Massachusetts Educational Financing Authority

Financial Statements with Management's Discussion and Analysis and Supplemental Information

June 30, 2023 and 2022

Massachusetts Educational Financing Authority
Index

Report of Independent Auditors

To the Management and Board of Directors of the Massachusetts Educational Financing Authority

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Massachusetts Educational Financing Authority (the "Authority") as of and for the years ended June 30, 2023 and 2022, including the related notes, which collectively comprise the Authority's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 5 through 15 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules on pages 46 through 53 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 46 through 53 are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 19, 2023

INTRODUCTION

This discussion and analysis of the financial position and performance of the Massachusetts Educational Financing Authority (the "Authority") is intended to provide an introduction and analytical overview of the basic financial statements of the Authority on a comparative basis for the fiscal years ended June 30, 2023 ("FY23") and 2022 ("FY22") along with selected comparative information for the fiscal year ended June 30, 2021 ("FY21"). This unaudited management's discussion and analysis should be read in conjunction with the attached audited financial statements and the notes thereto in its entirety.

The Authority is a body politic and corporate, constituting a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"). The Authority was established as the Massachusetts College Student Loan Authority pursuant to Chapter 803 of the Acts of 1981, as amended (the "Act"), in recognition of the increasing costs of higher education, to assist students, their parents and institutions of higher education in financing, refinancing, and saving for the costs of such education. Since 2015, the Authority has maintained a AA- issuer credit rating from Standard and Poor's Ratings Services.

Beginning in 1983, the Authority established a number of proprietary, unsecured consumer loan programs for financing and refinancing loans for undergraduate and graduate students, to finance higher education expenses, including credit based and need based loans that bear interest on a fixed rate or variable rate basis. Since inception, the MEFA financing program has included loans to finance higher education expenses of current students. In 2015, the Authority introduced the MEFA refinancing program that offers credit-based fixed rate and variable rate loans to borrowers for the purpose of refinancing loans previously incurred for higher education expenses.

The loan programs are funded using proceeds from Educational Loan Revenue Bonds and Asset Backed Notes issued by the Authority (the "Bonds"). The Bonds, which are issued under various resolutions, are special obligations of the Authority, which has no taxing power, payable solely from the revenues and the funds and accounts established and pledged under the resolution. No revenues or other assets of the Authority are available to fund payment of the Bonds except as expressly provided by the resolutions. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal or redemption or purchase price of and interest on the Bonds, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. The Authority has the same exemption as the Commonwealth (under I.R.S. Code, Section 115) from filing and/or paying federal income taxes.

In 2017, the Authority adopted a resolution authorizing the issuance of commercial paper notes ("the Notes") as an additional short term financing mechanism for its education loan programs. The Notes are special obligations of the Authority and are collateralized by the assets and associated revenues financed with Notes proceeds and further supported by a letter of credit. The letter of credit and any associated bank note or bank obligation are general obligations of the Authority secured by the full faith and credit of the Authority. The Authority intends to issue a combination of revenue bonds and asset backed notes to permanently finance education loans originated with proceeds from the Notes.

In addition to the loan programs, the Authority offers two college savings programs: The U. Plan: The Massachusetts Tuition Prepayment Program (the "U. Plan") and the U. Fund College Investing Plan (the "U. Fund"). The U. Plan, launched in February 1995, is a pre-paid tuition program that permits saving for a named beneficiary's undergraduate tuition and mandatory fees at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of savings. The U. Fund, launched in March 1999, is a tax-advantaged method of saving for higher education costs (under I.R.S. Code, Section 529) through investment vehicles such as mutual funds. These funds are professionally administered and managed by Fidelity Investments (an unrelated party) on behalf of the account owners and are accordingly not a component of these financial statements. Proceeds earned by program participants through investing in the U. Fund are available to pay for costs of higher education nationwide.

In May 2017, the Authority, on behalf of the Commonwealth, introduced the Attainable Savings Plan (the "Attainable Plan"). The Attainable Plan, established under the Achieving a Better Life Experience (ABLE) Act of 2014, is a tax advantaged savings plan under Section 529A of the Internal Revenue Code that allows individuals with disabilities to save for qualifying disability expenses through investment vehicles such as mutual funds. These funds are professionally administered and managed by Fidelity Investments on behalf of the account owners and held by the Authority in a fiduciary capacity.

In addition to developing and operating its loan, savings and investment programs, the Authority conducts an extensive outreach program for students and parents across the Commonwealth on planning, saving and paying for college.

MEFA Pathway, the Authority's college and career planning portal, offers a free resource for students, parents and high school counselors across the Commonwealth.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority maintains its accounts and prepares its financial statements in accordance with the accounting principles generally accepted in the United States of America ("GAAP"), as set forth by Governmental Accounting Standards Board ("GASB"). The financial records of the Authority are maintained utilizing the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred.

The key to understanding the financial position and changes in the Authority's finances from year to year are presented in the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and fiduciary fund financial statements.

The Statements of Net Position provide information about the Authority's financial condition at the end of the fiscal year by indicating the nature and amounts of its investments in resources (assets), its deferred outflows of resources, its obligations to outside creditors (liabilities), its deferred inflows of resources, and its resulting net position at the date of the Statements of Net Position. Net position represents total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources. The organization of the statement of net position separates assets and liabilities into their current and non-current components.

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and the expenses incurred during the year. All activities of the Authority are reported as either operating or non-operating. Operating activities are those that support the mission and purpose of the Authority. The principal operating revenues for the Authority are interest income earned on education loans and the principal operating expenses are bond and note interest expense and general and administrative costs. Non-operating activities represent transactions that are primarily investing, legislative or regulated in nature.

The Statements of Cash Flows present the information related to cash inflows and outflows summarized by operating, capital and non-capital financing and investing activities. Cash flow information is a key factor to consider when evaluating financial viability and the Authority's ability to meet financial obligations.

The Statements of Fiduciary Net Position present information on the Attainable Plan's assets, liabilities and fiduciary net position and the Statements of Changes in Fiduciary Net Position present information showing how the Attainable Plan's fiduciary net position changed during the year. The Attainable Plan is held by the Authority on behalf of the account owners in a custodial fund and therefore cannot be used to support the Authority's enterprise operations. The GASB requires fiduciary funds be reported separately from the basic financial statements of business type activities.

The notes to the financial statements provide information that is useful to the reader in understanding the Authority's financial statements and the accounting principles applied.

The Authority's financial statements have been audited by PricewaterhouseCoopers LLP, as independent auditors.

LEGISLATIVE DEVELOPMENTS

From time to time, bills may be introduced into the Commonwealth legislature affecting government operations generally or that could seek to impose financial and other obligations on the Authority, which might include requiring the transfer of funds or assets from the Authority to the Commonwealth or other agencies of the Commonwealth. Furthermore, measures and legislation may be considered by the federal government, or the Commonwealth

legislature, which may affect the Authority's programs. While some of these measures may benefit the programs, no assurance can be given that the programs will not be adversely affected by such measures.
In addition, the United States Congress or the Commonwealth legislature could enact legislation that would affect the demand for or the repayment performance of the Authority's loan programs in a manner that might adversely affect the availability of amounts for the payment of debt service on obligations or that might result in the redemption prior to scheduled amortization of obligations.

The Authority cannot predict whether any particular legislation will be enacted or, if it is enacted, what effect it would have on the timing or amount of revenues received by the Authority from education finance loans, the timing of such receipt or the demand for those loans. There can be no assurance that any particular legislation will not be enacted or that such legislation, if enacted, will not have an adverse impact on the operations of the Authority, its financial condition or any of its contractual obligations.

FINANCIAL HIGHLIGHTS

The Authority disbursed a total of $406M of education loans in FY23 compared to $344M disbursed in FY22, representing an 18% increase in disbursements in a competitive education loan origination environment.

In the Authority's savings and investment programs, U. Fund assets under management, which are not a component of the Authority's financial statements, increased 9% to $8.4B. Attainable Plan assets under management, which are a fiduciary fund of the Authority, grew by 34% to $110.8M at June 30, 2023. For the U. Plan, the Authority had $11M of matured tuition certificates on its financial statements as a liability to program participants at the end of FY23 and $5.5M of deposits for the purchase of August 1, 2023 tuition certificates.

Total net position was $285.8M at the end of FY23, representing an increase of $11.1M or 4% growth from the beginning of the fiscal year as a 19% increase in total revenues relating to increases in interest income on loans and investment earnings completely offset a 16% increase in total expenses in a rising interest rate environment.

OPERATING AND NON-OPERATING RESULTS

The following illustrates the comparative results of total revenues from fiscal years ended June 30, 2023, 2022 and 2021, respectively:

(in thousands)

	2023	2022	2021
Operating revenues			
Interest on educational loan notes	$ 99,069	$ 94,426	$ 102,874
Non-interest revenues	8,299	8,075	7,653
Total operating revenues	107,368	102,501	110,527
Non-operating revenues	15,706	1,056	144
Total revenues	$ 123,074	$ 103,557	$ 110,671

Total operating revenues for the Authority, which consist of interest income earned on education loan notes and earnings related to savings programs, were $107.4M in FY23, a 5% increase compared to the prior fiscal year. FY22 total operating revenues were $102.5M, which represented a 7% decrease from FY21 total operating revenues.

Interest income earned on education loan notes was $99.1M in FY23, representing a year-over-year increase of 5% as loan interest rates increased over the past two fiscal years and the Authority recognized net new loan growth for the first time since fiscal year 2020. In FY22, interest income decreased by 8% compared to the prior fiscal year as borrower payments on outstanding loan principle outpaced new loan disbursements. Interest income accounted for 92% of total operating revenues in FY23 and FY22.

Non-interest revenues, which were comprised of earnings related to the U.Plan, U.Fund and Attainable savings plans, were $8.3M in FY23 and consistent with the prior fiscal year. FY22 non-interest revenues were $8.1M and increased by 6% compared to FY21 as average monthly U.Fund assets under management increased by 9% year over year.

Total non-operating revenues were $15.7M in FY23 and mostly consisted of interest and dividend income on the Authority's investments, which are invested in vehicles providing short-term flexibility and principal protection. Interest and dividend income increased in a rising interest rate environment by $14.6M and $1.1M in FY23 and FY22, respectively.

As a result of these activities, FY23 total revenues increased by $19.5M or 19% compared to a 6% decrease in FY22.

The following illustrates the comparative results of total expenses from fiscal years ended June 30, 2023, 2022 and 2021, respectively:

(in thousands)

	2023	2022	2021
Operating expenses			
Interest expense	$ 65,005	$ 55,445	$ 65,705
Non-interest expenses	42,119	41,246	39,662
Total operating expenses	107,124	96,691	105,367
Non-operating expenses	$4,874	-	-
Total expenses	$ 111,998	$ 96,691	$ 105,367

Total operating expenses for the Authority were $107.1M in FY23, an increase of 11% compared to the prior fiscal year and included bond and note interest expense, general and administrative costs, costs of bond issuance and the provision for doubtful education loans. FY22 operating expenses were $96.7M, representing a decrease of 8% over FY21 operating expenses.

Interest expense on bonds and notes outstanding increased by $9.6M or 17% in FY23 related to a 51% decrease in bond principal pay downs compared to the prior fiscal year and higher cost of funds in the capital market. Interest expense decreased by $10.3M or 16% in FY22. Interest expense represented 61% and 57% of total operating expense in FY23 and FY22, respectively.

Non-interest operating expenses were $42.1M in FY23, an increase of 2% compared to FY22 and included the provision for doubtful education loans, bond and note issuance costs and general and administrative expenses. The provision for doubtful education loans increased by $2.1M compared to the prior fiscal year as the seasoned loan portfolio performed as expected and new loan originations were added to the allowance. Bond and note issuance costs decreased by $2.4M or 44% in FY23 as only one capital market transaction closed in the fiscal year compared to two transactions closed in FY22. General and administrative expenses increased by 4% in FY23. Non-interest operating expenses were $41.2M in FY22, an increase of $1.6M or 4% compared to FY21 mostly due to the timing of bond and note issuance costs.

Non-operating expenses in FY23 represent a provision for estimated yield restriction liability incurred to date on tax-exempt bonds outstanding. In accordance with IRS and related Treasury regulations, the Authority is required to keep the yield to the Authority on student loans within a designated percentage of the bond yield of the related tax-exempt borrowing. The Authority has traditionally selected to utilize loan forgiveness at the retirement of the bonds to keep the yield within the designated bond yield of the related tax-exempt borrowing

As a result of these activities, FY23 total expenses increased by $15.3M or 16% compared to a decrease of 8% in total expenses in FY22.

CHANGE IN NET POSITION

The following illustrates the comparative results of increases in net position from fiscal years ended June 30, 2023, 2022 and 2021, respectively:

(in thousands)

	2023	2022	2021
Operating revenues	$ 107,368	$ 102,501	$ 110,527
Operating expenses	107,124	96,691	105,367
Operating income	244	5,810	5,160
Non-operating revenues	15,706	1,056	144
Non-operating expenses	4,874	-	-
Non-operating income	10,832	1,056	144
Increase in net position	$ 11,076	$ 6,866	$ 5,304

The Authority's operating income decreased by $5.6M as a $4.9M increase in total operating revenue was offset by an increase in bond interest expense of $9.6M reflective of a slowdown in bond principal paydowns and higher cost of funds. The Authority's operating income increased by $0.7M or 13% in FY22 as an $8.5M decrease in interest earned on education loan notes and a $1.8M increase in costs of bond issuance was fully offset by a $10.3M decrease in bond interest expense and a $0.4M increase in college savings plans revenue.

The Authority's non-operating income increased by $9.8M in FY23 as the Authority's investments performed well in a rising interest rate environment. Partially offsetting non-operating income was a $4.9M provision for yield restriction expense recorded in FY23. The Authority's non-operating income increased by $0.9M in FY22 as yields on the Authority's investments have improved in response to the Federal Reserve's monetary policies.

As a result of these activities, net position increased by $11.1M in FY23 and increased by $6.9M during FY22.

FINANCIAL POSITION

The following table reflects the condensed Statements of Net Position at June 30, 2023 compared to the prior fiscal years ended 2022 and 2021. The Statements of Net Position present the financial position and financial strength of the Authority at the end of the fiscal year and includes all the assets, liabilities and deferred inflows of the Authority with the residual being classified as net position.

(in thousands)

	2023	2022	2021
Assets			
Cash and investments	$ 730,043	$ 745,371	$ 552,702
Education loan notes receivable	1,807,462	1,644,581	1,687,525
Other assets	46,295	41,308	43,392
Total assets	2,583,800	2,431,260	2,283,619
Liabilities			
Bonds payable	2,203,783	2,101,617	1,858,954
Notes payable	25,700	-	95,210
Bond and note interest payable	34,064	28,656	33,632
Other liabilities	33,471	25,136	25,454
Total liabilities	2,297,018	2,155,409	2,013,250
Deferred Inflows			
Gain on bond refunding	962	1,107	2,491
Total deferred inflows	962	1,107	2,491
Net Position			
Net investment in capital assets	10,827	7,984	8,074
Restricted	193,421	163,548	156,279
Unrestricted	81,572	103,212	103,525
Total net position	$ 285,820	$ 274,744	$ 267,878

Cash and investment balances at the end of FY23 were consistent with FY22 year end balances and include proceeds from the Issue L 2023 capital market transaction, which will be used to support FY24 education loan programs. The 35% increase in FY22 cash and investments is attributable to the timing of the FY21 capital market transaction which closed after its fiscal year end in July 2022 and is not reflected in the ending cash and bonds payable balances in FY21.

Education loan notes receivable increased by 10% in FY23 reflecting an 18% increase in new loan disbursements and 30% decrease in borrower payments received on outstanding loans. Education loan notes receivable decreased by 3% in FY22 in a challenging consumer credit and loan origination environment. The ratio of education loan note receivables to total assets was 70% and 68% at June 30, 2023 and 2022, respectively.

Other assets, which are comprised of interest receivable on education loan notes, prepaid expenses and capital assets, include the recognition of $5.5M of subscription assets in FY23 to conform to the capitalization requirements of GASB 96 and a $5.5M lease asset in FY21 to conform to the capitalization requirements of GASB 87.

Bonds payable increased by 5% in FY23 as the Authority executed the $333M Issue L 2023 capital market transaction to fund the origination of new education loans and retire previously issued commercial paper notes, which was partially offset by bond retirements and premium amortization of $231M. In FY22, the Authority executed the Issue M 2021 and Issue M 2022 capital market transactions to fund the origination of new education loans and retire certain bonds outstanding and previously issued commercial paper notes, resulting in an increase in bonds payable of $776M, which was partially offset by bond retirements and premium amortization of $533M.

Notes payable at June 30, 2023 represented $25.7M of commercial paper notes outstanding. In FY22, all commercial paper notes outstanding were retired with proceeds from the Issue M 2022 capital market transaction.

Other liabilities include a $4.9M provision for estimated yield restriction liability in FY23 relating to IRS and Treasury regulations that require the Authority to keep the yield on its student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. In addition, a $3.8M subscription liability to conform to the requirements of GASB 96 was recorded in FY23.

The gain on bond refunding decrease of $1M in FY23 and $1.1M in FY22 relates to the amortization of gains deferred in previous fiscal years.

Total net position of the Authority was $286M at June 30, 2023, representing an increase of $11.1M or 4% from the beginning of the fiscal year. Within net position, 71% is comprised of net investment in capital assets and those assets that are restricted through bond and note resolutions or program specific regulations at June 30, 2023. Restricted net position increased by 18% over the prior fiscal year and unrestricted net position decreased 21% to $82M.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments as resulting from operating activities, non-capital financing activities, capital financing activities, and investing activities. Cash and cash equivalents were $303.9M and $628.8M at June 30, 2023 and 2022, respectively. These cash ending balances reflect the net activity of raising proceeds in the capital markets, disbursing that cash into education and refinancing loans and collecting the loan payments over the life of the assets to pay debt service and operating expenses.

EDUCATIONAL LOAN NOTES ALLOWANCE

As of and for the years ending June 30, 2023, 2022 and 2021, respectively, the activity for the Authority's Education Loan Notes Allowance for Doubtful Accounts was as follows:

(in thousands)

Education Loan Note Defaulted Loans Provision

	FY2023	FY2022	FY2021
Allowance at beginning of period	$94,682	$89,363	$82,920
Provision for education loan losses	$7,430	$5,319	$6,443
Allowance at end of period	$102,112	$94,682	$89,363
Gross loan defaults	$13,202	$11,584	$0
Recoveries	$6,895	$5,730	$5,161
Net loan defaults	$6,307	$5,854	($5,161)
Net loan defaults as a percentage of average loans in repayment	0.45%	0.43%	-0.37%
Allowance multiple of average non-current loans in repayment (90+ days)	9.84	9.64	22.92
Allowance as a percentage of the ending total loan balance	5.74%	5.87%	5.39%
Allowance as a percent of ending loans in repayment	6.90%	7.03%	6.44%
Ending total loans, gross	$1,778,422	$1,614,124	$1,657,680
12-month average in repayment	$1,408,324	$1,356,069	$1,422,193
Ending loans in repayment	$1,480,565	$1,346,333	$1,387,001
12-month average 90+ days delinquent	$10,373	$9,820	$3,899
90+ days delinquent % of avg. repayment	0.74%	0.72%	0.27%

The Authority uses loan modifications to assist private loan borrowers demonstrating a need for temporary monthly payment relief. The loan modification plans in place temporarily reduce the borrower's monthly payment for up to forty-eight months without changing the original loan term or interest rate. As of June 30, 2023 and 2022, the total principal balance outstanding of loans in a modified status was $59M and $53M which represented approximately 4% of all loans in repayment. Loans in a modified payment plan status are factored into the allowance for education loan notes receivable, which is based on historical default and recovery performance.

During FY23, the Authority continued its methodology for estimating the allowance for doubtful accounts, which is derived from historical information based on the loan portfolios performance to achieve the current estimated net realizable value of the outstanding education loan notes. The FY23 provision for education loan losses was $7.4M, which increased the allowance for doubtful accounts to $102.1M. Approximately $5.1M and $4.4M of the allowance for doubtful accounts is allocated to education loans in deferment in FY23 and FY22, respectively.

DEBT ADMINISTRATION

As of June 30, 2023, the Authority had $2.17B of bond principal outstanding compared to $2.06B at the end of FY23. All of the Authority's outstanding bonds are rated by nationally recognized rating agencies.

Debt Issuance	S&P	Fitch	DBRS
FRN Indenture	AA+	AAA	-
Issue I	AA	A	-
Issue J	AA	A	-
Issue K - Senior	AA	AA	-
Issue K – Subordinate	A	-	-
Issue L – Senior	AA	-	-
Issue L – Subordinate	BBB	-	-
Issue M – Senior	AA	-	-
Issue M – Subordinate	BBB	-	-
ABS 2018 Indenture - Senior	AA	-	AAA
ABS 2018 Indenture - Subordinate	A	-	A
ABS 2020 Indenture - Senior	AAA	-	AAA
ABS 2020 Indenture - Subordinate	AA	-	AA

The following is the segmentation of the bonds' outstanding portfolio:

- Fixed rate tax-exempt revenue bonds represent 44% of the outstanding bond portfolio (a decrease from 47% in FY22 and 62% in FY21).
- Fixed rate taxable revenue bonds represent 50% of the outstanding bond portfolio (an increase from 45% in FY22 and 25% in FY21).
- Fixed rate taxable asset backed notes represent 5% of the outstanding bond portfolio (a decrease from 7% in FY22 and 12% in FY21).
- Taxable floating rate notes represent 1% of the outstanding bond portfolio (no change from FY22 and FY21).

The Authority also had $25.7M and of commercial paper notes outstanding at June 30, 2023, which are supported by a letter of credit. The notes have published short term ratings of A-1+ by S&P and F1+ by Fitch in each case based upon the issuance of the letter of credit by the bank. The letter of credit and any associated bank note or bank obligation are general obligations of the Authority.

CAPITAL ASSETS

For the year ended June 30, 2023, the Authority had $10.8M invested in capital assets, representing a net increase (additions and depreciation) of $2.8M. The reconciliation below summarizes the change in capital assets by fiscal year. The Authority purchased $5.9M in capital assets during FY23, which includes $5.5M of technology subscription assets resulting from the implementation of GASB 96.

(in thousands)

	2023	2022	2021
Beginning balance, net	$ 7,984	$ 8,074	$ 3,042
GASB 87 adjustment	-	-	5,470
Additions	5,882	2,165	1,847
Depreciation and amortization	(3,039)	(2,255)	(2,285)
Ending balance, net	$ 10,827	$ 7,984	$ 8,074

FINANCIAL CONTACT

The Authority's financial statements are designed to present readers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. If you have any questions regarding the report or need additional financial information, please contact MEFA at 60 State Street, Suite 900, Boston, MA 02109.

Massachusetts Educational Financing Authority
Statements of Net Position
As of June 30, 2023 and 2022
(in thousands)

	2023	2022
Assets		
Current assets		
Cash and cash equivalents (Notes 3 and 4)	$ 276,738	$ 293,506
Investments (Notes 3 and 4)	21,257	19,928
Education loan notes receivable, net (Notes 3, 5, and 10)	149,657	135,884
Interest receivable on education loan notes (Note 3)	29,306	28,897
Prepaid expenses and other assets	5,872	4,219
Total current assets	482,830	482,434
Non-current assets		
Cash and cash equivalents (Notes 3 and 4)	27,131	335,260
Investments (Notes 3 and 4)	404,917	96,677
Derivative instruments (Notes 3 and 8)	290	208
Education loan notes receivable, net (Notes 3, 5, and 10)	1,657,805	1,508,697
Capital assets, net of accumulated depreciation (Notes 3, 12 and 13)	10,827	7,984
Total assets	$ 2,583,800	$ 2,431,260
Liabilities		
Current liabilities		
Accounts payable and accrued expenses (Note 3)	$ 15,772	$ 16,124
Bonds payable – current portion (Note 6)	129,239	75,327
Certificates payable (Note 9)	5,467	5,488
Accrued interest payable	34,064	28,656
Other liabilities – current (Note 12)	1,747	-
Total current liabilities	186,289	125,595
Non-current liabilities		
Notes payable (Note 7)	25,700	-
Bonds payable – net of current portion (Note 6)	2,074,544	2,026,290
Yield restriction liability - (Note 3)	4,874	-
Other liabilities – non-current (Note 12)	5,611	3,524
Total liabilities	2,297,018	2,155,409
Deferred inflows of resources		
Net gain on bond refunding (Note 6)	962	1,107
Total deferred inflows of resources	962	1,107
Total liabilities and deferred inflows of resources	2,297,980	2,156,516
Net position		
Net investment in capital assets	10,827	7,984
Restricted	193,421	163,548
Unrestricted	81,572	103,212
Total net position	285,820	274,744
Total liabilities, deferred inflows of resources and net position	$ 2,583,800	$ 2,431,260

The accompanying notes are an integral part of the financial statements.

Massachusetts Educational Financing Authority

Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2023 and 2022
(in thousands)

	2023	2022
Operating revenues		
Interest on education loan notes receivable (Note 3)	$ 99,069	$ 94,426
College savings plan interest and fees (Note 9)	7,153	7,208
Other revenue	1,146	867
Total operating revenues	107,368	102,501
Operating expenses		
Bond and note interest expense (Notes 6 and 7)	65,005	55,445
Costs of bond and note issuance	3,105	5,497
Provision for doubtful education loan notes receivable (Note 5)	7,430	5,319
General and administrative (Notes 3, 11, 12, and 13)	30,490	29,284
Other expense	1,094	1,146
Total operating expenses	107,124	96,691
Operating income	244	5,810
Non-operating revenues (expenses)		
Interest and dividends	15,623	989
Increase in fair value of derivative instruments	83	67
Yield restriction liability expense (Note 3)	(4,874)	-
Net non-operating revenues	10,832	1,056
Total increase in net position	11,076	6,866
Net position, beginning of year	274,744	267,878
Net position, end of year	$ 285,820	$ 274,744

The accompanying notes are an integral part of the financial statements.

Massachusetts Educational Financing Authority
Statements of Cash Flows
For the years ended June 30, 2023 and 2022

(in thousands)

	2023	2022
Cash flows from operating activities:		
Payments for disbursed loans	$ (406,441)	$ (343,905)
Payments received on outstanding loan principal	250,471	395,790
General and administrative payments	(26,962)	(26,653)
Interest received on education loans	83,225	81,599
Proceeds from other sources	8,284	8,127
Net cash (used in) provided by operating activities	(91,423)	114,958
Cash flows from non-capital financing activities:		
Proceeds from issuance of bonds	332,843	787,516
Proceeds from issuance of commercial paper notes	107,100	72,210
Costs of bond and note issuance	(3,105)	(5,497)
Bond and note interest paid	(68,352)	(74,569)
Principal payments on bonds payable	(222,069)	(532,090)
Principal payments on commercial paper notes	(81,400)	(167,420)
Net cash provided by non-capital financing activities	65,017	80,150
Cash flows from capital financing activities:		
Purchase of capital assets and software development	(2,941)	(2,907)
Net cash used in capital financing activities	(2,941)	(2,907)
Cash flows from investing activities:		
Proceeds from maturity/sale of investments	21,613	35,377
Purchases of investments	(331,202)	(29,863)
Interest and dividends received on cash and investments	14,038	519
Net cash (used in) provided by investing activities	(295,551)	6,033
Net (decrease) increase in cash and cash equivalents	(324,898)	198,234
Cash and cash equivalents, beginning of year	628,766	430,532
Cash and cash equivalents, end of year	$ 303,868	$ 628,766

The accompanying notes are an integral part of the financial statements.

(in thousands)

Reconciliation of operating income to net cash (used in) provided by operating activities	2023	2022
Operating income	$244	$5,810
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:		
Depreciation expense	3,039	2,255
Lease and subscription financing expense	218	94
Provision for doubtful education loan notes receivable	7,430	5,319
Costs of bond and note issuance	3,105	5,497
Bond and note interest expense	65,005	55,445
Changes in assets and liabilities:		
Education loan notes receivable	(170,311)	37,625
Interest receivable on education loan notes	(409)	2,580
Accounts payable and accrued expenses	324	381
Prepaid expenses and other assets	(68)	(48)
Net cash (used in) provided by operating activities	($91,423)	$114,958

The accompanying notes are an integral part of the financial statements.

Massachusetts Educational Financing Authority
Statements of Fiduciary Net Position
As of June 30, 2023 and 2022
(in thousands)

	2023	2022
Assets		
Investments, at fair value	$110,821	$82,542
Receivable for investments sold	46	1
Receivable for units sold	198	80
Distributions receivable	79	10
Total assets	111,144	82,633
Liabilities		
Payable for investments purchased	228	63
Payable for units redeemed	95	27
Accrued management fee	18	14
Total liabilities	341	104
Fiduciary net position, end of year	$110,803	$82,529

The accompanying notes are an integral part of the financial statements.

(in thousands)

	2023	2022
Additions		
Contributions	$34,535	$34,083
Investments Earnings:		
Investment distributions from underlying funds	2,264	926
Capital gain distributions from underlying funds	2,345	915
Net increase / (decrease) in fair value of investments	3,628	(12,469)
Total Investments Earnings	8,237	(10,628)
Total additions	42,772	23,455
Deductions		
Withdrawals	(14,308)	(11,875)
Management fee	(189)	(161)
Less fee waived by manager	-	22
Total deductions	(14,497)	(12,014)
Increase in net position	28,275	11,441
Fiduciary net position, beginning of year	82,528	71,088
Fiduciary net position, end of year	$110,803	$82,529

The accompanying notes are an integral part of the financial statements.

1. THE AUTHORITY

The Massachusetts Educational Financing Authority (the "Authority") is a body politic and corporate, constituting a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"). The Authority was established as the Massachusetts College Student Loan Authority pursuant to Chapter 803 of the Acts of 1981, as amended (the "Act"), in recognition of the increasing costs of higher education, to assist students, their parents and institutions of higher education in financing, refinancing, and saving for the costs of such education.

Beginning in 1983, the Authority established several proprietary, unsecured consumer loan programs for financing and refinancing loans for undergraduate and graduate students, to finance higher education expenses, including credit based and need based loans that bear interest on a fixed rate or variable rate basis. Since inception, the MEFA financing program has included loans to finance higher education expenses of current students.

The Authority solicits participation in its loan programs from qualifying independent and public education institutions and eligible borrowers. For-profit higher education schools are not eligible to participate in the MEFA financing program. In addition to developing and operating its loan, savings and investment programs, the Authority conducts an extensive outreach program for students and parents across the Commonwealth on planning, saving and paying for college.

The loan programs are carried out on a long-term funding basis using proceeds from Education Loan Revenue Bonds (the "Bonds") or Asset Backed Notes (see *Note 6*). The Bonds, which are issued under various resolutions, are special obligations of the Authority, which has no taxing power, payable solely from the revenues and the funds and accounts established and pledged under the resolutions. No revenues or other assets of the Authority are available to fund payment of the Bonds except as expressly provided by the resolutions. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal or redemption or purchase price of and interest on the Bonds, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. The Authority has the same exemption as the Commonwealth (under I.R.S. Code, Section 115) from filing and/or paying federal income taxes.

In February 1995, the Authority, in cooperation with the Commonwealth and Massachusetts colleges and universities, introduced the Massachusetts College Saving Program, which was further named The U. Plan: The Massachusetts Tuition Prepayment Program (the "U. Plan") to distinguish between each of the Authority's two college savings programs. The U. Plan is a prepaid tuition program that permits individuals to save for a beneficiary's undergraduate tuition and mandatory fees at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of an individual's savings.

In March 1999, the Authority, on behalf of the Commonwealth, introduced the U. Fund College Investing Plan (the "U. Fund"). The U. Fund is a tax-advantaged method of saving for higher education costs generally through investment vehicles such as stock, bond, and money market mutual funds. Those funds are professionally administered and managed by Fidelity Investments (an unrelated party) and held in a contractual trust on behalf of the owners of the funds and accordingly are not a component of these financial statements.

In July 2002, the Authority introduced the Federal Family Education Loan Program (the "FFELP") to complement the existing proprietary consumer loan products and enhance the potential borrowing options available to families attending educational institutions within the Commonwealth and residents of the Commonwealth who choose to attend college out of state. Effective July 1, 2010, new legislation eliminated the ability to provide new loans under FFELP and requires that all new federal loans are to be made through the Direct Loan Program, which is administered by the Federal Government. The new law did not affect the terms and conditions of existing FFELP loans originated by the Authority. In the case of defaults on FFELP loans, the federal government guarantees to the participating lenders 98% of the principal and interest outstanding for those loans originated prior to July 1, 2006, and 97% for loans originated prior to the conclusion of the program by the Federal government on July 1, 2010.

In 2015, the Authority introduced the MEFA refinancing program that offers credit-based fixed rate and variable rate loans to borrowers for the purpose of refinancing loans previously incurred for higher education expenses.

In March 2017, the Authority adopted a resolution (the "Note Resolution") to authorize the issuance of commercial paper notes ("the Notes") as a temporary financing mechanism for its loan programs (see *Note 7*). The Notes are supported by an irrevocable direct-pay letter of credit (the "Letter of Credit") and payable primarily from drawings on the Letter of Credit as well as revenues and the funds and accounts established and pledged under the resolution. The Authority intends to issue a combination of revenue bonds and asset backed notes to permanently finance education loans originated with proceeds from the Notes. The Notes are special obligations of the Authority. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Notes, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment.

In May 2017, the Authority, on behalf of the Commonwealth, introduced the Attainable Savings Plan (the "Attainable Plan"). The Attainable Plan, established under the Achieving a Better Life Experience (ABLE) Act of 2014, is a tax advantaged savings plan that allows individuals with disabilities to save for qualifying expenses through investment vehicles such as stock, bond, and money market mutual funds. Those funds are professionally managed by Fidelity and held by the Authority on behalf of the owners of the funds and accordingly are reported as a fiduciary fund of the Authority. The Governmental Accounting Standards Board ("GASB") requires fiduciary activities be excluded from the basic financial statements of business type activities and reported separately in fiduciary fund financial statements.

2. BASIS OF PRESENTATION

Accounting and Reporting Standards

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Authority accounts for and reports its activities by applying Standards of Governmental Accounting and Financial Reporting, as promulgated by the GASB. The statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting, wherein revenues are recognized when earned and expenses when incurred. Detailed financial information segregated by fund is also presented in the accompanying Supplemental Schedules to the financial statements.

The GASB defines the basic financial statements of a business type activity as the following: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The Statement of Net Position is presented to illustrate both the current and non-current balances of each asset and liability, as well as deferred outflows of resources and deferred inflows of resources. All revenues and expenses are classified as either operating or non-operating activities in the Statement of Revenues, Expenses and Changes in Net Position. Operating activities are those that support the mission and purpose of the Authority. Non-operating activities represent transactions that are capital, investing, legislative or regulated in nature.

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The GASB requires the categorization of net position into the following three components:

- **Net investment in capital assets**: capital assets, net of accumulated depreciation.

- **Restricted net position**: net position subject to externally imposed stipulations or enabling legislation that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. The Authority's restricted net position is comprised of:

    - **Trusteed Bond Funds**
      The Bond resolutions for the Trusteed Bond Funds establish various funds and accounts, the primary purpose of which is to (i) provide a basis for the allocation and disbursement of monies received by the Bond funds; (ii) pay Bond issuance costs; (iii) provide for the periodic payment of principal and interest; and (iv) establish reserves to provide for the timely servicing of debt obligations (see *Note 5*). The use of the assets of the various funds and accounts is governed and restricted by the Trusteed Bond Fund Resolutions (see *Note 6*).
      The assets, deferred outflows, liabilities, deferred inflows, and net position of these funds are the sole responsibility of the trust of each of the individual bond indentures. Neither the Authority, the College Savings funds, nor any other indenture have entitlement to any of the assets or any legal obligation to settle the liabilities of these bond indentures.

- **Trusted Notes Funds**
  The Notes issued under the Notes Resolution are special obligations of the Authority. The Notes are collateralized by the assets and associated revenues financed from Note proceeds and further supported by the Letter of Credit. The Letter of Credit and any associated bank note or bank obligation are general obligations of the Authority secured by the full faith and credit of the Authority.

  The Note Resolution established certain funds and accounts to provide a basis for the allocation and disbursement of monies received by the Notes funds. The use of the assets of these funds and accounts is governed and restricted by the Note Resolution (see *Note 7*).

- **U. Plan**
  The College Savings Funds (the "Fund") consist of the U. Plan and the U. Fund. The U. Plan is governed by the terms and conditions of participation described in the Program Description and Offering Statement, including the Enrollment Agreement that is in effect for each enrollment year. The Fund accounts for fee income and for the operating expenses of the U. Plan as well as all monies received from the program investors and other deposits (*see Note 9*).

- **Program Reserve Fund**
  Pursuant to Chapter 15C, Section 5C, of the General Laws as established by Chapter 803 of the Acts of 1981, and as amended by Chapter 133, Section 12, of the Acts of 1992 (the "Act"), the program reserve fund was established by the Authority. The Act authorized the Authority to develop and establish a comprehensive state-supported supplemental education loan program. The program consists of lending medium and long-range fixed rate and variable rate loans. These programs shall operate at effective rates of interest and other feasible terms.

- **Unrestricted net position**: net position that is not subjected to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties. The Authority's unrestricted net position includes the general fund and fees earned from the U. Fund. The Authority's unrestricted net position is comprised of:

  - **General Fund**
    The General Fund, through monthly draws from the Trusteed Bond Funds and College Savings Funds, maintains the funds available for paying the operating expenses of the Authority, investing in capital assets, supporting capital market activities through direct contributions for cost of issuance and over collateralization requirements of structured transactions and liquidity for Letter of Credit requirements. The general fund may also include outstanding loans that remain after an entire trust is retired.

  - **U. Fund**
    The U. Fund is governed by the terms and conditions of participation described in the Fidelity Brokerage Services, LLC Customer Agreement, and the U. Fund Supplemental Information. While the beneficial interests of the participants of the U. Fund (or overall aggregate value of these funds) are not included in the financial statements, the Authority does receive certain fees and incurs related operating expenses in connection with the U. Fund that are included in these financial statements. The related revenue earned and expenses incurred by the Authority in offering the U. Fund program are not subject to externally imposed stipulations and therefore the aggregate net position of the program is classified on the Statement of Net Position as unrestricted (*see Note 9).*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Certain relevant elements such as tax policies, political and economic conditions, competition in products, asset pricing variance and interest rate fluctuations and relationships may result in actual results differing from those estimated. The Authority makes every effort to incorporate an analysis of all market conditions as of the Statement of Net Position date in determining what to record as the most accurate estimates.

Cash, Cash Equivalents and Investments
Cash and cash equivalents are comprised of cash in bank depository accounts and money market funds in the Trusteed Bond and Trusteed Note Funds, which are restricted in nature. The investments of the Authority, the alternatives of which are governed by the Authority's enabling legislation, include money market funds within the Authority's General and U. Plan funds. Cash and investments not intended to be used within one fiscal year are classified as long-term assets.

Interest and Fees on Education Loan Notes Receivable
Interest on education loan notes receivable is accrued and credited as earned on the principal amount outstanding.

Allowance for Education Loan Notes Receivable
The Trusteed Bond Fund Resolutions establish cash and investment reserve accounts to provide funding for education loan notes receivable which may reach a specified state of delinquency or uncollectibility (*see Note 5*). For financial accounting purposes, adjustments to the allowance for the estimated amount for each of the aforementioned items are included as an expense or revenue in the Statement of Revenues, Expenses and Changes in Net Position. This aggregate allowance is reviewed and adjusted as necessary based on management's assessment of the net realizable value of the loan portfolio.

Arbitrage Requirements
Arbitrage is earned when the proceeds of a tax-exempt bond issue are used to acquire investments that earn a yield more than the bond yield, which is the average yield issuers pay to their bondholders. Liabilities are measured by computing the excess amount earned on investments over the amount that would have been earned if proceeds were invested at the bond yield.

Under Internal Revenue Code (IRC) Section 148 and related Treasury Regulations, two sets of rules apply to the Authority to determine whether bonds are arbitrage bonds:

Yield Restriction
IRC Section 148(a) requires the Authority to keep the yield to the Authority on student loans within a designated percentage of the bond yield of the related tax-exempt borrowing. The Authority has traditionally selected to utilize loan forgiveness at the retirement of the bonds to keep the yield within the designated bond yield of the related tax-exempt borrowing.

A separate method of reducing yield is to make yield reduction payments to the United States Treasury. These estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of each bond issue and when the bonds are retired. The Authority has contracted with a third party to calculate the estimated liability of the yield restrictions for bonds that are in their tenth year or beyond. The factors used in determining this estimate are sensitive to change in the future and consequently the change in estimate may be material to the financial statement results.

Arbitrage Rebate
Under IRC Section 148(f), arbitrage rebate represents the excess, if any, of amounts earned on bond proceeds and certain related funds on taxable securities (except for earnings that are not required to be rebated under limited exemptions under the Code) over the bond yield on the Authority's tax-exempt bonds, plus income attributable to any such excess. Such rebate payments are due every fifth year of each bond issue and when the bonds are retired. The Authority contracts with a third party to calculate estimated amounts due on an annual basis to the federal government. After review and evaluation of this estimate, management records a corresponding liability for any amount expected to be remitted.

Capital Assets
Capital assets include computer hardware, software development costs, furniture and fixtures, office equipment, lease assets, and subscription assets and are recorded at cost less accumulated depreciation computed using the straight-line method over an estimated useful life of 3 to 10 years *(see Note 13).* Capital assets are defined as assets over a certain dollar threshold with an estimated useful life in excess of one year.

Investment Earnings
Investment earnings include interest earned on cash and investments as well as fair value adjustments on derivatives. The net increase/(decrease) in fair value takes into account all changes in fair value that occurred during the year.

Accounting and Financial Reporting for Refunding of Debt
Gains and losses on retirement of debt are accounted for in accordance with GASB 23 and GASB 65. The gains and losses on debt refunding, which involve the issuance of new debt whose proceeds are used to pay previously issued debt, have been recognized as deferred inflows or outflows of resources and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Gains and losses on extinguishment of debt that does not involve a refunding are recognized immediately.

General and Administrative Expenses
General and administrative expenses include personnel costs, professional fees, marketing costs and office expense and are funded by the Trusteed Bond Funds, College Savings Plans and Authority based on an operating budget prepared by Authority management and approved annually by the Board of Directors. Loan program administration costs are also included in general and administrative costs and funded by the Trusteed Bond Funds in accordance with the Trusteed Bond Fund resolutions requirements.

Fair Value
GASB statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement requires the use of certain valuation techniques when measuring fair value and also established a hierarchy of valuation inputs: Level 1 inputs (quoted prices in active markets for identical investments), Level 2 inputs (inputs other than quoted prices that are observable) and Level 3 inputs (unobservable inputs). As of June 30, 2023 and June 30, 2022, the Authority's money market investments are categorized as Level 1 and derivative instruments are categorized as Level 2.

Derivative Instruments
GASB Statement No. 53 ("GASB 53"), *Accounting and Financial Reporting for Derivative Instruments* requires governments to measure most derivative instruments at fair value on the Statement of Net Position and to measure the annual change in the fair value of non-hedging derivatives as investment income or loss in the Statement of Revenues, Expenses, and Changes in Net Position. GASB 53 also provides guidance addressing hedge accounting requirements.

The fair values of the hedgeable derivatives and investment derivatives are presented on the Statement of Net Position, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in fair value of derivatives is recorded as a deferred inflow or outflow of resources if determined to be an effective hedge and presented on the Authority's Statement of Net Position. If a derivative instrument does not meet the criteria of a hedging derivative, the change in fair value is presented as an increase (decrease) in fair value of investment derivative on the Statement of Revenues, Expenses and Changes in Net Position.

Recently Issued Accounting Pronouncements
In March 2020, GASB approved Statement No. 93, "Replacement of Interbank Offered Rates" (GASB 93). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The GASB issued GASB 93 to amend GASB Statement 53 in order to address the accounting and financial reporting implications that result from the replacement of LIBOR. At the time that Statement 93 was issued, LIBOR was expected to cease to exist after December 31,2021. Subsequently, LIBOR's administrator, the ICE Benchmark Administration, announced that the most widely used United States Dollar LIBOR would continue to be published until June 30, 2023. Effective July 1, 2023, any Authority variable rate debt, education loan notes or other financial instruments that identify LIBOR as the benchmark interest rate, and not previously amended through mutual negotiations, will be replaced with benchmark rates based

on Secured Overnight Financing Rate (SOFR) in accordance with the final rule adopted by the Federal Reserve Board that implemented the Adjustable Interest Rate (LIBOR) Act.

In April 2022, GASB approved Statement No. 99, “Omnibus” (GASB 99). This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including the requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. These requirements are effective upon issuance. The Statement also addresses the requirements related to leases, Public-Private and Public-Public Partnerships, and SBITAs. These requirements are effective for fiscal years beginning after June 15, 2022. The Statement also addresses the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53. These requirements are effective for fiscal years beginning after June 15, 2023. The Authority has determined that GASB 99 does not have a material impact on its financial statements.

In June 2022, GASB issued Statement No. 100, “Accounting Changes and Error Corrections” (GASB 100). The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The Authority is currently assessing the impact of GASB 100.

In June 2022, GASB issued Statement No. 101, “Compensated Absences” (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged. The Authority is currently assessing the impact of GASB 101.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority’s enabling legislation and its individual fund resolutions govern the investment alternatives available to the Authority. In general, the Authority may invest in obligations of the United States Government and its agencies, investment grade securities issued by the various states, time deposits in banks which are federally insured (provided that, to the extent such time deposits exceed insurance, they are either fully collateralized or are rated in the top three rating categories by Standard and Poor's Corporation (“S&P”) or Moody's Investor's Service Inc. (“Moody’s”)) and in repurchase and investment agreements with financial institutions or insurance companies which are rated in the top three rating categories by S&P or Moody's or which meet certain capital standards. The requirements within the top three rating categories vary among the trusteed funds and depend upon the type of investment.

The following summarize the cash, cash equivalents and investments of the Authority and identifies certain types of investment risk as defined by Governmental Accounting Standards Board No. 40 Deposit and Investment Risks Disclosures (“GASB 40”) at June 30, 2023 and 2022, respectively.

(in thousands)	2023	2022
Cash deposits	$ 3,763	$ 10,973
Mutual funds:		
Money market funds – Authority and College Savings	109,984	116,605
Money market funds – Trusteed Bonds and Notes	300,107	617,793
Guaranteed investment contracts	316,189	-
Total cash, cash equivalents and investments	$ 730,043	$ 745,371

Credit Risk and Custodial Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that in the event of a financial institution’s counterparty failure, the Authority’s deposits or investments may not be returned to it. The Authority manages its exposure to credit risk and custodial credit risk by limiting investments to those permitted by the Authority’s enabling legislation and its investment policy.

As of June 30, 2023 and June 30, 2022, $3.3M and $10.5M were exposed to custodial credit risk as uninsured and uncollateralized deposits, respectively. As required by the Authority's investment policy, depository banks are all rated in the top three rating categories by S&P or Moody's. The Authority's money market mutual funds are all rated AAAm by S&P.

Interest Rate Risk
The Authority's money market funds are subject to interest rate risk, which is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of June 30, 2023, the Authority had guaranteed investment contracts with the following financial institutions:

Investment Agreement Contract Provider	**Current S&P Ratings**
Mass Mutual Life Insurance Company	AA+
Toronto-Dominion Bank	AA-

As of June 30, 2023, the Authority had the following cash and investments by financial institution within each outstanding trust and the Authority:

Authority, Trusteed Note Funds and College Savings Funds	Cash and Investments	% of Total
Bank of America	$ 3,341,358	2.9%
Fidelity U.S. Government Portfolio – Authority Funds	$ 88,727,775	77.4%
Fidelity U.S. Government Portfolio – Trusteed Note Funds	$ 1,274,712	1.1%
Fidelity Government Money Market Fund	$ 1,668,613	1.4%
First American Government Obligations Fund	$ 19,587,892	17.1%
U.S. Bank	$ 53,200	0.1%

Issue FRN Indenture	Cash and Investments	% of Total
Fidelity U.S. Government Portfolio	$ 1,419,495	100%

Issue ABS 18 Indenture	Cash and Investments	% of Total
Bank of America	$ 7,491	0.1%
Fidelity U.S. Government Portfolio	$ 1,438,968	99.9%

Issue ABS 20 Indenture	Cash and Investments	% of Total
Bank of America	$ 2,371	0.1%
Fidelity U.S. Government Portfolio	$ 1,685,791	99.9%

Issue I Indenture	Cash and Investments	% of Total
Bank of America	$ 59,828	0.1%
Fidelity U.S. Government Portfolio	$ 68,131,502	99.9%

Issue J Indenture	Cash and Investments	% of Total
Bank of America	$ 27,569	0.1%
Fidelity U.S. Government Portfolio	$ 49,650,687	99.9%

Issue K Indenture	Cash and Investments	% of Total
Bank of America	$ 17,300	0.1%
Fidelity U.S. Government Portfolio	$ 37,334,085	99.9%

Issue L Indenture	Cash and Investments	% of Total
Bank of America	$ 7,968	0.1%
Fidelity U.S. Government Portfolio	$ 80,061,591	20.2%
Mass Mutual Life Insurance Company	$ 26,188,950	6.6%
Toronto-Dominion Bank	$ 290,000,000	73.1%

Issue M Indenture	Cash and Investments	% of Total
U.S. Bank	$ 245,181	0.4%
Fidelity U.S. Government Portfolio	$ 59,111,061	99.6%

5. EDUCATIONAL FINANCINGS

The Authority originates proprietary, unsecured consumer education loan notes at the original principal amount of the note. During the years ended June 30, 2023 and 2022, respectively, the activity for the Authority's Education loan notes receivable was as follows:

(in thousands)

	2023	2022
Outstanding education loan notes receivable (beginning) gross	$ 1,739,263	$ 1,776,888
Increases to education loan notes receivable	421,832	359,287
Decreases to education loan notes receivable	(251,521)	(396,912)
Outstanding education loan notes receivable (ending) gross	1,909,574	1,739,263
Allowance for education loan notes receivable (beginning)	94,682	89,363
Increase to allowance for education loan notes receivable	7,430	5,319
Allowance for education loan notes receivable (ending)	102,112	94,682
Outstanding education loan notes receivable (ending) net	$ 1,807,462	$ 1,644,581

The allowance for educational loan notes receivable is derived from information based on the loan portfolios historical default and recovery performance to achieve the current estimated net realizable value of the outstanding education loan notes.

Defaulted loans are included in outstanding education loan notes receivable and classified as non-current assets with a portion classified as current assets based on estimated collections.

The Authority uses loan modifications to assist private loan borrowers demonstrating a need for temporary payment relief during difficult economic times. The loan modification plans in place temporarily reduce the borrower's monthly payment for up to twenty-four months without changing the original loan term or interest rate. As of June 30, 2023 and 2022, the total principal balance outstanding of loans in a modified status was $59M and $53M representing approximately 4% of all loans in repayment, respectively. At June 30, 2023 and 2022, these modified loans were 93.9% and 94.6% current, respectively, defined as less than 30 days past due, in regard to monthly payments received under the modified terms. Loans in a modified payment plan status are factored into the allowance for education loan notes receivable, which is based on historical default and recovery performance.

The loan and debt service reserve funds are designed and funded to provide another level of support for defaulted loans and debt service payments that provide stability to the cash flow of the bond issuance. On an annual basis, the reserve requirements are reviewed and funded by cash balances at levels approved by the insurer or rating agencies of each specific bond issue. The fund balance of the loan and debt service reserve requirements in aggregate was $34.1M and $30.8M for fiscal years 2023 and 2022, respectively.

6. BONDS PAYABLE

The activity related to the Authority's bonds payable for the fiscal years ended 2023 and 2022 was as follows:

(in thousands)	2023	2022
Bonds outstanding, gross beginning balance	$ 2,057,681	$ 1,814,171
Bonds issued	330,015	775,600
Bonds redeemed	(222,069)	(532,090)
Bonds outstanding, gross ending balance	2,165,627	2,057,681
Net unamortized issuance premiums	38,156	43,936
Bonds outstanding, net ending balance	$ 2,203,783	$ 2,101,617

Bonds payable issued under the individual Trust resolutions are payable from a pledge of the assets and revenues of each Trusteed Bond Fund. Bonds may be redeemed at par and ahead of scheduled maturity under circumstances specified in the Bond Resolutions. All bonds payable issued under the Trust resolutions contain a provision that in the event of default, the timing of repayment of outstanding amounts become immediately due.

As of June 30, 2023 mandatory annual maturities of bonds principal payable for the next five fiscal years and thereafter are as follows (in thousands):

	2024	2025	2026	2027	2028	Remaining Schedule	Total Payable
2008 FRN	-	-	-	-	-	$13,377	$ 13,377
2012 Issue J	2,900	3,125	2,845	2,295	440	5,165	16,770
2014 Issue I	7,000	33,600	24,000	18,000	-	-	82,600
2015A Issue I	34,000	7,000	8,000	-	-	-	49,000
2015B Issue I	4,380	3,360	1,230	465	470	695	10,600
2016 Issue J	26,100	27,370	9,905	10,340	11,650	36,020	121,385
2017 Issue K	15,000	13,230	12,480	9,370	-	42,800	92,880
2018 Issue L	23,245	24,210	26,165	25,710	23,545	67,880	190,755
2018 ABS	-	-	-	-	-	45,789	45,789
2019 Issue L	7,155	12,380	13,705	13,755	13,855	79,380	140,230
2020 ABS	-	-	-	-	-	78,576	78,576
2020 Issue L	7,000	18,065	20,550	24,715	25,360	122,360	218,050
2021 Issue M	-	7,000	20,000	29,800	27,800	297,400	382,000
2022 Issue M	-	4,000	19,400	24,900	30,800	314,500	393,600
2023 Issue L	-	-	-	-	-	330,015	330,015
	$126,780	$153,340	$158,280	$159,350	$133,920	$ 1,433,957	$2,165,627

In July and August 2023, the Authority redeemed fixed rate bonds outstanding of $83M and $4.2M of floating rate notes.

The following is a summary of the principal maturities and estimated interest expense for bonds payable outstanding at June 30, 2023 (in thousands):

Year Ending June 30	Principal	Interest	Total Debt Service
2024	$126,780	$79,008	$205,788
2025	153,340	81,208	234,548
2026	158,280	74,412	232,692
2027	159,350	67,763	227,113
2028	133,920	61,730	195,650
2029-2033	596,268	232,936	829,204
2034-2038	338,202	142,181	480,383
2039-2043	96,422	100,467	196,889
2044-2048	315,065	49,762	364,827
2049-2053	78,000	12,125	90,125
Thereafter	10,000	250	10,250
	$2,165,627	$901,842	$3,067,469

Total interest expense for the years ended June 30, 2023 and 2022 was $65M and $55.5M, respectively and includes $8.6M and $12.4M amortization of bond issuance premium, respectively. Also, for fiscal years 2023 and 2022 there is $0.1M and $1.8M of amortization of net deferred gain on bond program activities included in the total bond interest expense, respectively.

Issue FRN 2008

On July 2, 2008, under the FRN Indenture, the Authority issued $296M principal amount of floating rate bonds with a final maturity date of April 25, 2038. Quarterly interest payments are required on each distribution date, which is the 25th day of the month for the months of January, April, July and October. The notes will bear interest at an annual rate equal to a reference rate plus 0.95%. Outstanding note principal may be redeemed on each quarterly distribution as determined by the Indenture requirements. As a result of redemptions of $6.4M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $13.4M.

Issue I Series 2009A

On June 26, 2009, under the Issue I 2009 Bond Resolution, the Authority issued $289M principal amount of bonds dated June 30, 2009, requiring annual principal payments each January 1 commencing on January 1, 2012. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2010. Issue I 2009A Bonds mature as follows: $132.4M serial bonds which matured annually from 2012 to 2020 in annual amounts ranging from $2.5M to $17.8M with interest at rates ranging from 3.40% to 5.75%; and $156.6M term bonds which mature in 2023 and 2028. The term bonds are subject to annual sinking fund installments totaling $41.9M from 2021 to 2022 and $114.7M from 2023 to 2027. Bonds maturing on or after January 1, 2023, are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2020. The Issue I 2009 Bonds were issued with a premium of $1.7M.

As a result of an optional redemption of $8.2M on July 21, 2021, all bonds in the series were retired at June 30, 2022.

Issue I Series 2010A and 2010B

On February 3, 2010, under the Issue I 2010 Bond Resolution, the Authority issued $318.5M principal amount of bonds dated February 18, 2010 requiring annual principal payments each January 1 commencing January 1, 2012. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2010. Issue I Series 2010A Bonds mature as follows: $318.5M serial bonds which mature annually from 2012 to 2030 in annual amounts ranging from $4.2M to $37.8M with interest at rates ranging from 2.00% to 5.50%. Bonds maturing on or after January 1, 2021, are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2020.

On February 3, 2010, under the Issue I 2010 Bond Resolution, the Authority issued $86.5M principal amount of bonds dated February 18, 2010 requiring annual principal payments each January 1 commencing January 1, 2012. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2010. Issue I Series 2010B Bonds mature as follows: $41.2M serial bonds which matured annually from 2012 to

2020 in annual amounts ranging from $2.0M to $7.1M with interest at rates ranging from 2.55% to 5.375%; and $45.3M term bonds which mature 2023 and 2031. The term bonds are subject to annual sinking fund installments totaling $10.6M from 2021 to 2022 and $34.7M from 2029 to 2030. Bonds maturing on or after January 1, 2023, are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2020.

The Issue I 2010 Bonds were issued with a premium of $4.4M.

As a result of an optional redemption of $46.4M on July 21, 2021, all bonds in the series were retired at June 30, 2022.

Issue J Series 2011
On June 24, 2011, under the Issue J 2011 Bond Resolution, the Authority issued $102.9M principal amount of bonds dated July 13, 2011 requiring annual principal payments each July 1 commencing July 1, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2012. Issue J Series 2011 Bonds mature as follows: $90.9M serial bonds which mature annually from 2017 to 2029 in annual amounts ranging from $0.5M to $11.2M with interest at rates ranging from 4.00% to 5.625%; and $12M of term bonds which mature in 2033. The Issue J Series 2011 Bonds are subject to sinking fund installments totaling $12M from fiscal 2030 to 2033 in annual amounts ranging from $1.5M to $8.6M. Bonds maturing on or after July 1, 2022, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2021. The Issue J Series 2011 Bonds were issued at a discount of $0.4M.

As a result of scheduled maturities of $6.5M in fiscal year 2022 and an optional redemption of the remaining $27.4M on June 23, 2022, all bonds in the series were retired at June 30, 2022.

Issue J Series 2012
On June 1, 2012, under the Issue J 2012 Bond Resolution, the Authority issued $168.3M principal amount of bonds dated June 27, 2012 requiring annual principal payments each July 1 commencing July 1, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2013. Issue J Series 2012 Bonds are term bonds which mature annually from 2018 to 2030 in annual amounts ranging from $2.5M to $25.7M with interest at rates ranging from 3.10% to 5.00%. Bonds maturing on July 1, 2022, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2021. The Issue J Series 2012 Bonds were issued with a premium of $4.2M.

As a result of redemptions of $4M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $16.9M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue K Series 2013
On June 20, 2013, under the Issue K 2013 Bond Resolution, the Authority issued $222M principal amount of bonds dated June 27, 2013 requiring annual principal payments each July 1 commencing July 1, 2015. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2014. Issue K Series 2013 Bonds mature as follows: $135.1M serial bonds which mature annually from fiscal year 2016 to 2026 in annual amounts ranging from $1.2M to $20.8M with interest at rates ranging from 2.00% to 5.00%, $86.9M of term bonds maturing in 2029 and 2032 with interest at rates of 5.25% and 5.375%. Bonds maturing on or after July 1, 2023 are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2022. The Issue K Series 2013 Bonds were issued with a premium of $4.6M.

As a result of scheduled maturities and redemptions of $36.6M in fiscal year 2022 and an optional redemption of the remaining $50.5M on June 23, 2022, all bonds in the series were retired at June 30, 2022.

Issue I Series 2014
On May 8, 2014, under the Issue I 2014 Bond Resolution, the Authority issued $185.7M principal amount of bonds dated June 17, 2014 requiring annual principal payments each January 1 commencing January 1, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2015. Issue I Series 2014 Bonds mature as follows: $167.6M serial bonds which mature annually from fiscal year 2017 to 2027 in annual amounts ranging from $0.8M to $37.5M with interest at rates ranging from 3.00% to 5.00%, $18.1M of term bonds maturing in 2032 with an interest rate of 4.375%. Bonds maturing on or after January 1, 2026 are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2025. The Issue I Series 2014 Bonds were issued with a premium of $15.5M.

As a result of scheduled maturities of $8M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $85.6M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue I Series 2015A

On May 28, 2015, under the Issue I 2015A Bond Resolution, the Authority issued $184.8M principal amount of bonds dated July 9, 2015 requiring annual principal payments each January 1 commencing January 1, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2016. The Issue I Series 2015A Bonds mature annually from 2017 to 2032 in annual amounts ranging from $0. 3M to $38.7M with interest at rates ranging from 3.00% to 5.00%. Bonds maturing on or after January 1, 2026 are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2025. The Issue I Series 2015A Bonds were issued with a premium of $15.2M.

As a result of scheduled maturities of $9M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $51M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue I Series 2015B-1 and 2015B-2

On November 18, 2015, under the Issue I 2015B Bond Resolution, the Authority issued $21M principal amount of floating rate planned amortization class (PAC) bonds dated November 30, 2015. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2016. Issue I Series 2015B-1 Bonds mature as follows: $6M PAC bonds maturing in 2031 with mandatory semi-annual PAC installments from 2017 to 2019 in amounts ranging from $0.2M to $2. 3M bearing an interest rate of one-month LIBOR plus 1.75%; $15M PAC bonds maturing in 2032 with semi-annual mandatory PAC installments from 2019 to 2028 in amounts ranging from $0.1M to $1.0M bearing an interest rate of one month LIBOR plus 2.05%. On October 3, 2018, the remaining outstanding Issue I Series 2015B-1 bonds were optionally refunded and the series was retired.

On November 18, 2015, under the Issue I 2015B Bond Resolution, the Authority issued $55M principal amount of fixed rate serial, term and PAC bonds dated November 30, 2015. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2016. Issue I Series 2015B-2 Bonds mature as follows: $21.6M serial bonds which mature semi-annually from 2017 to 2023 in annual amounts ranging from $1.5M to $2.0M with interest at rates ranging from 2.00% to 3.875%; $22.2M term bonds maturing in 2025 and 2030 bearing interest rates of 4.0% and 4.7% respectively; $11.2M PAC bonds maturing in 2032 bearing an interest rate of 4% and requiring semi-annual mandatory PAC installments from 2017 to 2024 in amounts ranging from $0.01M to $2M. Term bonds are subject to sinking fund installments totaling $22M from 2024 to 2030 in amounts ranging from $900K to $2M. Bonds maturing on or after July 1, 2026 are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2026.

The Issue I Series 2015B Bonds were issued at a discount of $1.6M.

As a result of scheduled maturities and redemptions of $5.5M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $10.5M, including the unamortized discount that was incorporated in the initial sale of the bonds.

Issue J Series 2016

On May 25, 2016, under the Issue J 2016 Bond Resolution, the Authority issued $340M principal amount of bonds dated June 16, 2016 requiring annual principal payments each July 1 commencing July 1, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2017. Issue J Series 2016 Bonds mature as follows: $137.7M serial bonds which mature annually from 2018 to 2024 in annual amounts ranging from $12M to $27.4M with interest at rates ranging from 4.00% to 5.00%, $202.3M of term bonds which mature in 2033 with an interest rate of 3.5%. The term bonds are subject to annual sinking fund installments totaling $202.3M from 2025 to 2033 in amounts ranging from $10.0M to $34.7M. Bonds maturing on or after July 1, 2033 are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2024. The Issue J Series 2016 Bonds were issued with a premium of $13M.

As a result of scheduled maturities and redemptions of $38.2M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $123.9M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue K Series 2017A and 2017B
On June 1, 2017, under the Issue K 2017 Bond Resolution, the Authority issued $117.8M principal amount of Senior Series 2017A bonds dated June 13, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2018. Issue K Series 2017A Bonds mature as follows: $75.1M serial bonds which mature annually on July 1 from 2019 to 2026 in amounts ranging from $0.5M to $15M with interest at rates ranging from 3.00% to 5.00%; $42.7M term bonds which mature in 2032 with an interest rate of 3.6%. The Issue K Series 2017A Bonds are subject to sinking fund installments totaling $42.7M from fiscal 2027 to 2032 in annual amounts ranging from $3.1M to $10.7M.

On June 1, 2017, under the Issue K 2017 Bond Resolution, the Authority issued $42.8M principal amount of Subordinate Series 2017B bonds dated June 13, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2018. Issue K Series 2017B Bonds are term bonds which mature in 2046 with an interest rate of 4.3%.

Bonds maturing on or after July 1, 2032, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2026. The Issue K 2017 Bonds were issued with a premium of $9.3M.

As a result of scheduled maturities and redemptions of $24M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $96.3M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue L Series 2018A, 2018B & 2018C
On May 17, 2018, under the Issue L 2018 Bond Resolution, the Authority issued $159M principal amount of Senior Series 2018A Bonds dated June 13, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2019. Issue L Series 2018A Bonds mature as follows: $93.2M serial bonds which mature annually on July 1 from 2021 to 2028 in amounts ranging from $7.1M to $14.4M with interest at rates ranging from 3.48% to 4.16%; $65.8M term bonds which mature in 2034 with an interest rate of 4.408%. The Issue L Series 2018A Bonds are subject to sinking fund installments totaling $65.8M from 2029 to 2034 in annual amounts ranging from $7. 3M to $13.7M. 2018A Bonds maturing on or after July 1, 2029, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2028.

On May 17, 2018, under the Issue L 2018 Bond Resolution, the Authority issued $114M principal amount of Senior Series 2018B Bonds dated June 13, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2019. Issue L Series 2018B Bonds mature as follows: $77.8M serial bonds which mature annually on July 1 from 2021 to 2028 in amounts ranging from $4.7M to $11.8M with an interest rate of 5%; $36.3M term bonds which mature in 2034 with an interest rate of 3.625%. The Issue L Series 2018B Bonds are subject to sinking fund installments totaling $36.1M from 2029 to 2034 in annual amounts ranging from $2.8M to $6.8M. 2018B Bonds maturing on or after July 1, 2027, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2026.

On May 17, 2018, under the Issue L 2018 Bond Resolution, the Authority issued $33.4M principal amount of Subordinate Series 2018C Bonds dated June 13, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2019. Issue L Series 2018C Bonds are term bonds which mature in 2046 with an interest rate of 4.125%. 2018C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2026.

The Issue L 2018 Bonds were issued with a premium of $7.6M.

As a result of scheduled maturities and redemptions of $36.2M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $194.4M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue ABS 2018
On September 19, 2018, under the Indenture of Trust relating to Asset-Backed Notes, Series 2018-A, the Authority issued $157.7M principal amount of Class A education loan asset-backed notes with a final maturity date of May 25, 2033. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 3.85%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

On September 19, 2018, under the Indenture of Trust relating to Asset-Backed Notes, Series 2018-A, the Authority issued $6.4M principal amount of Class B education loan asset-backed notes with a final maturity date of April 25, 2042. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 4.65%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

The Issue ABS 2018 notes were issued at a discount of $1.3M.

As a result of redemptions of $9.8M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $45.5M, including the unamortized discount that was incorporated in the initial sale of the notes.

Issue L Series 2019A, 2019B & 2019C

On May 2, 2019, under the Issue L 2019 Bond Resolution, the Authority issued $99.8M principal amount of Senior Series 2019A Bonds dated June 13, 2019. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2020. Issue L Series 2019A Bonds mature as follows: $53.8M serial bonds which mature annually on July 1 from 2022 to 2029 in amounts ranging from $0.6M to $9M with interest at rates ranging from 2.93% to 3.505%; $46M term bonds which mature in 2035 with an interest rate of 3.775%. The Issue L Series 2019A Bonds are subject to sinking fund installments totaling $46M from 2030 to 2035 in annual amounts ranging from $6.8M to $8.4M. 2019A Bonds maturing on or after July 1, 2035, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2029.

On May 2, 2019, under the Issue L 2019 Bond Resolution, the Authority issued $80.8M principal amount of Senior Series 2019B Bonds dated June 13, 2019. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2020. Issue L Series 2019B Bonds mature as follows: $39.5M serial bonds which mature annually on July 1 from 2022 to 2029 in amounts ranging from $0.4M to $7.2M with an interest rate of 5%; $41.3M term bonds which mature in 2035 with an interest rate of 3%. The Issue L Series 2019B Bonds are subject to sinking fund installments totaling $41.3M from 2030 to 2035 in annual amounts ranging from $6.4M to $7.7M. 2019B Bonds maturing on or after July 1, 2035, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2029.

On May 2, 2019, under the Issue L 2019 Bond Resolution, the Authority issued $27.6M principal amount of Subordinate Series 2019C Bonds dated June 13, 2019. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2020. Issue L Series 2019C Bonds are term bonds which mature in 2047 with an interest rate of 3.75%. 2019C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2029.

The Issue L 2019 Bonds were issued with a premium of $6.6M.

As a result of scheduled maturities and redemptions of $27.6M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $143.4M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue ABS 2020

On June 9, 2020, under the Indenture of Trust relating to Asset-Backed Notes, Series 2020-A, the Authority issued $198.1M principal amount of Senior Class A education loan asset-backed notes with a final maturity date of February 25, 2040. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 2.30%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

On June 9, 2020, under the Indenture of Trust relating to Asset-Backed Notes, Series 2020-A, the Authority issued $13.2M principal amount of Subordinate Class B education loan asset-backed notes with a final maturity date of February 25, 2045. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 3.76%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

As a result of redemptions of $18.1M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $78.6M, including the unamortized discount that was incorporated in the initial sale of the notes.

Issue L Series 2020A, 2020B & 2020C
On October 22, 2020, under the Issue L 2020 Bond Resolution, the Authority issued $186.5M principal amount of Senior Series 2020A Bonds dated October 30, 2020. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2021. Issue L Series 2020A Bonds mature as follows: $101.6M serial bonds which mature annually on July 1 from 2023 to 2030 in amounts ranging from $5M to $15.7M with interest at rates ranging from 1.904% to 3.105%; $84.9M term bonds which mature in 2036 with an interest rate of 3.605%. The Issue L Series 2020A Bonds are subject to sinking fund installments totaling $84.9M from 2031 to 2036 in annual amounts ranging from $10M to $22.5M. 2020A Bonds maturing on or after July 1, 2036, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2030.

On October 22, 2020, under the Issue L 2020 Bond Resolution, the Authority issued $93.6M principal amount of Senior Series 2020B Bonds dated October 30, 2020. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2021. Issue L Series 2020B Bonds mature as follows: $66M serial bonds which mature annually on July 1 from 2023 to 2030 in amounts ranging from $2M to $11M with an interest rate of 5%; $27.7M term bonds which mature in 2036 with an interest rate of 2.625%. The Issue L Series 2020B Bonds are subject to sinking fund installments totaling $27.7M from 2031 to 2036 in annual amounts ranging from $4.3M to $5M. 2020B Bonds maturing on or after July 1, 2036, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2030.

On October 22, 2020, under the Issue L 2020 Bond Resolution, the Authority issued $10M principal amount of Subordinate Series 2020C Bonds dated October 30, 2020. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2021. Issue L Series 2020C Bonds are term bonds which mature in 2048 with an interest rate of 3.75%. 2020C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2030.

The Issue L 2020 Bonds were issued with a premium of $11.4M.

As a result of redemptions of $35.3M in fiscal year 2023, the ending balance of this entire series as of June 30, 2023 is $225.1M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue M Series 2021A, 2021B & 2021C
On June 25, 2021, under the Issue M 2021 Bond Resolution, the Authority issued $271.1M principal amount of Senior Series 2021A Bonds dated July 21, 2021. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2022. Issue M Series 2021A Bonds mature as follows: $148.7M serial bonds which mature annually on July 1 from 2024 to 2031 in amounts ranging from $5.5M to $24M with interest at rates ranging from 1.073% to 2.555%; $122.4M term bonds which mature in 2037 with an interest rate of 2.641%. The Issue M Series 2021A Bonds are subject to sinking fund installments totaling $122.4M from 2032 to 2037 in annual amounts ranging from $18.5M to $22.5M. 2021A Bonds maturing on or after July 1, 2037, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2031.

On June 25, 2021, under the Issue M 2021 Bond Resolution, the Authority issued $71.4M principal amount of Senior Series 2021B Bonds dated July 21, 2021. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2022. Issue M Series 2021B Bonds mature as follows: $37.6M serial bonds which mature annually on July 1 from 2024 to 2031 in amounts ranging from $1.5M to $6.2M with an interest rate of 5%; $33.8M term bonds which mature in 2037 with an interest rate of 2%. The Issue M Series 2021B Bonds are subject to sinking fund installments totaling $33.8M from 2032 to 2037 in annual amounts ranging from $4.8M to $6.2M. 2021B Bonds maturing on or after July 1, 2037, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2031.

On June 25, 2021, under the Issue M 2021 Bond Resolution, the Authority issued $39.5M principal amount of Subordinate Series 2021C Bonds dated July 21, 2021. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2022. Issue M Series 2021C Bonds are term bonds which mature in 2051 with an interest rate of 3%. 2021C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2031.

The Issue M 2021 Bonds were issued with a premium of $9.1M.

The ending balance of this entire series as of June 30, 2023 is $390.1M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue M Series 2022A, 2022B & 2022C

On June 3, 2022, under the Issue M 2022 Bond Resolution, the Authority issued $276.4M principal amount of Senior Series 2022A Bonds dated June 23, 2022. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2023. Issue M Series 2022A Bonds mature as follows: $139.7M serial bonds which mature annually on July 1 from 2024 to 2031 in amounts ranging from $1M to $22.7M with interest at rates ranging from 3.622% to 4.595%; $136.7M term bonds which mature in 2038 with an interest rate of 4.949%. The Issue M Series 2022A Bonds are subject to sinking fund installments totaling $136.9M from 2032 to 2038 in annual amounts of $19.6M. 2022A Bonds maturing on or after July 1, 2038, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2031.

On June 3, 2022, under the Issue M 2022 Bond Resolution, the Authority issued $88.7M principal amount of Senior Series 2022B Bonds dated June 23, 2022. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2023. Issue M Series 2022B Bonds mature as follows: $52.3M serial bonds which mature annually on July 1 from 2024 to 2031 in amounts ranging from $3M to $8.4M with an interest rate of 5%; $36.4M term bonds which mature in 2038 with an interest rate of 3.625%. The Issue M Series 2022B Bonds are subject to sinking fund installments totaling $36.4M from 2032 to 2038 in annual amounts of $5.2M. 2022B Bonds maturing on or after July 1, 2038, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2031.

On June 3, 2022, under the Issue M 2022 Bond Resolution, the Authority issued $28.5M principal amount of Subordinate Series 2022C Bonds dated June 23, 2022. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2023. Issue M Series 2022C Bonds are term bonds which mature in 2052 with an interest rate of 4.125%. 2022C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2031.

The Issue M 2022 Bonds were issued with a premium of $2.8M.

The ending balance of this entire series as of June 30, 2023 is $396.2M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue L Series 2023A, 2023B & 2023C

On June 2, 2023, under the Issue L 2023 Bond Resolution, the Authority issued $214.9M principal amount of Senior Series 2023A Bonds dated June 21, 2023. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2024. Issue L Series 2023A Bonds mature as follows: $47M term bonds which mature in 2033 with an interest rate of 5.455%; $168M term bonds which mature in 2044 with an interest rate of 5.950%. The Issue L Series 2023A Bonds are subject to sinking fund installments totaling $47M from 2028 to 2033 in annual amounts ranging from $7M to $9M. The Senior 2023A Bonds maturing on July 1, 2044, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2033.

On June 2, 2023, under the Issue L 2023Bond Resolution, the Authority issued $105.1M principal amount of Senior Series 2023B Bonds dated June 21, 2023. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2023. Issue M Series 2023B Bonds mature as follows: $75M serial bonds which mature annually on July 1 from 2028 to 2033 in amounts ranging from $10M to $15M with an interest rate of 5%; $30.1M term bonds which mature in 2044 with an interest rate of 4.25%. 2022B Bonds maturing on or after July 1, 2044, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2033.

On June 2, 2023, under the Issue L 2023 Bond Resolution, the Authority issued $10M principal amount of Subordinate 2023C Bonds dated June 21, 2023. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2024. Issue L Series 2023C bonds mature in 2033 with an interest rate of 5%. The Subordinate 2023C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2033.

The Issue L 2023 Bonds were issued with a premium of $2.8M.

The ending balance of this entire series as of June 30, 2023 is $332.8M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Debt Refunding Transactions

Proceeds of $34.8M from the Issue M Series 2021 bonds were used to optionally redeem bonds previously issued under the Issue I resolution. The difference between the reacquisition price and the net carrying amount of the old debt of $0.5M was reported as a deferred inflow of resources in fiscal year 2022 and recognized as a component of interest expense over the remaining life of the new debt.

Proceeds of $46.4M from the Issue M Series 2022 bonds were used to optionally redeem bonds previously issued under the Issue J and Issue K resolutions. The difference between the reacquisition price and the net carrying amount of the old debt of $0.9M was reported as a deferred inflow of resources in fiscal year 2022 and recognized as a component of interest expense over the remaining life of the new debt.

These refunding transactions did not result in a material economic gain or a significant difference between the cash flows required to service the old debt and cash flows required to service the new debt.

7. NOTES PAYABLE

The Note Resolution and subsequent amendments authorize the issuance and sale of up to $350M of Commercial Paper Revenue Notes. The Notes are interest bearing obligations with maturities no later than 270 days from their date of issuance and payable primarily from draws on the Letter of Credit at maturity as well as revenues and the funds and accounts established and pledged under the Note Resolution.

The activity related to the Notes for the fiscal years ended 2023 and 2022 was as follows:
(in thousands)

	2023	2022
Notes outstanding, beginning balance	$ -	$ 95,210
Commercial paper notes issued	107,100	72,210
Commercial paper notes matured	(81,400)	(167,420)
Notes outstanding, ending balance	$ 25,700	$ -

The Notes are a short-term financing mechanism and the Authority has historically issued a combination of long-term revenue bonds and asset backed notes to finance the education loans originated with proceeds from the Notes. Proceeds from the Issue L 2023 were used to retire $30M of commercial paper notes outstanding in fiscal year 2023. In fiscal year 2022, proceeds from bond Issue M 2022 were used to retire $72M of commercial paper notes outstanding.

Total interest expense on the Notes for the fiscal years ended June 30, 2023 and June 30, 2022 was $0.5M. Interest rates on Notes issued during fiscal year 2023 ranged from 4.85% to 5.35% with maturities ranging from 9 days to 61 days. Interest rates on Notes issued during fiscal year 2022 ranged from 0.08% to 1.65% with maturities ranging from 1 day to 119 days.

As the Authority has demonstrated the ability to consummate the refinancing of the Notes, the obligation is reported as a Non-current liability on the Statement of Net Position.

8. DERIVATIVES

As a method to manage the debt costs associated with financing student loans, the Authority has engaged in the use of interest rate cap derivatives which were structured specifically regarding its underlying asset portfolio. In recognition of the potential risks associated with the products, the Authority employed certain risk management techniques such as embedded call options, credit support annexes and amortizing notional amounts that will provide for efficiency and flexibility in its future ability to manage the derivative portfolio. For derivatives, it is the Authority’s policy not to engage in trading, market making or other speculative activities.

<u>Interest Rate Caps</u>

The purpose of the cap was to place a ceiling on the debt service payments associated with variable rate bonds that have since been retired. Capping the variable rate debt allowed the Authority to offer variable rate loans to borrowers with the assurance that the interest rate assessed on their loans would not exceed a specific rate. It is the intent that the caps will remain in effect until the maturity date of the derivative trade or could be terminated early as part of any Statement of Net Position management strategy.

The fair values of the interest rate caps were estimated based on an independent pricing service and derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions:

June 30, 2023
(in thousands)

Notional Amounts	Effective Date	Fair Values	Cap Maturity Date	Counterparty Credit Rating
$ 440	3/13/2003	$0.6	January 2027	(Aa3/A+)
$ 330	3/10/2004	$0.4	January 2026	(Aa3/A+)
$ 640	3/31/2005	$0.9	January 2026	(Aa3/A+)
$ 7,200	6/13/2006	$9.1	July 2027	(Aa3/A+)
$52,100	4/5/2007	$280	January 2033	(Aa3/A+)
$60,710		$290		

June 30, 2022
(in thousands)

Notional Amounts	Effective Date	Fair Values	Cap Maturity Date	Counterparty Credit Rating
$ 880	3/13/2003	$0.2	January 2027	(Aa3/A+)
$ 610	3/10/2004	$0.1	January 2026	(Aa3/A+)
$ 1,180	3/31/2005	$0.2	January 2026	(Aa3/A+)
$ 9,900	6/13/2006	$6.0	July 2027	(Aa3/A+)
$57,600	4/5/2007	$202	January 2033	(Aa3/A+)
$70,170		$208		

All interest rate caps were purchased with a one-time, up-front payment generally upon the closing of each individual bond issuance. The total cost of all caps purchased historically was $4.1M. All of the $61M in notional outstanding as of June 30, 2023, were structured to amortize until final maturity of the trade.

As the interest rate caps no longer meet the criteria of an effective hedging relationship, they are presented as investment derivatives on the Statement of Net Position and any changes in fair value are presented as an increase or decrease in fair value of investment derivatives on the Statement of Revenues, Expenses & Changes in Net Position. For the fiscal years ended June 30, 2023 and June 30, 2022, the increase in fair value of investment derivatives recorded as income was $82.5K and $66.6K, respectively.

The investment derivatives are subject to the following risks:

Interest rate risk: The risk that changes in interest rates will adversely affect the fair value of the investment derivative.

Credit Risk: Credit risk may occur if the counterparty is unable to fulfill its obligation to reimburse the Authority the difference between the market interest rate and the cap.

Termination risk: The interest rate cap contract employs the ISDA Master Agreement, which includes standard termination events, such as decrease in credit ratings, failure to pay and bankruptcy. The counterparty must maintain a long-term debt rating of at least A2 from Moody's and at least A from Standard & Poor's. The Authority may terminate any of its caps at any time; however, the counterparty's rights are limited to defined events.

9. COLLEGE SAVINGS INVESTING PROGRAMS

The U. Plan was developed by the Authority in cooperation with the Commonwealth of Massachusetts, pursuant to specific legislative authorization in 1989. The purpose of the U. Plan is to allow families to save for undergraduate tuition at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of the savings.

As of June 30, 2023 and 2022, the Authority had deposits of $5.5M for the purchase of tuition certificates under the Commonwealth of Massachusetts General Obligation Bonds, effective August 1, 2023 and August 1, 2022, respectively.

As part of the annual cycle of the U. Plan program, Commonwealth of Massachusetts General Obligation Bonds were purchased as follows:

(in thousands)

	Bonds Purchased		Issue Date	Maturity Dates From/Through
2001 College Opportunity Bonds, Series A	$	5,636	August 1, 2001	August 1, 2006 / 2021
2002 College Opportunity Bonds, Series A		5,970	August 1, 2002	August 1, 2007 / 2022
2003 College Opportunity Bonds, Series A		6,343	August 1, 2003	August 1, 2008 / 2023
2004 College Opportunity Bonds, Series A		7,118	August 1, 2004	August 1, 2009 / 2024
2005 College Opportunity Bonds, Series A		7,078	August 1, 2005	August 1, 2010 / 2025
2006 College Opportunity Bonds, Series A		5,763	August 1, 2006	August 1, 2011 / 2026
2007 College Opportunity Bonds, Series A		6,028	August 1, 2007	August 1, 2012 / 2027
2008 College Opportunity Bonds, Series A		5,894	August 1, 2008	August 1, 2013 / 2028
2009 College Opportunity Bonds, Series A		6,903	August 1, 2009	August 1, 2014 / 2029
2010 College Opportunity Bonds, Series A		8,426	August 1, 2010	August 1, 2015 / 2030
2011 College Opportunity Bonds, Series A		9,031	August 1, 2011	August 1, 2016 / 2031
2012 College Opportunity Bonds, Series A		11,738	August 1, 2012	August 1, 2017 / 2032
2013 College Opportunity Bonds, Series A		10,998	August 1, 2013	August 1, 2018 / 2033
2014 College Opportunity Bonds, Series A		9,781	August 1, 2014	August 1, 2019 / 2034
2015 College Opportunity Bonds, Series A		9,209	August 1, 2015	August 1, 2020 / 2035
2016 College Opportunity Bonds, Series A		8,675	August 1, 2016	August 1, 2021 / 2036
2017 College Opportunity Bonds, Series A		9,442	August 1, 2017	August 1, 2022 / 2037
2018 College Opportunity Bonds, Series A		8,136	August 1, 2018	August 1, 2023 / 2038
2019 College Opportunity Bonds, Series A		8,386	August 1, 2019	August 1, 2024 / 2039
2020 College Opportunity Bonds, Series A		7,048	August 1, 2020	August 1, 2025 / 2040
2021 College Opportunity Bonds, Series A		7,836	August 1, 2021	August 1, 2026 / 2041
2022 College Opportunity Bonds, Series A		7,236	August 1, 2022	August 1, 2027 / 2042
Total	$	172,675		

The U. Plan tuition certificates represent a beneficial ownership interest in these bonds. The bonds bear interest at a rate equal to the annual increase in the consumer price index plus 2.5%. Between the date deposits are collected from participants and the purchase of the bonds, the amounts collected and a related liability to participants are recorded on the Statement of Net Position as certificates payable. Once bonds are purchased, the liability is removed from the Statement of Net Position of the Authority. When bonds mature, the cash is moved to an investment account restricted to MEFA's use and an associated liability to U. Plan participants is recorded on the Statement of Net Position. As of June 30, 2023 and 2022, included in accounts payable and accrued expenses, were matured certificates payable to U. Plan participants in the amounts of $11M and $10.5M, respectively.

The U. Fund was developed by the Authority on behalf of the Commonwealth of Massachusetts under section 529 of the Internal Revenue Code of 1986, as amended. The purpose of the U. Fund is to allow families to save for higher education expenses through the investment in mutual funds, which are professionally managed by Fidelity Investments. At June 30, 2023 and 2022, the U. Fund was composed of thirty-seven and thirty-six mutual fund portfolios, respectively, generally comprised of equity, fixed income, and money market funds. Each portfolio is designed to accommodate the asset allocation based on the risk profile of the participants. As of June 30, 2023 and 2022, net assets for the U. Fund were $8,412M and $7,698M, respectively.

10. RELATED PARTIES

During the fiscal years ended June 30, 2023 and June 30, 2022, four members of the Authority were officers/trustees of participating institutions and the Authority purchased loans totaling $11.8M and $10.8M, respectively, in principal balance, from these institutions. At June 30, 2023 and 2022 $69M and $67.7M, respectively, of loans purchased from those institutions were outstanding.

11. DEFINED CONTRIBUTION PLANS

All employees of the Authority participate in the Massachusetts Educational Financing Authority Retirement Savings Plan (the "Plan"); a defined contribution plan created in accordance with Internal Revenue Code Sections 401(a) and 414(d). Plan benefit terms are established and may be amended by the Authority acting in its capacity as Plan Administrator. The Authority contributes an amount equal to 12.4% of an employee's gross salary to the Plan, which vests at 100% after two years of employment.

The Authority also offers the Deferred Compensation Plan of the Massachusetts Educational Financing Authority (the "Deferred Plan"). The Deferred Plan was created under Internal Revenue Code Section 457(b) and allows employees the opportunity to make pre-tax contributions to the plan subject to IRS limitations.

Deferred Plan benefit terms are established and may be amended by the Authority acting in its capacity as Plan Administrator. The Authority provides a matching contribution equal to 100% of the amount contributed to the Deferred Plan up to 6% of an employee's gross salary. Total employee contributions to the Deferred Plan for the years ended June 30, 2023 and 2022 were $495K and $457K, respectively. Employee contributions to the Deferred Plan vest immediately.

It is the Authority's policy to fund contributions on a current basis. Total retirement plan expense included in general and administrative expense on the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and 2022 was $1,123K and $1,052K, respectively. The Authority pays administrative expenses of the plans for the plan participants and Matrix Financial Solutions is the custodian of the plan assets.

12. COMMITMENTS

The Authority entered into a ten-year lease agreement for its current office space commencing in March 2018, with an initial term of ten years and a five-year renewal option. In accordance with GASB Statement No. 87, "Leases", a lease liability and corresponding lease asset have been recognized for this lease.

At June 30, 2023 and 2022, the balance of the lease liability was as follows:

(in thousands)	2023	2022
Lease liability, current	$ 703	$ 676
Lease liability, non-current	2,821	3,524
Total lease liability	$ 3,524	$ 4,200

A summary of the principal and interest requirements to maturity, presented separately, for the lease liability is presented below (in thousands):

Year Ending June 30	Total lease payments	Interest	Principal
2024	$768	$66	$702
2025	782	51	731
2026	796	36	760
2027	809	20	789
2028	546	4	542
Total	$3,701	$177	$3,524

The office space lease is subject to the Authority paying certain variable operating costs, such as annual escalation for increases in real estate taxes and operating expenses, which are not included in the measurement of the lease liability balances above. Total expense relating to these costs for the years ended June 30, 2023 and 2022 was $44K and $26K, respectively.

At June 30, 2023 and 2022, the net balance of the corresponding lease asset, which is included in capital assets, was as follows:

(in thousands)	2023	2022
Lease asset, gross	$ 5,470	$ 5,470
Accumulated amortization	(2,140)	(1,427)
Lease asset, net	$ 3,330	$ 4,043

The Authority is also party to subscription-based information technology arrangements (SBITA) that allow the Authority to use third party software, alone or in combination with technology assets, for a period of time specified in a contract. In accordance with GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" ("GASB 96"), which was adopted by the Authority in fiscal year 2023, a subscription liability and corresponding subscription asset have been recognized for these SBITA in fiscal year 2023. The retroactive impact of applying GASB 96 was not material to the financial statements and therefore restatement of prior year financial statements was not required.

At June 30, 2023, the balance of the subscription liability was as follows:

(in thousands)	2023
Subscription liability, current	$ 1,043
Subscription liability, non-current	2,790
Total subscription liability	$ 3,833

A summary of the principal and interest requirements to maturity, presented separately, for the subscription liability is presented below (in thousands):

Year Ending June 30	Total Subscription Payments	Interest	Principal
2024	$1,177	$134	$1,043
2025	1,233	93	1,140
2026	845	53	792
2027	878	20	858
Total	$4,133	$300	$3,833

At June 30, 2023, the net balance of the corresponding subscription asset, which is included in capital assets, was as follows:

(in thousands)	2023
Subscription asset, gross	$ 5,519
Accumulated amortization	(1,204)
Subscription asset, net	$ 4,315

13. CAPITAL ASSETS

The activity related to the Authority's capital assets for the fiscal years ended 2023 and 2022, respectively, was as follows:

(in thousands)	June 30, 2022	Additions	June 30, 2023
Software	$ 14,463	$ 335	$ 14,798
Right-to-use lease assets	6,034	-	6,034
Subscription assets	-	5,519	5,519
Computer hardware	730	6	736
Furniture	434	-	434
Equipment	282	22	304
Total capital assets (at cost)	21,943	5,882	27,825
Accumulated depreciation	(13,959)	(3,039)	(16,998)
Capital assets, net	$ 7,984	$ 2,843	$ 10,827

	June 30, 2021	Additions	June 30, 2022
Software	$ 12,306	$ 2,157	$ 14,463
Right-to-use lease assets	6,034	-	6,034
Computer hardware	722	8	730
Furniture	434	-	434
Equipment	282	-	282
Total capital assets (at cost)	19,778	2,165	21,943
Accumulated depreciation	(11,704)	(2,255)	(13,959)
Capital assets, net	$ 8,074	$ (90)	$ 7,984

Included in general and administrative expenses are depreciation expenses of $3M and $2.3M for the years ended June 30, 2023 and June 30, 2022, respectively.

14. SUBSEQUENT EVENTS

On October 5, 2023, as part of the annual cycle of the U. Plan prepaid tuition program, the Authority purchased Commonwealth of Massachusetts General Obligation Bonds in the amount of $7.1M at which time the corresponding liability was settled.

On October 26, 2023, the Letter of Credit was amended and increased to $225M. This subsequently increased lending liquidity for the MEFA loan program.

NOTES TO FIDUCIARY FUND FINANCIAL STATEMENTS

1. THE ATTAINABLE PLAN

In May 2017, the Authority, on behalf of the Commonwealth, introduced the Attainable Savings Plan (the "Attainable Plan"). The Attainable Plan, established under the Achieving a Better Life Experience (ABLE) Act of 2014, is a tax advantaged savings plan under Section 529A of the Internal Revenue Code that allows individuals with disabilities to save for qualifying disability expenses through investment portfolios ("Portfolios") managed by Fidelity Management & Research Company LLC (FMR) and held by the Authority on behalf of the account owners in a custodial fund. A custodial fund is a type of fiduciary fund which is used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support a government's own programs. Fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flow. The Governmental Accounting Standards Board ("GASB") requires fiduciary funds be reported separately from the basic financial statements of business type activities.

2. BASIS OF PRESENTATION

Accounting and Reporting Standards

The GASB defines the basic financial statements of a fiduciary custodial fund as the Statement of Fiduciary Net Position, which presents information on the Attainable Plan's assets and liabilities and a Statement of Changes in Fiduciary Net Position, which presents information showing how the Attainable Plan's net position changed during the year. The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position present only the Attainable Plan, not the financial position of the Authority or changes to its financial position or cash flows in accordance with accounting principles generally accepted in the United States of America.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These fiduciary fund financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB, which requires management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. The following summarizes the significant accounting policies of the Attainable Plan:

Investment Valuation

Each Portfolio categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy consisting of three levels as shown below:

Level 1 – quoted prices in active markets for identical investments
Level 2 – other significant observable inputs
Level 3 – unobservable inputs (including each Portfolio's own assumptions based on the best information available)

Investments in the underlying funds are valued at their closing net asset value (NAV) each business day. As of June 30, 2023, and June 30, 2022, all investments held by the Portfolios are categorized as Level 1 under the fair value hierarchy

Investment Transactions and Income

For financial reporting purposes, the Portfolios' investment holdings and NAV include trades executed through the end of the last business day of the period. The NAV per unit for processing designated beneficiary transactions is calculated as of the close of business of the New York Stock Exchange and includes trades executed through the end of the prior business day. Gains and losses on securities sold are determined on the basis of average cost. Income and capital gain distributions from the underlying funds, if any, are recorded on the ex-dividend date. Interest income is accrued as earned. There are no distributions of net investment gains or net investment income to the Portfolios' designated beneficiaries or persons with signature authority.

Expenses
Expenses are recorded on the accrual basis. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known. Expenses included in the accompanying financial statements reflect the expenses of each Portfolio and do not include any expenses associated with the underlying funds.

Contributions and Withdrawals
Contributions and withdrawals are recognized on the trade date. Contributions on the Statement of Changes in Fiduciary Net Position include any contributions to the Attainable Plan made by account owners and any exchanges within the Attainable Plan that result in a reinvestment of assets. Withdrawals in the Statement of Changes in Fiduciary Net Position include any withdrawals from the Attainable Plan made by account owners and any exchanges within the Attainable Plan that result in a withdrawal and subsequent reinvestment of assets.

Other
There are no unrecognized tax benefits in the accompanying financial statements in connection with the tax positions taken by each Portfolio. The Portfolios do not file any tax returns since the Attainable Plan is exempt from federal and state income tax under Section 529A of the Internal Revenue Code.

4. PLAN FEES

The Authority has entered into a Management & Administrative Services agreement with Fidelity Brokerage Services, LLC to provide administrative, record-keeping, distribution and marketing services to the Attainable plan. Under this agreement and a related agreement with FMR, a Management and Administration Fee is charged to the Portfolios at an annual rate based on the net assets of each Portfolio. This fee has two components, a Program Manager fee paid to FMR, which ranges from .00% to .15% and a State Sponsor fee paid to the Authority, which ranges from .00% to .05%.

For the year ended June 30, 2022, FMR voluntarily agreed to waive $22.4K in fees to avoid a negative yield. Waivers are shown on the Statements of Changes in Fiduciary Net Position under the caption "Less fee waived by manager".

5. INVESTMENTS

The following summarizes the value of the investments of the Attainable Plan (in thousands):

Portfolios	Underlying Funds	June 30, 2023	June 30, 2022
ABLE Conservative Income 20%	Fidelity Asset Manager® 20%	$7,846	$6,062
ABLE Income 30% Portfolio	Fidelity Asset Manager® 30%	5,765	4,592
ABLE Moderate Income 40% Portfolio	Fidelity Asset Manager® 40%	6,121	4,838
ABLE Balanced 50% Portfolio	Fidelity Asset Manager® 50%	14,978	11,318
ABLE Moderate Growth 60% Portfolio	Fidelity Asset Manager® 60%	13,977	10,500
ABLE Growth 70% Portfolio	Fidelity Asset Manager® 70%	15,791	11,323
ABLE Aggressive Growth 85% Portfolio	Fidelity Asset Manager® 85%	25,867	18,663
ABLE Money Market Portfolio	Fidelity® Government Cash Reserves	20,476	15,246
		$110,821	$82,542

At June 30, 2023 and June 30, 2022, the costs of investments were $110.5M and $86M, respectively.

Supplemental Schedules

The following supplementary information, which provides financial information segregated by fund, is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority.

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Net Position

June 30, 2023 and 2022

	2023					2022				
Assets	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Current assets										
Cash and cash equivalents	$ 272,070	$ 1,328	$ 3,573	$ (233)	$ 276,738	$ 283,050	$ 34	$ 2,518	$ 7,904	$ 293,506
Investments	-	-	21,257	-	21,257	-	-	19,928	-	19,928
Education loan notes receivable, net	146,709	1,648	-	1,300	149,657	134,809	16	-	1,059	135,884
Interest receivable on education loan notes	29,275	31	-	-	29,306	28,896	-	-	1	28,897
Prepaid expenses and other assets	1,832	9	3,142	889	5,872	535	16	3,031	637	4,219
Interfund balances	(1,012)	-	-	1,012	-	(843)	-	-	843	-
Total current assets	448,874	3,016	27,972	2,968	482,830	446,447	66	25,477	10,444	482,434
Non-current assets										
Cash and cash equivalents	27,131	-	-	-	27,131	335,260	-	-	-	335,260
Investments	316,189	-	40,648	48,080	404,917	-	-	39,326	57,351	96,677
Derivative instruments	-	-	-	290	290	-	-	-	208	208
Education loan notes receivable, net	1,624,365	22,946	-	10,494	1,657,805	1,495,062	189	-	13,446	1,508,697
Capital assets, net of accumulated depreciation	-	-	-	10,827	10,827	-	-	-	7,984	7,984
Total assets	$ 2,416,559	$ 25,962	$ 68,620	$ 72,659	$ 2,583,800	$ 2,276,769	$ 255	$ 64,803	$ 89,433	$ 2,431,260
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	$ 237	$ -	$ 11,026	$ 4,509	$ 15,772	$ 715	$ -	$ 10,490	$ 4,919	$ 16,124
Bonds payable - current portion	129,239	-	-	-	129,239	75,327	-	-	-	75,327
Certificates payable	-	-	5,467	-	5,467	-	-	5,488	-	5,488
Accrued interest payable	34,030	34	-	-	34,064	28,656	-	-	-	28,656
Other current liabilities	-	-	-	1,747	1,747	-	-	-	-	-
Total current liabilities	163,506	34	16,493	6,256	186,289	104,698	-	15,978	4,919	125,595
Non-current liabilities										
Notes payable	-	25,700	-	-	25,700	-	-	-	-	-
Bonds payable - net of current portion	2,074,544	-	-	-	2,074,544	2,026,290	-	-	-	2,026,290
Yield restriction liability	4,874	-	-	-	4,874	-	-	-	-	-
Other liabilities - non-current	-	-	-	5,611	5,611	-	-	-	3,524	3,524
Total liabilities	2,242,924	25,734	16,493	11,867	2,297,018	2,130,988	-	15,978	8,443	2,155,409
Deferred inflows of resources										
Net gain on bond refunding	962	-	-	-	962	1,107	-	-	-	1,107
Total deferred inflows of resources	962	-	-	-	962	1,107	-	-	-	1,107
Total liabilities and deferred inflows of resources	2,243,886	25,734	16,493	11,867	2,297,980	2,132,095	-	15,978	8,443	2,156,516
Net position										
Net investment in capital assets	-	-	-	10,827	10,827	-	-	-	7,984	7,984
Restricted	172,673	228	18,517	2,003	193,421	144,674	255	16,687	1,932	163,548
Unrestricted	-	-	33,610	47,962	81,572	-	-	32,138	71,074	103,212
Total net position	172,673	228	52,127	60,792	285,820	144,674	255	48,825	80,990	274,744
Total liabilities, deferred inflows and net position	$ 2,416,559	$ 25,962	$ 68,620	$ 72,659	$ 2,583,800	$ 2,276,769	$ 255	$ 64,803	$ 89,433	$ 2,431,260

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2023 and 2022

	2023					2022				
Operating revenues	Trusteed Bond Funds	Trusteed Note Funds	College Savings Funds	Authority Funds	Total	Trusteed Bond Funds	Trusteed Note Funds	College Savings Funds	Authority Funds	Total
Interest on education loan notes receivable	$ 98,426	$ 641	$ -	$ 2	$ 99,069	$ 90,243	$ 4,181	$ -	$ 2	$ 94,426
College savings plan interest and fees	-	-	7,107	46	7,153	-	-	7,168	40	7,208
Other revenue	-	-	1,146	-	1,146	-	-	867	-	867
Total operating revenues	98,426	641	8,253	48	107,368	90,243	4,181	8,035	42	102,501
Operating expenses										
Bond and note interest expense	64,464	541	-	-	65,005	54,959	486	-	-	55,445
Costs of bond and note issuance	3,090	-	-	15	3,105	5,488	-	-	9	5,497
Provision for doubtful education loan notes receivable	5,789	283	-	1,358	7,430	4,922	(845)	-	1,242	5,319
General and administrative	9,960	1	6,742	13,787	30,490	15,095	3	6,286	7,900	29,284
Other expense	1,093	-	-	1	1,094	1,145	-	-	1	1,146
Total operating expenses	84,396	825	6,742	15,161	107,124	81,609	(356)	6,286	9,152	96,691
Operating income (loss)	14,030	(184)	1,511	(15,113)	244	8,634	4,537	1,749	(9,110)	5,810
Non-operating revenues (expenses)										
Interest and dividends	11,836	44	1,791	1,952	15,623	652	37	209	91	989
Increase in fair value of derivative instruments	-	-	-	83	83	-	-	-	67	67
Net asset transfers	-	-	-	-	-	(16,989)	-	-	16,989	-
Yield restriction liability expense	(4,874)	-	-	-	(4,874)	-	-	-	-	-
Net non-operating revenues	6,962	44	1,791	2,035	10,832	(16,337)	37	209	17,147	1,056
Income (loss) before interfund transfers	20,992	(140)	3,302	(13,078)	11,076	(7,703)	4,574	1,958	8,037	6,866
Interfund transfers	7,007	113	-	(7,120)	-	23,240	(13,879)	-	(9,361)	-
Total increase (decrease) in net position	27,999	(27)	3,302	(20,198)	11,076	15,537	(9,305)	1,958	(1,324)	6,866
Net position, beginning of year	144,674	255	48,825	80,990	274,744	129,137	9,560	46,867	82,314	267,878
Net position, end of year	$ 172,673	$ 228	$ 52,127	$ 60,792	$ 285,820	$ 144,674	$ 255	$ 48,825	$ 80,990	$ 274,744

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Cash Flows

For the years ended June 30, 2023 and 2022

	2023					2022				
Cash flows from operating activities:	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Payments for disbursed loans	$ (360,417)	$ (46,024)	$ -	$ -	$ (406,441)	$ (248,823)	$ (95,082)	$ -	$ -	$ (343,905)
Payments received on outstanding loan principal	248,435	687	-	1,349	250,471	373,947	20,753	-	1,090	395,790
General & administrative payments	(10,428)	(2)	(6,170)	(10,362)	(26,962)	(15,852)	(5)	(6,096)	(4,700)	(26,653)
Interest received on education loans	82,614	611	-	-	83,225	77,731	3,868	-	-	81,599
Proceeds from other sources	-	-	8,238	46	8,284	-	-	8,087	40	8,127
Net cash provided by (used in) operating activities	(39,796)	(44,728)	2,068	(8,967)	(91,423)	187,003	(70,466)	1,991	(3,570)	114,958
Cash flows from non-capital financing activities:										
Proceeds from issuance of bonds	332,843	-	-	-	332,843	787,516	-	-	-	787,516
Proceeds from issuance of commercial paper notes	-	107,100	-	-	107,100	-	72,210	-	-	72,210
Costs of bond and note issuance	(3,090)	-	-	(15)	(3,105)	(5,488)	-	-	(9)	(5,497)
Bond and note nterest paid	(67,845)	(507)	-	-	(68,352)	(74,077)	(492)	-	-	(74,569)
Principal payments on bonds payable	(222,069)	-	-	-	(222,069)	(532,091)	-	-	1	(532,090)
Principal payments on commercial paper notes	-	(81,400)	-	-	(81,400)	-	(167,420)	-	-	(167,420)
Net asset transfers	(13,490)	20,778	-	(7,288)	-	(150,757)	143,241	-	7,516	-
Net cash provided by (used in) non-capital financing activities	26,349	45,971	-	(7,303)	65,017	25,103	47,539	-	7,508	80,150
Cash flows from capital financing activities:										
Purchase of capital assets and software development	-	-	-	(2,941)	(2,941)	-	-	-	(2,907)	(2,907)
Net cash used in capital financing activities	-	-	-	(2,941)	(2,941)	-	-	-	(2,907)	(2,907)
Cash flows from investing activities:										
Proceeds from maturity/sale of investments	-	-	10,540	11,073	21,613	-	-	9,877	25,500	35,377
Purchases of investments	(316,189)	-	(13,211)	(1,802)	(331,202)	-	-	(10,642)	(19,221)	(29,863)
Interest and dividends received on cash and investments	10,527	51	1,658	1,802	14,038	274	21	178	46	519
Net cash provided by (used in) investing activities	(305,662)	51	(1,013)	11,073	(295,551)	274	21	(587)	6,325	6,033
Net increase (decrease) in cash and cash equivalents	(319,109)	1,294	1,055	(8,138)	(324,898)	212,380	(22,906)	1,404	7,356	198,234
Cash and cash equivalents, beginning of year	618,310	34	2,518	7,904	628,766	405,930	22,940	1,114	548	430,532
Cash and cash equivalents, end of year	$ 299,201	$ 1,328	$ 3,573	$ (234)	$ 303,868	$ 618,310	$ 34	$ 2,518	$ 7,904	$ 628,766

Massachusetts Educational Financing Authority
Supplemental Schedule 1
Statements of Cash Flows, Continued
For the years ended June 30, 2023 and 2022

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	2023 Trusteed Bond Funds	2023 Trusteed Note Funds	2023 College Savings Funds	2023 Authority Funds	2023 Total	2022 Trusteed Bond Funds	2022 Trusteed Note Funds	2022 College Savings Funds	2022 Authority Funds	2022 Total
Operating income (loss)	$ 14,030	$ (184)	$ 1,511	$ (15,113)	$ 244	$ 8,634	$ 4,537	$ 1,749	$ (9,110)	$ 5,810
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	-	-	-	3,039	3,039	-	-	-	2,255	2,255
Lease and subscription financing expense	-	-	-	218	218	-	-	-	94	94
Provision for doubtful education loan notes receivable	5,789	283	-	1,358	7,430	4,922	(845)	-	1,242	5,319
Costs of bond and note issuance	3,090	-	-	15	3,105	5,488	-	-	9	5,497
Bond and note interest expense	64,464	541	-	-	65,005	54,959	486	-	-	55,445
Changes in assets and liabilities:										
Education loan notes receivable	(126,323)	(45,337)	-	1,349	(170,311)	110,864	(74,329)	-	1,090	37,625
Interest receivable on education loan notes	(380)	(30)	-	1	(409)	2,894	(315)	-	1	2,580
Accounts payable and accrued expenses	(475)	(1)	534	266	324	(793)	-	387	787	381
Prepaid expenses and other assets	9	-	23	(100)	(68)	35	-	(145)	62	(48)
Net cash provided by (used in) operating activities	$ (39,796)	$ (44,728)	$ 2,068	$ (8,967)	$ (91,423)	$ 187,003	$ (70,466)	$ 1,991	$ (3,570)	$ 114,958

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Net Position

June 30, 2023 and 2022

2023

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Assets									
Current assets									
Cash and cash equivalents	$ 660	$ 60,191	$ 46,928	$ 33,920	$ 80,069	$ 47,984	$ 947	$ 1,371	$ 272,070
Education loan notes receivable, net	1,595	20,605	18,511	11,006	37,372	43,199	4,585	9,836	146,709
Interest receivable on education loan notes	519	867	838	837	13,286	12,566	184	178	29,275
Prepaid expenses and other assets	11	291	231	164	870	234	10	21	1,832
Interfund balances	-	(358)	(34)	-	(310)	(281)	(29)	-	(1,012)
Total current assets	2,785	81,596	66,474	45,927	131,287	103,702	5,697	11,406	448,874
Non-current assets									
Cash and cash equivalents	760	8,000	2,750	3,431	-	11,373	500	317	27,131
Investments	-	-	-	-	316,189	-	-	-	316,189
Education loan notes receivable, net	11,860	100,565	115,385	89,969	493,409	693,428	45,824	73,925	1,624,365
Total assets	$ 15,405	$ 190,161	$ 184,609	$ 139,327	$ 940,885	$ 808,503	$ 52,021	$ 85,648	$ 2,416,559
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	$ 13	$ 22	$ 45	$ 15	$ 58	$ 70	$ 5	$ 9	$ 237
Bonds payable - current portion	-	46,090	29,298	15,336	38,515	-	-	-	129,239
Accrued interest payable	155	3,488	2,914	2,162	11,325	13,923	30	33	34,030
Total current liabilities	168	49,600	32,257	17,513	49,898	13,993	35	42	163,506
Non-current liabilities									
Bonds payable - net of current portion	13,377	101,083	111,541	80,980	857,128	786,342	45,536	78,557	2,074,544
Accrued yield restriction	-	-	4,874	-	-	-	-	-	4,874
Total liabilities	13,545	150,683	148,672	98,493	907,026	800,335	45,571	78,599	2,242,924
Deferred inflows of resources									
Net gain (loss) on bond refunding	-	-	-	-	-	1,072	(110)	-	962
Total deferred inflows of resources	-	-	-	-	-	1,072	(110)	-	962
Total liabilities and deferred inflows of resources	13,545	150,683	148,672	98,493	907,026	801,407	45,461	78,599	2,243,886
Net position									
Restricted	1,860	39,478	35,937	40,834	33,859	7,096	6,560	7,049	172,673
Total net position	1,860	39,478	35,937	40,834	33,859	7,096	6,560	7,049	172,673
Total liabilities, deferred inflows and net position	$ 15,405	$ 190,161	$ 184,609	$ 139,327	$ 940,885	$ 808,503	$ 52,021	$ 85,648	$ 2,416,559

2022

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Assets									
Current assets									
Cash and cash equivalents	$ 1,642	$ 49,188	$ 55,410	$ 34,423	$ 107,437	$ 31,594	$ 1,168	$ 2,188	$ 283,050
Education loan notes receivable, net	2,157	21,368	20,478	11,562	31,882	32,240	4,816	10,306	134,809
Interest receivable on education loan notes	344	1,167	1,541	1,970	19,052	4,379	238	205	28,896
Prepaid expenses and other assets	8	72	93	85	114	156	6	1	535
Interfund balances	-	(356)	(34)	-	(18)	(406)	(29)	-	(843)
Total current assets	4,151	71,439	77,488	48,040	158,467	67,963	6,199	12,700	446,447
Non-current assets									
Cash and cash equivalents	754	8,000	2,750	3,431	7,585	311,923	500	317	335,260
Investments	-	-	-	-	-	-	-	-	-
Education loan notes receivable, net	16,821	133,202	144,910	110,061	526,700	420,354	53,972	89,042	1,495,062
Total assets	$ 21,726	$ 212,641	$ 225,148	$ 161,532	$ 692,752	$ 800,240	$ 60,671	$ 102,059	$ 2,276,769
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	$ 17	$ 39	$ 63	$ 24	$ 217	$ 334	$ 9	$ 12	$ 715
Bonds payable - current portion	-	21,865	22,489	10,413	20,560	-	-	-	75,327
Accrued interest payable	79	4,017	3,841	2,665	12,591	5,387	36	40	28,656
Total current liabilities	96	25,921	26,393	13,102	33,368	5,721	45	52	104,698
Non-current liabilities									
Bonds payable - net of current portion	19,735	149,209	161,827	111,198	645,352	787,077	55,224	96,668	2,026,290
Accrued yield restriction	-	-	-	-	-	-	-	-	-
Total liabilities	19,831	175,130	188,220	124,300	678,720	792,798	55,269	96,720	2,130,988
Deferred inflows of resources									
Net gain (loss) on bond refunding	-	-	-	-	-	1,252	(145)	-	1,107
Total deferred inflows of resources	-	-	-	-	-	1,252	(145)	-	1,107
Total liabilities and deferred inflows of resources	19,831	175,130	188,220	124,300	678,720	794,050	55,124	96,720	2,132,095
Net position									
Restricted	1,895	37,511	36,928	37,232	14,032	6,190	5,547	5,339	144,674
Total net position	1,895	37,511	36,928	37,232	14,032	6,190	5,547	5,339	144,674
Total liabilities, deferred inflows and net position	$ 21,726	$ 212,641	$ 225,148	$ 161,532	$ 692,752	$ 800,240	$ 60,671	$ 102,059	$ 2,276,769

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2023 and 2022

2023

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating revenues									
Interest on education loan notes receivable	$ 775	$ 8,402	$ 9,158	$ 6,808	$ 30,854	$ 34,651	$ 3,156	$ 4,622	$ 98,426
Total operating revenues	775	8,402	9,158	6,808	30,854	34,651	3,156	4,622	98,426
Operating expenses									
Bond interest expense	798	6,003	4,716	3,148	18,537	26,931	2,115	2,216	64,464
Costs of bond issuance	-	-	-	-	3,096	(6)	-	-	3,090
Provision for doubtful education loan notes receivable	18	1,498	885	578	(2,579)	6,382	(281)	(712)	5,789
General and administrative	67	943	840	470	1,370	4,627	369	1,274	9,960
Other expense	-	145	172	76	229	250	-	221	1,093
Total operating expenses	883	8,589	6,613	4,272	20,653	38,184	2,203	2,999	84,396
Operating income (loss)	(108)	(187)	2,545	2,536	10,201	(3,533)	953	1,623	14,030
Non-operating revenues (expenses)									
Interest and dividends	70	2,154	1,338	1,066	2,718	4,358	55	77	11,836
Yield restriction expense	-	-	(4,874)	-	-	-	-	-	(4,874)
Net asset transfers	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	70	2,154	(3,536)	1,066	2,718	4,358	55	77	6,962
Income (loss) before interfund transfers	(38)	1,967	(991)	3,602	12,919	825	1,008	1,700	20,992
Interfund transfers	3	-	-	-	6,908	81	5	10	7,007
Total increase (decrease) in net position	(35)	1,967	(991)	3,602	19,827	906	1,013	1,710	27,999
Net position, beginning of year	1,895	37,511	36,928	37,232	14,032	6,190	5,547	5,339	144,674
Net position, end of year	$ 1,860	$ 39,478	$ 35,937	$ 40,834	$ 33,859	$ 7,096	$ 6,560	$ 7,049	$ 172,673

2022

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating revenues									
Interest on education loan notes receivable	$ 424	$ 11,387	$ 12,931	$ 10,552	$ 35,774	$ 9,494	$ 3,806	$ 5,875	$ 90,243
Total operating revenues	424	11,387	12,931	10,552	35,774	9,494	3,806	5,875	90,243
Operating expenses									
Bond interest expense	283	5,735	7,316	4,829	21,722	9,303	2,838	2,933	54,959
Costs of bond issuance	-	-	-	-	-	5,488	-	-	5,488
Provision for doubtful education loan notes receivable	9	753	370	55	(3,251)	6,964	146	(124)	4,922
General and administrative	79	2,905	1,454	1,864	2,451	2,523	1,198	2,621	15,095
Other expense	-	147	317	120	170	52	32	307	1,145
Total operating expenses	371	9,540	9,457	6,868	21,092	24,330	4,214	5,737	81,609
Operating income (loss)	53	1,847	3,474	3,684	14,682	(14,836)	(408)	138	8,634
Non-operating revenues (expenses)									
Interest and dividends	3	76	83	83	147	253	3	4	652
Yield restriction expense	-	-	-	-	-	-	-	-	-
Net asset transfers	-	(9,900)	(3,400)	(2,300)	-	-	-	(1,389)	(16,989)
Net non-operating revenues (expenses)	3	(9,824)	(3,317)	(2,217)	147	253	3	(1,385)	(16,337)
Income (loss) before interfund transfers	56	(7,977)	157	1,467	14,829	(14,583)	(405)	(1,247)	(7,703)
Interfund transfers	-	489	-	857	-	21,879	5	10	23,240
Total increase (decrease) in net position	56	(7,488)	157	2,324	14,829	7,296	(400)	(1,237)	15,537
Net position, beginning of year	1,839	44,999	36,771	34,908	(797)	(1,106)	5,947	6,576	129,137
Net position, end of year	$ 1,895	$ 37,511	$ 36,928	$ 37,232	$ 14,032	$ 6,190	$ 5,547	$ 5,339	$ 144,674

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Cash Flows

For the years ended June 30, 2023 and 2022

2023

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Cash flows from operating activities:									
Payments for disbursed loans	$ -	$ -	$ -	$ -	$ 70	$ (360,487)	$ -	$ -	$ (360,417)
Payments received on outstanding loan principal	5,535	31,815	30,936	21,135	70,636	63,636	8,662	16,080	248,435
General & administrative payments	(69)	(951)	(848)	(462)	(1,529)	(4,904)	(373)	(1,292)	(10,428)
Interest received on education loans	571	8,645	9,360	6,800	25,971	23,411	3,208	4,648	82,614
Net cash provided by (used in) operating activities	6,037	39,509	39,448	27,473	95,148	(278,344)	11,497	19,436	(39,796)
Cash flows from non-capital financing activities:									
Proceeds from issuance of bonds	-	-	-	-	332,843	-	-	-	332,843
Costs of bond issuance	-	-	-	-	(3,096)	6	-	-	(3,090)
Bond interest paid	(722)	(7,964)	(6,905)	(4,961)	(23,760)	(19,310)	(2,006)	(2,217)	(67,845)
Principal payments on bonds payable	(6,359)	(22,470)	(42,215)	(23,985)	(99,155)	-	(9,769)	(18,116)	(222,069)
Net asset transfers	3	2	-	-	(22,705)	9,195	5	10	(13,490)
Net cash (used in) provided by non-capital financing activities	(7,078)	(30,432)	(49,120)	(28,946)	184,127	(10,109)	(11,770)	(20,323)	26,349
Cash flows from investing activities:									
Purchases of investments	-	-	-	-	(316,189)	-	-	-	(316,189)
Interest and dividends received on cash and investments	65	1,926	1,190	970	1,961	4,293	52	70	10,527
Net cash provided by investing activities	65	1,926	1,190	970	(314,228)	4,293	52	70	(305,662)
Net increase (decrease) in cash and cash equivalents	(976)	11,003	(8,482)	(503)	(34,953)	(284,160)	(221)	(817)	(319,109)
Cash and cash equivalents, beginning of year	2,396	57,188	58,160	37,854	115,022	343,517	1,668	2,505	618,310
Cash and cash equivalents, end of year	$ 1,420	$ 68,191	$ 49,678	$ 37,351	$ 80,069	$ 59,357	$ 1,447	$ 1,688	$ 299,201

2022

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Cash flows from operating activities:									
Payments for disbursed loans	$ -	$ -	$ -	$ -	$ (4,186)	$ (244,637)	$ -	$ -	$ (248,823)
Payments received on outstanding loan principal	4,731	55,695	62,603	50,568	115,024	22,670	19,336	43,320	373,947
General & administrative payments	(89)	(2,966)	(1,548)	(1,997)	(2,317)	(3,114)	(1,206)	(2,615)	(15,852)
Interest received on education loans	188	11,659	13,003	10,273	27,113	5,613	3,892	5,990	77,731
Net cash provided by (used in) operating activities	4,830	64,388	74,058	58,844	135,634	(219,468)	22,022	46,695	187,003
Cash flows from non-capital financing activities:									
Proceeds from issuance of bonds	-	-	-	-	-	787,516	-	-	787,516
Costs of bond issuance	-	-	-	-	-	(5,488)	-	-	(5,488)
Bond interest paid	(255)	(12,376)	(11,633)	(10,763)	(29,067)	(4,435)	(2,610)	(2,938)	(74,077)
Principal payments on bonds payable	(4,205)	(112,020)	(104,800)	(106,785)	(136,400)	-	(22,077)	(45,804)	(532,091)
Net asset transfers	-	24,943	10,383	30,195	(199)	(214,705)	5	(1,379)	(150,757)
Net cash (used in) provided by non-capital financing activities	(4,460)	(99,453)	(106,050)	(87,353)	(165,666)	562,888	(24,682)	(50,121)	25,103
Cash flows from investing activities:									
Purchases of investments	-	-	-	-	-	-	-	-	-
Interest and dividends received on cash and investments	1	35	38	33	65	97	2	3	274
Net cash provided by investing activities	1	35	38	33	65	97	2	3	274
Net increase (decrease) in cash and cash equivalents	371	(35,030)	(31,954)	(28,476)	(29,967)	343,517	(2,658)	(3,423)	212,380
Cash and cash equivalents, beginning of year	2,025	92,218	90,114	66,330	144,989	-	4,326	5,928	405,930
Cash and cash equivalents, end of year	$ 2,396	$ 57,188	$ 58,160	$ 37,854	$ 115,022	$ 343,517	$ 1,668	$ 2,505	$ 618,310

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Cash Flows, Continued

For the years ended June 30, 2023 and 2022

2023

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating income (loss)	$ (108)	$ (187)	$ 2,545	$ 2,536	$ 10,201	$ (3,533)	$ 953	$ 1,623	$ 14,030
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Provision for doubtful education loan notes receivable	18	1,498	885	578	(2,579)	6,382	(281)	(712)	5,789
Costs of bond issuance	-	-	-	-	3,096	(6)	-	-	3,090
Bond interest expense	798	6,003	4,716	3,148	18,537	26,931	2,115	2,216	64,464
Changes in assets and liabilities:									
Education loan notes receivable	5,506	31,903	30,608	20,071	60,285	(299,655)	8,661	16,298	(126,323)
Interest receivable on education loan notes	(175)	300	703	1,132	5,766	(8,187)	53	28	(380)
Accounts payable and accrued expenses	(2)	(18)	(18)	(10)	(157)	(262)	(4)	(4)	(475)
Prepaid expenses and other assets	-	10	9	18	(1)	(14)	-	(13)	9
Net cash provided by (used in) operating activities	$ 6,037	$ 39,509	$ 39,448	$ 27,473	$ 95,148	$ (278,344)	$ 11,497	$ 19,436	$ (39,796)

2022

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating income (loss)	$ 53	$ 1,847	$ 3,474	$ 3,684	$ 14,682	$ (14,836)	$ (408)	$ 138	$ 8,634
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Provision for doubtful education loan notes receivable	9	753	370	55	(3,251)	6,964	146	(124)	4,922
Costs of bond issuance	-	-	-	-	-	5,488	-	-	5,488
Bond interest expense	283	5,735	7,316	4,829	21,722	9,303	2,838	2,933	54,959
Changes in assets and liabilities:									
Education loan notes receivable	4,581	55,409	61,432	47,363	101,796	(222,699)	19,362	43,620	110,864
Interest receivable on education loan notes	(86)	705	1,559	3,048	550	(3,096)	91	123	2,894
Accounts payable and accrued expenses	(4)	(93)	(93)	(125)	139	(592)	(7)	(18)	(793)
Prepaid expenses and other assets	(6)	32	-	(10)	(4)	-	-	23	35
Net cash provided by (used in) operating activities	$ 4,830	$ 64,388	$ 74,058	$ 58,844	$ 135,634	$ (219,468)	$ 22,022	$ 46,695	$ 187,003