



# CONNECTICUT STUDENT LOAN FOUNDATION

September 28, 2015

The Honorable Dannel P. Malloy  
Governor, State of Connecticut  
State Capitol  
Hartford, CT 06106

Dear Governor Malloy:

In accordance with the reporting requirements of Public Act No. 10-143, for the Fiscal Year Ending June 30, 2015, the Connecticut Student Loan Foundation (CSLF) is pleased to submit the following information:

- Page 3 Bond Issues for the preceding fiscal year and cumulative Bonds Outstanding;
- Page 4 Projects during the preceding fiscal year;
- Page 5 Schedule of outside individuals and firms receiving in excess of \$5,000 in the form of loans, grants or payments for services for the Fiscal Year Ended June 30, 2015;
- Page 6 Unaudited financial statements for the year ending 6/30/2015;
- Page 7 Affirmative Action Policy Statement and Workforce composition;
- Page 8 Description of Planned Activities for the current fiscal year and FY 2016 budget.

Included with this submission are the unaudited financial statements for fiscal year ended June 30, 2015 for the Connecticut Student Loan Foundation, a component unit of the Connecticut Health and Educational Facilities Authority (CHEFA).

## **Connecticut Student Loan Foundation FY 2015 Update on Activities**

On July 1, 2014, CSLF was reconstituted as a quasi-public component unit of the Connecticut Health and Educational Facilities Authority (CHEFA) and as a quasi-public agency for purposes of certain provisions of Connecticut law by operation of Connecticut Public Act 14-217. Such legislation also provides that the board of directors of CSLF shall be identical to the board of directors of Connecticut Higher Education Supplemental Loan Authority (CHESLA), also a component unit of CHEFA.

The CSLF Board is comprised of nine members, five statutorily designated and the remaining appointed by the CHEFA Board of Directors based on their qualifications, as specified in the enabling legislation. Jeanette Weldon, Executive Director of CHEFA as of July 1, 2015, also serves as Executive Director of both CSLF and CHESLA. CSLF has no staff.

CSLF subsequently adopted a June 30 fiscal year end.

In addition, Connecticut Public Act 14-47 required the transfer by June 30, 2015 of a total of \$25.0 million of CSLF's financial assets to fund certain separately administered Connecticut higher education programs. As of January 31, 2015, CSLF had funded all requirements under Public Act 14-47.

Respectfully submitted,



Jeanette W. Weldon  
Executive Director  
Connecticut Student Loan Foundation

Cc: Auditors of Public Accounts  
Legislative Program Review and Investigations Committee

Enclosure: CSLF Unaudited Financial Statements

**Connecticut Student Loan Foundation  
Bond Issuance and Cumulative Bonds Outstanding  
For the Fiscal Year ended June 30, 2015**

CSLF has not issued bonds since 2007. The principal amounts of the outstanding bonds as of June 30, 2015 total \$312,100,000, as shown below:

<b>Bond Series</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>
<b>2004 A-1</b>	\$75,000,000	\$9,800,000
<b>2004 A-2</b>	\$75,000,000	\$-0-
<b>2004 A-3</b>	\$75,000,000	\$70,575,000
<b>2004 A-4</b>	\$75,000,000	\$-0-
<b>2004 A-5</b>	\$75,000,000	\$-0-
<b>2004 A-6</b>	\$71,100,000	\$-0-
<b>2004 A-7</b>	\$60,000,000	\$ -0-
<b>2004 B</b>	\$62,900,000	\$57,350,000
<b>2006 A-1</b>	\$80,000,000	\$72,925,000
<b>2006 B</b>	\$20,000,000	\$19,975,000
<b>2006 A-2</b>	\$100,000,000	\$81,475,000
<b>2007 A-1</b>	\$60,000,000	\$-0-
<b>2007 B</b>	\$20,000,000	\$-0-
<b>2007 A-3</b>	\$50,000,000	\$-0-
<b>2007 B-2</b>	\$36,900,000	\$-0-
<b>Total</b>	<b>\$935,900,000</b>	<b>\$312,100,000</b>

**The State has no contingent liability in connection with the bonds outstanding.**

**Connecticut Student Loan Foundation  
Projects  
For the Fiscal Year ended June 30, 2015**

Connecticut Student Loan Foundation had no projects initiated during the fiscal year ended June 30, 2015.

**Connecticut Student Loan Foundation  
Loans, Grants or Services in excess of \$5,000  
General and Restricted Account Disbursements  
Fiscal Year ended June 30, 2015**

<b>Paid from CSLF Operating Funds</b>
Education Solution Partners, LLC
Cohn Reznick LLP
First Southwest
People's United Insurance Agency
Pullman & Comley LLC
Willis of Connecticut, LLC
Governor's Scholarship
Board of Regents
Connecticut Higher Education Supplemental Loan Authority

<b>Paid from CSLF Restricted Funds</b>
Board of Regents
Governor's Scholarship

<b>Paid from CSLF Trust Funds</b>
US Department of Education
EdFinancial Services
Bank of New York Mellon Trust Company
Deutsche Bank
National Enterprise Systems
Samuel A. Ramirez Co., Inc.
Hawkins Delafield & Wood LLP

**Connecticut Student Loan Foundation  
Unaudited Financial Statements  
For the Fiscal Year Ending June 30, 2015**

**STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY**  
**STATEMENT OF NET POSITION**  
**Unaudited June 30, 2015**  
(Amounts Expressed in Thousands)

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>CHEFA</u> (Business-type Activities)	<u>CHESLA</u>	<u>CSLF</u>
<b>ASSETS</b>			
Current assets:			
Unrestricted assets:			
Cash	\$ 441	\$ 48	\$ 965
Investments	-	1,278	-
Accounts receivable, less allowance of \$86	155	-	-
Interest receivable on investments	-	134	-
Board-designated investments	5,413	1,000	-
Due from CSLF	-	2,000	-
Prepaid expenses and other assets	74	14	34
Total unrestricted assets	6,083	4,474	999
Restricted assets:			
Fund investments	323,724	-	-
Investments - Trust/Estate	-	28,512	11,758
Current portion of loans receivable, net of allowances for loan losses of \$2,787	-	16,754	-
Current portion of loans receivable, net of allowances for loan losses of \$1,335	-	-	21,787
Loan interest receivable	-	465	5,390
Total restricted assets	323,724	45,731	38,935
Total current assets	329,807	50,205	39,934
Non-current assets:			
Unrestricted assets:			
Prepaid bond insurance premiums	-	155	-
Capital assets, net	169	-	-
Restricted assets:			
Restricted investments	10,407	23,557	-
Loans receivable, net of current portion	-	102,988	307,638
Total non-current assets	10,576	126,700	307,638
Total assets	\$ 340,383	\$ 176,905	\$ 347,572

**STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORIT**  
**STATEMENT OF NET POSITION**  
**Unaudited June 30, 2015**  
(Amounts Expressed in Thousands)

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>CHEFA</u> (Business-type Activities)	<u>CHESLA</u>	<u>CSLF</u>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 2,297	\$ 2,073	\$ 94
U.S. Department of Education payable	-	-	1,676
Trust Estate payable	-	-	541
Current portion of bonds payable	-	11,105	-
Accrued interest payable	-	814	-
Due to CHESLA	-	-	2,000
Amounts held for institutions	320,224	-	-
<b>Total current liabilities</b>	<b>322,521</b>	<b>13,992</b>	<b>4,311</b>
Non-current liabilities:			
Bonds payable, net of current portion	-	144,573	311,226
Amount held on behalf of the State of Conn	2,172	-	-
<b>Total non-current liabilities</b>	<b>2,172</b>	<b>144,573</b>	<b>311,226</b>
<b>Total liabilities</b>	<b>324,693</b>	<b>158,565</b>	<b>315,537</b>
Net position:			
Net investment in capital assets	169	-	-
Restricted	11,735	15,784	7,891
Unrestricted	3,786	2,556	24,144
<b>Total net position</b>	<b>15,690</b>	<b>18,340</b>	<b>32,035</b>
<b>Total liabilities and net position</b>	<b>\$ 340,383</b>	<b>\$ 176,905</b>	<b>\$ 347,572</b>

**STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Unaudited For the Year Ended June 30, 2015**  
(Amounts Expressed in Thousands)

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>CHEFA</u>	<u>CHESLA</u>	<u>CSLF</u>
	<b>(Business-type Activities)</b>		
Operating revenues:			
Interest income on loans receivable	\$ -	\$ 8,368	11,586
Administrative fees	7,513	-	-
Bond issuance fees	90	-	-
Not-for-profit servicing income	-	-	183
Other revenues	215	-	9
Total operating revenues	<u>7,818</u>	<u>8,368</u>	<u>11,778</u>
Operating expenses:			
Interest expense	-	6,690	4,256
Salaries and related expenses	2,896	192	-
General and administrative expenses	1,014	484	334
Loan service fees	-	563	1,454
Consolidation fee expense	-	-	2,013
Contracted services	-	-	557
Bond issuance costs	-	104	-
Provision for loan losses	-	760	150
Total operating expenses	<u>3,910</u>	<u>8,793</u>	<u>8,764</u>
Total operating income	3,908	(425)	3,014
Non-operating revenues (expenses):			
Investment income	13	1,148	67
Legislative mandate	-	-	(25,000)
Revenues from CSLF to CHESLA	-	4,000	(4,000)
Scholarship expense	-	(2,000)	-
Grant expense	(2,993)	-	-
Total non-operating expense	<u>(2,980)</u>	<u>3,148</u>	<u>(28,933)</u>
Change in net position from continuing operations	928	2,723	(25,919)
Discontinued operations:			
Change in net position from discontinued operations	-	-	1,259
Increase (decrease) in net position	<u>928</u>	<u>2,723</u>	<u>(24,660)</u>
Net position, beginning of year (restated)	<u>14,762</u>	<u>15,617</u>	<u>56,695</u>
Net position, end of year	<u>\$ 15,690</u>	<u>\$ 18,340</u>	<u>\$ 32,035</u>

**Connecticut Student Loan Foundation  
Affirmative Action Policy and Agency Workforce  
Fiscal Year ending June 30, 2015**

Connecticut Student Loan Foundation has no employees.

**Connecticut Student Loan Foundation**  
**Planned Activities**  
**For the Fiscal Year ending June 30, 2016**

CSLF continues to support students' education. Consistent with the provisions of Connecticut Public Act 14-217, the CSLF Board voted on March 19, 2015, to transfer up to \$10 million for the following purposes: an equity contribution to the CHESLA 1990 Trust to finance new loans, to initially fund a CHESLA Loan Refinancing Pilot program and to fund the CHESLA Scholarship program. To date \$2 million was deposited in the CHESLA 1990 Trust in order to support the financing of student loans and \$2 million was deposited to the CHESLA Scholarship program.

In order to fulfill the requirements of the Connecticut General Statutes regarding planned activities for FY 2016, the CSLF Board adopted a consolidated budget projecting \$10.0 million in Revenues and \$7.5 million in Operating Expenses resulting in a \$2.5 million Change in Net Position. In addition, the Board budgeted for additional potential transfers to CHESLA to support financial assistance for students in the amount of \$6 million, resulting in a negative \$3.5 million Change in Net Position for the fiscal year.

The FY 2016 CSLF budget follows.

# Connecticut Student Loan Foundation

Consolidated Budget

Fiscal Year ending June 30, 2016

## Income

TOTAL LOAN INTEREST INCOME	9,597,874
LATE FEE INCOME	249,619
INTEREST INCOME -TRUST & RESTRICTED ECMC	16,457
NOT FOR PROFIT SERVICING INCOME	147,502
INTEREST & DIVIDEND INCOME UNRESTRICTED	-
Total Income	10,011,452

## Expenses

CONSOLIDATION FEES	1,624,388
DEBT ADMINISTRATION COST	189,673
BOND DISCOUNT AMORTIZATION	218,603
INTEREST BOND	3,446,744
SERVICING FEE EXPENSE	1,365,480
PROFESSIONAL CONSULTANTS	444,000
LEGAL FEES	21,000
ACCOUNTING	47,500
FINANCIAL ADVISOR	50,000
CHEFA ADMINISTRATION EXPENSE	50,000
OTHER OPERATING EXPENSES	6,600
BAD DEBT EXPENSE	-
PRIVATE LOAN COLLECTION EXPENSE	27,000
INSURANCE EXPENSE	31,838
Total Expenses	7,522,827
NET CHANGE IN POSITION BEFORE EXTRAORDINARY	2,488,624

## GAIN ON REDEMPTION

COLLECTION RETENTION - ECMC	
CHESLA TRUST	(1,000,000)
CHESLA REFINANCE PROGRAM PILOT	
CHESLA SCHOLARSHIPS	
CHESLA STEM LOAN PROGRAM	(5,000,000)
NET CHANGE IN POSITION	(3,511,376)