# AUDITORS' REPORT

**Connecticut Health and Educational Facilities Authority**

**Connecticut Higher Education Supplemental Loan Authority**

**Connecticut Student Loan Foundation**

**CHEFA Community Development Corporation**

FISCAL YEARS ENDED JUNE 30, 2024 AND 2025


**STATE OF CONNECTICUT**
Auditors of Public Accounts

**JOHN C. GERAGOSIAN**
State Auditor

**CRAIG A. MINER**
State Auditor

# CONTENTS

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

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August 13, 2026

INTRODUCTION

We are pleased to submit this audit of the Connecticut Health and Educational Facilities Authority (CHEFA), Connecticut Higher Education Supplemental Loan Authority (CHESLA), Connecticut Student Loan Foundation (CSLF), and CHEFA Community Development Corporation (CHEFA CDC) for the fiscal years ended June 30, 2024 and 2025 in accordance with the provisions of Sections 1-122 and 2-90 of the Connecticut General Statutes. Throughout this audit report, CHEFA, CHESLA, CSLF, and CHEFA CDC are referred to as the "authority" on a consolidated basis. Our audit did not identify internal control deficiencies; instances of noncompliance with laws, regulations, or policies; or a need for improvement in practices and procedures that warrant management's attention.

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 Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Student Loan Foundation, and CHEFA Community Development Corporation during the course of our examination.

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

Xiaofeng Chen
Edyta Lachut

Xiaofeng Chen
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 Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Student Loan Foundation, and CHEFA Community Development Corporation disclosed no recommendations.

# STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Student Loan Foundation, and CHEFA Community Development Corporation contained no recommendations.

# OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Student Loan Foundation, and CHEFA Community Development Corporation in fulfillment of our duties under Sections 1-122 and 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. Authority's significant internal controls over compliance and its compliance with policies and procedures internal to the authority or promulgated by other state agencies, as well as certain legal provisions, including as applicable, but not limited to whether the authority 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. Authority'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 authority. 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 authority's management and the authority's information systems. It was not subject to the audit procedures applied in our audit of the authority. For the areas audited, we did not identify

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

2. Deficiencies in internal controls; or

3. A need for improvement in management practices and procedures that we deemed to be reportable.

# ABOUT THE AGENCY

## Overview

### Connecticut Health and Educational Facilities Authority

The Connecticut Health and Educational Facilities Authority (CHEFA) is a quasi-public agency that operates primarily under the provisions of Chapter 187 of the General Statutes. Section 10a-179 constitutes CHEFA as a public instrumentality and political subdivision of the state. As a quasi-public agency, CHEFA is included as a non-major component unit in the State of Connecticut's Annual Comprehensive Financial Report.

CHEFA is a conduit issuer of tax-exempt bonds issued on behalf of non-profit healthcare institutions, higher education institutions, independent schools, childcare facilities, long-term care facilities, cultural institutions, and various other qualified non-profit entities. These institutions are financially responsible for their tax-exempt bonds, except for bonds issued under the Child Care Facilities Loan Program and bonds backed by special capital reserve funds. The bonds can provide funds for construction and renovation projects, the refinancing of eligible existing debt, funding of debt service reserve funds, and funding of issuance costs. CHEFA offers other financial assistance to qualified non-profit institutions through loans and grants.

Under Section 10a-186a of the General Statutes, CHEFA is authorized to issue tax-exempt and taxable revenue bonds secured by one or more special capital reserve funds to finance projects for housing, student centers, food service facilities, and other auxiliary service facilities at public institutions of higher learning, including the Connecticut State University System. CHEFA may also issue bonds for clinical services projects for the University of Connecticut Health Center as defined in Section 10a-114a(g) of the General Statutes. The state must replenish the funds to restore the minimum capital reserve if necessary.

CHEFA primarily generates revenue from administrative fees charged to the conduit borrowers on its portfolio of bonds. As a result, CHEFA's operations do not rely upon state appropriations from the General Fund or bond funds. CHEFA is empowered to issue its bonds, bond anticipation notes, and other obligations for any corporate purposes and to fund and refund them. Interest on CHEFA-issued bonds is generally exempt from federal income tax to the bondholder.

### Connecticut Higher Education Supplemental Loan Authority

The Connecticut Higher Education Supplemental Loan Authority (CHESLA) is a quasi-public agency that operates primarily under the provisions of Chapter 187b of the General Statutes. Section 10a-179a constitutes CHESLA as a subsidiary of CHEFA. As a subsidiary of CHEFA, CHESLA retains its legal identity as a separate quasi-public authority and has no recourse to the general funds, revenues, resources, or other assets of CHEFA.

CHESLA issues tax-exempt bonds, supported by special capital reserve funds, to fund student loans for the higher education of students in or from the state who meet specific eligibility criteria. CHESLA repays its bonds using student loan repayments.

Under Section 10a-232 of the General Statutes, CHESLA may create and establish one or more special capital reserve funds for which the State of Connecticut has a contingent liability. The state must replenish the funds to restore the minimum capital reserve if necessary. As of June 30, 2025, that was not necessary. The state's contingent liability related to these special capital reserve funds totaled $161,285,000 and $208,010,000 as of June 30, 2024, and 2025, respectively.

### Connecticut Student Loan Foundation

Chapter 187a of the General Statutes established the Connecticut Student Loan Foundation (CSLF) as a chartered nonprofit corporation to improve educational opportunities by originating and acquiring student loans and providing related services. CSLF consolidated as a subsidiary of CHEFA, effective July 1, 2014.

CSLF ceased serving as a guarantor in 2009 and stopped new loans in 2010. CSLF continues to hold and administer a portfolio of loans and bonds. At the direction of the CSLF board of directors, CSLF can transfer funds to CHESLA to provide financial aid to students.

### CHEFA Community Development Corporation

Under Section 10a-179(k) of the General Statutes, CHEFA incorporated CHEFA Community Development Corporation (CHEFA CDC) as a subsidiary of CHEFA and as a quasi-public agency of the state, effective February 20, 2019. CHEFA CDC's primary activity is to provide financial assistance to higher education institutions, healthcare institutions, nursing homes, and qualified non-profit organizations in low-income communities in the state. As a certified community development entity, CHEFA CDC distributes tax credits through a competitive application process by the federal New Markets Tax Credit Program.

# Organizational Structure

Pursuant to Section 10a-179(a) of the General Statutes, CHEFA operates under a ten-person board of directors. The board has established four committees to help with governance: Audit and Finance, Grant, Human Resources, and Consultant.

Pursuant to Section 10a-179a of the General Statutes, CHESLA operates under a ten-person board of directors. The CHESLA board of directors includes the chairperson from CHEFA's board. The CHEFA board's chairperson also serves as the CHESLA board's chairperson. Per Section 10a-245 of the General Statutes, the CHESLA board also has an advisory committee.

Pursuant to Section 10a-203a of the General Statutes, CHESLA's board of directors also serves as the board of directors for CSLF.

Pursuant to Section 10a-179(k) of the General Statutes, CHEFA CDC is established as a CHEFA subsidiary. More than half of the CHEFA board comprises the CHEFA CDC board of directors. CHEFA CDC previously had an advisory board without authority over the subsidiary's operations. The new board of directors has authority over fiscal operations.

Jeanette Weldon served as the executive director of CHEFA, CHESLA, CSLF, and CHEFA CDC during the audited period. Following her retirement on June 30, 2026, the CHEFA Board of Directors is working with a recruiting firm to hire her successor.

CHEFA administers CHEFA, CHESLA, CSLF, and CHEFA CDC operations. CHEFA has 19 employees for all four organizations. Sixteen employees administer operations at CHEFA, CHEFA CDC, and the general business operations of all four entities. Three employees administer the CHESLA programs. Effective July 1, 2014, CSLF was consolidated as a CHEFA subsidiary, and its accounting function was transitioned to CHEFA effective January 1, 2018.

# Significant Authority Programs

### CHEFA Significant Programs

Tax-Exempt Bond Financing

CHEFA offers tax-exempt financing programs for eligible nonprofit organizations. Bond offerings can be publicly sold or issued as private placement offerings. Both types of offerings can be issued unenhanced or with credit enhancement, bear interest at fixed or variable interest rates, and have a maturity of not greater than 50 years. These projects may consist of more significant components such as acquisition, construction, or renovation of real property, purchase of furniture and equipment, and other capital needs. They may include minor elements like computers, telecommunications equipment, and healthcare technology. Other eligible projects include refinancing outstanding taxable or tax-exempt debt, mortgages, and loans. CHEFA issued bonds totaling $299 million and $1,261 million during fiscal years 2024 and 2025, respectively.

### CHESLA Significant Programs

In-School Student Loan Program

CHESLA's in-school fixed-rate loans are available to qualifying students who attend eligible higher education institutions in Connecticut and to state residents who attend eligible higher education institutions in other states. Loans range from $2,000 to the total cost of education per academic year (less any other financial aid received) to a cumulative maximum of $125,000. During the audited period, CHESLA funded $48.1 million in new in-school loans, net of returns.

Revenue Bonds

CHESLA issues tax-exempt revenue bonds, the proceeds of which are used to fund education loans. CHESLA's bonds are repaid from student loan repayments. They are further supported by a Special Capital Reserve Fund, the replenishment of which is done when deemed appropriate by the State of Connecticut. CHESLA issued $93.2 million in bonds during the audited period.

# Significant Legislative Changes

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

- Public Act 23-60 (Section 1), effective July 1, 2023, required CHESLA, subject to available funding, to establish a Nursing and Mental Health Care Professional Loan Subsidy Program to subsidize interest rates on CHESLA refinancing loans to certain health care professionals.

- Public Act 23-70 (Section 6), effective January 1, 2024, required CHESLA, subject to available funding, to establish a Police Officer Loan Subsidy Program to subsidize interest rates on CHESLA loans to eligible police officers employed in distressed municipalities, by July 1, 2024.

- Public Act 24-52 (Section 2), effective July 1, 2024, required CHESLA, subject to available funding, to establish a high Priority Occupation Loan Subsidy Program, to subsidize interest rates on its loans to eligible individuals employed in high priority occupations.

The authority did not establish the above loan programs during the audited period because the state did not allocate funding to support program implementation.

# Financial Information

### CHEFA

#### Statement of Net Position

The financial position of CHEFA (including CHEFA CDC) as of June 30, 2023, 2024, and 2025, per financial statements audited by an independent public accounting firm, is presented below (amounts expressed in thousands):

| | As of June 30, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| Current Assets | $ 502,437 | $ 381,076 | $ 732,331 |
| Capital Assets (net) | 247 | 323 | 347 |
| Other Noncurrent Assets | 6,809 | 9,202 | 11,015 |
| **Total Assets** | 509,493 | 390,601 | 743,693 |
| | | | |
| Assets held on Behalf of the State of CT | 2,173 | 2,275 | 2,330 |
| Other Liabilities | 491,133 | 370,995 | 721,555 |
| **Total Liabilities** | 493,306 | 373,270 | 723,885 |
| | | | |
| **Unearned Revenue** | 15 | 30 | 25 |
| | | | |
| Net Investment in Capital Assets | 247 | 323 | 347 |
| Restricted | 4,350 | 4,339 | 4,357 |
| Unrestricted | 11,575 | 12,639 | 15,079 |
| **Total Net Position** | **$ 16,172** | **$ 17,301** | **$ 19,783** |

Investments accounted for $385.2 million and $736.5 million or 98% and 99% of total assets for fiscal years 2024 and 2025, respectively. The most significant liability was "amounts held for institutions" totaling $368.2 million and $718.7 million for fiscal years 2024 and 2025, respectively. CHEFA's net position increased by 7.0% and 14.3% for fiscal years 2024 and 2025, respectively. The increase in net position is driven by higher administrative fees and lower grant expenses. As of June 30, 2025, CHEFA CDC maintained $299,000 in current liabilities due to CHEFA and an unrestricted net position of ($299,000), included in the above total net position.

CHEFA outstanding debt issued, including issuances covered by the Special Capital Reserve Fund (SCRF), totaled $8.7 billion and $9.4 billion for fiscal years 2024 and 2025, respectively. The state's total contingent liability for SCRF bonds was $236.6 million as of June 30, 2025 as compared to the June 30, 2024 figure of $258 million and is exclusively on behalf of the Connecticut State Colleges and Universities System. To date, there has never been a draw on the SCRF.

#### Statement of Changes in Net Position

The revenues, expenses, and changes in the net position of CHEFA (including CHEFA CDC) for the fiscal years 2023, 2024, and 2025, per the financial statements audited by an independent public accounting firm, are presented below (amounts expressed in thousands):

| | Fiscal Year Ended June 30, 2023 | 2024 | 2025 |
|---|---|---|---|
| Operating Revenues: | | | |
| Administrative Fees | $ 7,522 | $ 7,583 | $ 7,972 |
| Supporting Services Fees | 164 | 114 | 157 |
| Bonds Issuance Fees | 45 | 40 | 40 |
| Interest Income on Loans Receivable | 1 | 3 | 37 |
| **Total Operating Revenue** | 7,732 | 7,740 | 8,206 |
| | | | |
| Operating Expenses: | | | |
| Salaries and Related Expenses | 3,071 | 3,244 | 3,213 |
| General and Administrative | 621 | 565 | 606 |
| Contracted Services | 343 | 538 | 552 |
| **Total Operating Expenses:** | 4,035 | 4,347 | 4,371 |
| | | | |
| **Total Operating Income (Loss)** | $3,697 | $3,393 | $3,835 |
| | | | |
| Non-Operating Revenue (Expenses): | | | |
| Investment Income | 577 | 745 | 708 |
| Grants and Childcare Subsidy Expenses | (3,024) | (3,009) | (2,061) |
| **Total Non-Operating Income (Expenses)** | (2,447) | (2,264) | (1,353) |
| | | | |
| **Change in Net Position** | **$ 1,250** | **$ 1,129** | **$ 2,482** |

CHEFA issued bonds totaling $299 million in fiscal year 2024 and $1,261 million in 2025. New money bonds accounted for 80.1% and 71.3% of the total amount of bonds issued for fiscal years 2024 and 2025, respectively. CHEFA net position increased by 119% from fiscal year 2024 to 2025. The increase was a result of raising administrative fees by 5% and grants and childcare subsidy expenses decreasing 31.5% from fiscal year 2024. In addition to tax-exempt bonds, CHEFA also disbursed grants totaling $3.0 million and $2.1 million for fiscal years 2024 and 2025, respectively.

## CHESLA

### Statement of Net Position

The financial position of CHESLA as of June 30, 2023, 2024, and 2025, per the financial statements audited by an independent public accounting firm, is presented below (amounts expressed in thousands):

| | As of June 30, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| Current and Other Assets | $ 205,354 | $ 213,879 | $ 263,024 |
| Capital Assets (net) | 2 | 57 | 45 |
| **Total Assets** | 205,356 | 213,936 | 263,069 |
| | | | |
| Long-Term Liabilities Outstanding | 159,273 | 166,537 | 214,025 |
| Other Liabilities | 982 | 1,019 | 1,477 |
| **Total Liabilities** | 160,255 | 167,556 | 215,502 |
| | | | |
| **Deferred Inflows of Resources** | 500 | 500 | 601 |
| | | | |
| Net Investment in Capital Assets | 2 | 57 | 45 |
| Restricted | 28,889 | 31,140 | 33,008 |
| Unrestricted | 15,710 | 14,683 | 13,913 |
| **Total Net Position** | **$ 44,601** | **$ 45,880** | **$ 46,966** |

The most significant assets were loans receivables and interest on loans receivables totaling $129.2 million and $136.7 million, or 60.4% and 51.9% of total assets for fiscal years 2024 and 2025, respectively. Investments accounted for 39.3% and 47.7% of total assets for fiscal years 2024 and 2025. Bonds payable was 99% of total liabilities for fiscal years 2024 and 2025. CHESLA's bonds had principal outstanding totaling $161.3 million and $208.0 million for fiscal years 2024 and 2025, respectively.

Statement of Changes in Net Position

The revenues, expenses, and changes in the net position of CHESLA for the fiscal years 2023, 2024, and 2025, per the financial statements audited by an independent public accounting firm, are presented below (amounts expressed in thousands):

| | Fiscal Year Ended June 30, 2023 | 2024 | 2025 |
|---|---|---|---|
| Operating revenues: | | | |
| Interest Income on Loans Receivable | $ 6,536 | $ 6,999 | $ 7,552 |
| Administrative Fees | 0 | 0 | 0 |
| Contributions from CSLF | 4,250 | 500 | 499 |
| From the State of CT | 0 | 0 | 0 |
| Other Revenues | 1 | 4 | 1 |
| **Total Operating Revenue** | 10,787 | 7,503 | 8,052 |
| | | | |
| Operating Expenses: | | | |
| Interest Expense | 5,324 | 6,007 | 6,439 |
| Salaries and Related Expenses | 337 | 355 | 373 |
| General and Administrative | 733 | 704 | 855 |
| Scholarships | 506 | 515 | 497 |
| Loan Service Fees | 653 | 702 | 742 |
| Contracted Services | 51 | 58 | 72 |
| Bond Issuance Costs | 471 | 520 | 832 |
| Provision for Loan Losses | 1,469 | 1,287 | 710 |
| **Total Operating expenses** | 9,544 | 10,148 | 10,520 |
| | | | |
| **Total Operating Income (Loss)** | $1,243 | (2,645) | (2,468) |
| | | | |
| **Non-Operating Income (Loss)** | 2,227 | 3,924 | 3,554 |
| | | | |
| **Change in Net Position** | **$ 3,470** | **$ 1,279** | **$ 1,086** |

CHESLA's operating income (loss) decreased by $3.9 million in fiscal year 2024 due to a significant decrease in the CSLF contribution from $4.25 million in fiscal year 2023 to $500,000 in 2024. CHESLA's non-operating income (loss) increased by $1.69 million (76%) in fiscal year 2024, but slightly decreased by 9% in 2025. All the non-operating income is entirely due to gains from investments.

The largest expense, representing 59% ($6,007) and 61% ($6,439) of total expenses, was for interest payments on debt in fiscal years 2024 and 2025, respectively. Interest expense increased by $683 in fiscal year 2024 compared with 2023 and by $432 in 2025 compared with 2024, primarily due to changes in the principal balance of outstanding debt and the issuance of new bonds.

## CSLF

### Statement of Net Position

The financial position of CSLF as of June 30, 2023, 2024, and 2025, per the financial statements audited by an independent public accounting firm, is presented below (amounts expressed in thousands):

| | As of June 30, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Current and Other Assets | $ 96,313 | $ 76,865 | $ 57,918 |
| **Total Assets** | 96,313 | 76,865 | 57,918 |
| | | | |
| Long-Term Liabilities Outstanding | 75,817 | 55,402 | 36,031 |
| Other Liabilities | 891 | 583 | 555 |
| **Total Liabilities** | 76,708 | 55,985 | 36,586 |
| | | | |
| Restricted | 424 | 1,379 | 1,246 |
| Unrestricted | 19,181 | 19,501 | 20,086 |
| **Total Net Position** | **$ 19,605** | **$ 20,880** | **$ 21,332** |

The most significant assets are loans receivable and loan interest receivable totaling $67.7 million and $55.1 million or 88% and 95% of total assets for fiscal years 2024 and 2025, respectively. Bonds payable accounted for 99% and 98% of total liabilities for fiscal year 2024 and 2025.

Statement of Changes in Net Position

The revenues, expenses, and changes in the net position of CSLF for the fiscal years 2023, 2024, and 2025, per the financial statements audited by an independent public accounting firm, are presented below (amounts expressed in thousands):

| | Fiscal Year Ended June 30, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Operating revenues: | | | |
| Interest Income on Loans Receivable | $ 6,083 | $ 7,057 | $ 4,261 |
| Other Revenues | 136 | 100 | 57 |
| **Total Operating Revenue** | 6,219 | 7,157 | 4,318 |
| | | | |
| Operating Expenses: | | | |
| Interest Expense | 4,308 | 4,531 | 2,496 |
| General and Administrative | 132 | 116 | 110 |
| Loan Service Fees | 379 | 272 | 194 |
| Consolidation Rebate Fees | 687 | 547 | 400 |
| Contracted Services | 201 | 198 | 164 |
| Provision for Loan Losses | (132) | (40) | 101 |
| **Total Operating expenses** | 5,575 | 5,624 | 3,465 |
| | | | |
| **Total Operating Income (Loss)** | 644 | 1,533 | 853 |
| | | | |
| Non-Operating Revenues (Expenses): | | | |
| Investment Income | 227 | 242 | 199 |
| Contribution Expense | (4,250) | (500) | (600) |
| **Total Non-Operating Income (Expense)** | (4,023) | (258) | (401) |
| | | | |
| **Change in Net Position** | **$ (3,379)** | **$ 1,275** | **$ 452** |

Interest income on loans receivable is the most significant component of operating revenues, increasing by $1.0 million (16.01%) in fiscal year 2024 and decreasing by $2.8 million (39.6%) in fiscal year 2025 due to changes in market conditions and the run-off of the loan portfolio. The largest non-operating expense is contribution expense, which consists of the funds transferred to CHESLA. The largest operating expense is interest, with bond interest decreasing by $2.0 million in 2025 due to the continued pay down of the outstanding debt as the outstanding loans run off. CSLF had bonds with principal amounts outstanding totaling $55.5 million and $36.1 million for fiscal years 2024 and 2025, respectively. The state has no contingent liability in connection with CSLF bonds outstanding.

# Other Audits and Engagements

### Financial Statement Audits

An independent public accounting firm performed audits of the authority's financial statements for the 2024 and 2025 fiscal years. Those audits reported that the financial statements presented fairly, in all material respects, the financial position of the business-type activities and the discreetly presented component units of the authority for the audited periods, and the respective changes in financial position and, where applicable, cash flows thereof for the periods in accordance with accounting principles generally accepted in the United States of America.

As an integral part of its financial statement audits, the independent public accounting firm also provided reports on internal control over financial reporting and compliance. The reports on internal control over financial reporting disclosed no deficiencies that were considered material weaknesses. The reports on compliance with certain laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Audit Consulting Services

During the audited period, CHEFA engaged an independent public accounting firm to perform several internal audit consulting services regarding accounting procedures and internal controls over the following areas: bond covenants, child care loan programs, human resources and payroll, information technology, CHEFA public bond offerings, CHESLA Alliance District Teacher Loan Subsidy Program, oversight of outside vendors for CHESLA and CSLF loan programs, CHESLA student scholarship programs, and bond redemptions. The procedures performed did not constitute an audit made in accordance with auditing standards generally accepted in the United States of America. As a result, the independent public accounting firm did not express an opinion on its reports to the authority.