior to disposal, and retention of supporting documentation in accordance with recordkeeping requirements. Roles, approval authority, and required documentation will be explicitly defined to strengthen safeguarding controls and auditability."

Finding 5

Lack of Timely Audit Reports

Criteria

Section 1-123(a)(4) of the General Statutes requires SERC to submit an annual report that includes a complete set of financial statements to the Governor and the Auditors of Public Accounts.

Section 10-357d of the General Statutes requires SERC to annually submit a financial audit to the State Board of Education and the General Assembly.

Title 2 U.S. Code of Federal Regulations Part 200.501 provides that a non-federal entity that expends $750,000 or more in federal awards during a fiscal year must have a single or program-specific audit conducted for that year. Title 2 CFR Part 200.512 requires the non-federal entity to submit its audit report and the data collection form within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audited period.

Sound internal controls over information systems allow for the ability to promptly obtain accurate information for financial reporting.

Condition

SERC audited financial statements and single audit reports were completed more than one year and one month, and nine months after the filing deadline for fiscal years 2023 and 2024, respectively. The reports were dated May 12, 2025, and January 30, 2026, for fiscal years 2023 and 2024, respectively. In addition, SERC did not submit its fiscal year 2023 report to the State Board of Education and the General Assembly.

Context

We requested financial statement and single audit reports for the fiscal years ended 2023 and 2024.

Effect

Without timely audited financial statements, it is impossible to fully assess SERC's financial health. Without proper administrative and fiscal controls, there is an increased risk of fraud. The absence of audit report filing extensions may lead to financial penalties.

Cause

Management did not prioritize administrative and fiscal controls to ensure timely preparation of its financial statements and submission of its audit reports.

Prior Audit Finding

This finding has been previously reported in the prior audit report covering the fiscal years 2021 and 2022.

Recommendation

The State Education Resource Center should prioritize financial statement and federal single audit reporting to ensure timely submission in accordance with federal requirements.

Agency Response

"We agree with this finding. Ongoing turnover within the fiscal department delayed the completion of the required audits. While a chief financial officer was hired to provide leadership within the department and address prior audit findings, the individual departed the position on June 26, 2025, with less than 24 hours' notice, leaving the organization without adequate fiscal leadership for the remainder of the fiscal year. We speculate that our ongoing

turnover of chief financial officers may be attributed to SERC's low starting salary range for this position and the uncertainty about funding for all personnel. SERC became a quasi-public in 2014 without an established funding line other than the discretionary funds we receive from the State Department of Education. Despite several years of advocacy at the legislative level, this remains a challenge. Over the years, this uncertainty has led to workforce reductions and reduced staff hours. To mitigate further delays in completing our 2025 audit, SERC has submitted the audits and has amended the agreement with its current auditing firm to conduct the audits for years 2025, 2026, and 2027. SERC has posted a new position, approved by the board, for a Director of Finance."

Finding 6

Accounts Receivable Write-offs

Criteria

The SERC Accounting Policies and Procedures Manual states that it will obtain board of directors' approval to write off uncollectable debts. Upon receiving approval, the agency will promptly make the necessary journal entries in its accounting system.

Condition

SERC did not obtain and document board approval for two of three transactions to write off uncollectable accounts. SERC indicated that there was no official board approval recorded in its meeting minutes during the audited period.

Context

Bad debt expenses totaled $158,166. We judgmentally selected the two largest transactions totaling $157,421 (99%).

Effect

Failing to follow established approval procedures increases the risk of fraud.

Cause

Staff inexperience with SERC policies and procedures regarding write-offs of uncollectable debts may have contributed to this condition.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The State Education Resource Center should follow established policies and procedures concerning the write off of uncollectable accounts.

Agency Response

"We agree with this finding in part. During the audit period, management relied on an email correspondence between the former Chief Financial Officer (CFO) and the Board Chair supporting documentation for certain accounts receivable write-offs. The correspondence indicated an intent to present the write-offs to the Board; however, the approach taken was to notify the Finance Committee and the Board after the write-offs were processed. This communication was not documented in the official Board of Directors' meeting minutes. The email thread was retained in the accounting files as support for the related journal entries. Going forward, SERC will document Board approval of accounts receivable write-offs in the Board of Directors' meeting minutes and will retain the approved minutes as the primary supporting documentation for write-off journal entries."

Auditors' Concluding Comments

SERC policy indicates that necessary journal entries should be made after obtaining board of directors' approval and does not permit sole approval by the board chairperson.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the State Education Resource Center contained five recommendations. Two have been implemented or otherwise resolved and three have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
The State Education Resource Center should consider developing a policy to transfer its excess cash to the State Treasurer's Short-Term Investment Fund.	RESOLVED
The State Education Resource Center should ensure the accuracy of data submitted to the Office of the State Comptroller for inclusion in its online database.	REPEATED Recommendation 1
The State Education Resource Center should implement proper internal controls to ensure that it prepares and submits all statutorily mandated reports.	REPEATED Modified Form Recommendation 3
The State Education Resource Center and foundation should ensure the accuracy of the foundation's Internal Revenue Services' filings and make any necessary corrections.	RESOLVED
The State Education Resource Center should prioritize financial statement and single audit reporting and promptly provide its 2022 annual report.	REPEATED Modified Form Recommendation 5

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the State Education Resource Center in fulfillment of our duties under Sections 1-122, 2-90 and 10-357b(c) of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2023 and 2024. The objectives of our audit were to evaluate the:

1. The center's significant internal controls over compliance and its compliance with policies and procedures internal to the center or promulgated by other state agencies, as well as certain legal provisions, including as applicable, but not limited to whether the center has complied with its regulations concerning affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds, and the distribution of loans, grants and other financial assistance;

2. The center's internal controls over certain financial and management functions; and

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

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the center and certain external parties. We also tested selected transactions. 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 center's management and the center's information systems. It was not subject to the audit procedures applied in our audit of the center. For the areas audited, we:

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

2. Identified deficiencies in internal controls; 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 State Education Resource Center.

ABOUT THE AGENCY

Overview

The state established the State Education Resource Center (SERC) in 1969 (formerly the Special Education Resource Center) to address requirements in the Education of the Handicapped Act. Subsequently, the General Assembly enacted Sections 10-4q and 10-76n of the General Statutes, placing requirements on the State Board of Education (SBE) and the State Department of Education (SDE) related to the operation of SERC and the activities it may perform.

SERC operates under the provisions of Chapter 179a, Sections 10-357a through 10-357g, of the General Statutes. As a quasi-public agency under Section 1-120 of the General Statutes, SERC is as a body politic and corporate, constituting a public instrumentality and political subdivision of the state established and created to be a public educational authority acting on behalf of the state.

The duties of SERC are to assist the State Board of Education in providing programs and activities that promote educational equity and excellence. The assistance is limited to training, technical assistance and professional development for local and regional boards of education, school leaders, teachers, families, and community partners in the form of seminars, publications, site visits, on-line content and other appropriate means; maintaining a state education resource center library; publication of technical materials; research and evaluation; and writing, managing, administering, and coordinating grants. In addition, SERC may support early childhood education programs and activities, in collaboration with the Office of Early Childhood, to improve school and district academic performance and close achievement gaps between socioeconomic subgroups.

Organizational Structure

Section 10-357a of the General Statutes established SERC and created a 13-member board of directors charged with its oversight. The board consists of four members appointed by the Governor, two appointed by the State Board of Education, and one each appointed by the president pro tempore of the Senate, majority leader of the Senate, minority leader of the Senate, speaker of the House of Representatives, majority leader of the House of Representatives, minority leader of the House of Representatives, and the Commissioner of Education. The Governor appoints the chairperson of the board from among the members with the advice and consent of the General Assembly. The board has seven vacancies.

SERC's board of directors appointed Ingrid Canady as executive director on October 12, 2016, and she continues to serve in that capacity.

SERC Foundation, Inc.

The SERC Foundation operates as a 501(c)(3) organization under the United States Internal Revenue Service tax code, effective January 20, 2016. The foundation allows SERC to raise tax-deductible donations as an alternative funding source. SERC and the foundation entered into a memorandum of agreement in July 2019 to clarify their relationship. The agreement appoints two SERC board members to the foundation's board and requires the foundation to provide reports of its programmatic and financial activities to the SERC board of directors. SERC's fiscal department is responsible for foundation accounting, as the foundation has no paid employees and does not maintain its own accounting system. SERC can exercise significant influence over the foundation due to common board membership.

Significant Legislative Changes

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

- Public Act 23-160 (Section 9), effective July 1, 2023, removed the state agency approval, review or regulation requirements for the investment, acquisition, purchase, ownership, management and disposal of real property by SERC. The act also removed the rules, regulations and restrictions on purchasing, procurement, personal service agreements and the disposition of assets generally applicable to state agencies.

- Public Act 24-81 (Section 125), effective July 1, 2024, changed the statutory language to indicate that the Commissioner of Education shall, rather than may, allocate funds to allow SERC to provide professional development services, technical assistance and evaluation activities, policy analysis and other forms of assistance to various entities including local and regional boards of education, the Department of Education, charter schools, the technical education and career system, providers of school readiness programs, and other education entities and providers.

Financial Information

The State Department of Education (SDE) provided over 89% and 92% of SERC's funding during the period, a majority of which was for the federal Individuals with Disabilities Education ACT (IDEA) grant. IDEA, which provides education resources for children with disabilities, funds numerous educational initiatives at SERC, including the educational library. The library is a comprehensive resource center that contains current collections of research, reference, and instructional material on education and social services. This free, public lending library assists Connecticut education professionals, college/university students, families, and community members in achieving positive educational and life outcomes for all learners.

SERC's other significant educational initiatives include:

- Emergency Assistance to Non-Public Schools (EANS) – The emergency assistance program provides services or assistance to eligible non-public schools to address educational disruptions caused by the COVID-19 emergency.

- Regional Education Service Center (RESC) Alliance grants account – SERC uses this account to provide special education services to various local education providers.

Revenues

SERC's operations depend on federal and state grants, primarily funded by the State Department of Education, which account for most of SERC's revenues. Total revenue was $21,450,512, $16,319,227, and $21,965,438 for the fiscal years 2022, 2023 and 2024, respectively. Revenues decreased during fiscal year 2023 and increased during fiscal year 2024 primarily due to the EANS grant pass-through income. Revenues increased during fiscal year 2024, primarily due to EANS grant pass-through income. Charges for services to local school districts and participants represent approximately 3% and 4% of revenues for fiscal years 2023 and 2024, respectively.

Expenditures

SERC primarily makes expenditures pursuant to federal, state, and private restrictions on grant revenue. Revenue generated from charges for services is unrestricted and the related expenditures are subject

only to approval by SERC's board of directors. Expenses decreased during fiscal year 2023, due to decreases in contractual educational services and private school stipends resulting from decreased activity related to the pandemic response. Expenses increased during fiscal year 2024, reflecting the allocation of pass-through funds received in fiscal year 2023 to private schools in fiscal year 2024. A summary of expenditures by category based on the audited financial statements for fiscal years 2023 and 2024 follows:

	As of June 30,		
	2022	2023	2024
Expenditures:			
Salaries	$ 3,841,849	$ 4,199,450	$ 4,198,001
Employee Benefits	900,963	917,213	1,071,116
Programs, Stipends and Events	5,176,808	6,103,286	4,714,926
Occupancy	189,683	257,447	277,298
Technology	181,272	108,004	233,743
Professional Services/Insurance	165,221	315,679	167,202
Professional Development	8,830	147,757	39,963
Office and Administration	58,380	100,340	71,320
Private School Stipends	10,600,655	3,851,535	10,653,043
Depreciation	29,804	46,207	53,552
Provision for Bad Debt	25,833	147,168	0
Total Expenditures	**$ 21,179,298**	**$ 16,194,086**	**$ 21,480,164**

Comparative Analysis of Net Position

Over time, net position may serve as a useful indicator of SERC's financial position. SERC uses its unrestricted net position to meet ongoing obligations to its employees and creditors. The remaining balance is its investment in capital assets (e.g., furniture, equipment, and computer equipment). A summary of SERC's net position, taken from SERC's audited financial statements follows.

	As of June 30,		
	2022	2023	2024
Current Assets	$ 8,490,996	$ 11,963,993	$ 10,074,470
Total Noncurrent Assets	198,818	4,766,060	4,504,893
Total Assets	**8,689,814**	**16,730,053**	**14,579,363**
Current Liabilities	6,522,201	10,188,753	7,800,624
Noncurrent Liabilities	79,590	4,523,797	4,328,064
Total Liabilities	**6,601,791**	**14,712,550**	**12,128,688**
Net Position:			
Net Investment in Capital Assets	198,818	157,033	154,936
Unrestricted	1,889,205	1,860,470	2,295,739
Total Net Position	**$ 2,088,023**	**$ 2,017,503**	**$ 2,450,675**

SERC's assets exceeded its liabilities at the close of each fiscal year.

The increase in unrestricted net position from fiscal year 2023 to fiscal year 2024 was primarily attributable to higher intergovernmental revenues which offset total operating income. After consideration of nonoperating revenues and expenses, SERC's unrestricted net position increased for the fiscal year.

In fiscal year 2023, SERC implemented Government Accounting Standards Board No. 87 (GASB 87) to capture the lease accounting required in the agency's financial statements for its new location in Waterbury, CT. It is listed as a "Right-of-use asset" in the Statement of Net Position.

Other Audit Examinations, and Subsequent Events

An independent public accountant (IPA) conducted financial statement and federal single audits for the fiscal years ended June 30, 2023, and 2024. On January 30, 2026, the IPA issued an unmodified opinion on the financial statements and single audit. The audits identified a material weakness over internal control over financial reporting and a significant deficiency concerning late submission of the audit and data collection form to the Federal Audit Clearinghouse. They recommended that SERC maintain appropriately trained and experienced personnel and make all necessary efforts to ensure timely submission of audit data.

Additionally, SERC's financial statements include other information in the notes. It discloses that "In January 2025, the Trump Administration announced an immediate freeze on federal grants, loans, and other financial assistance funds tied to recent executive orders. Federal agencies were directed to temporarily halt the obligation or disbursement of federal financial assistance and related activities. Although the directive that temporarily halted all federal grants and loans was rescinded, there are ongoing reviews of federal funding in place, and some programs have already experienced disruptions. SERC's operating activities, liquidity, and cash flows have been and may continue to be adversely affected by these executive orders. There is uncertainty as to the extent of the executive orders and impact to SERC's federal grants."