Massachusetts Educational Financing Authority

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

June 30, 2019 and 2018

Massachusetts Educational Financing Authority
Index

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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, 2019 ("FY19"), 2018 ("FY18") and 2017 ("FY17"). 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 resolution. Neither the Commonwealth of Massachusetts 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 FY17, the Authority adopted a resolution authorizing the issuance of commercial paper notes ("the Notes") as a 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 Note 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) generally 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.

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.

USING THE FINANCIAL STATEMENTS

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 and Statements of Cash Flows.

The Statements of Net Position include all assets, deferred outflows, liabilities and deferred inflows of the Authority. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

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. 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 an important factor to consider when evaluating financial viability and the Authority's ability to meet financial obligations.

The Statements of Fiduciary Net Position presents information on the assets and liabilities of the Attainable Savings Plan, which is a fiduciary fund of the Authority. The assets of the Attainable Savings Plan are held by the Authority on behalf of the account owners in an agency fund. An agency fund is a type of fiduciary fund used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Authority's enterprise programs. The Governmental Accounting Standards Board requires fiduciary funds be reported separately from the basic financial statements of business type activities.

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 the Governmental Accounting Standards Board ("GASB"). The financial records of the Authority are maintained on an accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred. The notes to the financial statements explain the financial statements and the accounting principles applied. The Authority's financial statements have been audited by PricewaterhouseCoopers LLP, as independent auditors.

FINANCIAL HIGHLIGHTS

In the financial operations of the Authority, there are principal operating and non-operating components that make up a significant portion of the overall activities. The principal operating revenues for the Authority continue to be interest on education loans and non-operating revenues are primarily composed of investment income. The principal operating expenses are bond and note interest expense and general and administrative costs. Non-operating expenses are primarily composed of decreases in fair value of derivatives.

The Authority disbursed a total of $310M of education loans compared to $330M disbursed in FY18, a decrease of 6% in a competitive consumer credit environment. U.Fund net assets, which are not a component of the Authority's financial statements, grew approximately 7% and were $6.5B at the end of FY19. For the U.Plan, the Authority had $10.7M of matured tuition certificates on its financial statements as a liability to program participants at the end of FY19 and $4.8M of deposits for the purchase of tuition certificates effective August 1, 2019. Assets for the Attainable plan, which the Authority holds in a fiduciary capacity, were $20.3M at June 30, 2019.

Total net position was $255.1M at the end of FY19, which represents an increase of $21.5M or 9 % from the beginning of the fiscal year. This increase was the result of the following principal operating and non-operating activities at the Authority. Interest income on education loan notes continues to grow as a result of loan program expansion and was $102M representing 81% of total revenues. Interest expense on bonds and notes outstanding was $68.1M, or 65% of total expenses. The Authority's general and administrative expenses decreased 10.7% to $23.5M primarily due to savings in loan program administration costs resulting from the FY18 loan servicer conversion. General and administrative costs represented 22% of total operating expenses. Non-operating revenues include interest and dividend income of $8.5M as assets continue to be invested in vehicles providing short-term flexibility and principal protection.

OPERATING AND NON-OPERATING RESULTS

The following illustrates the comparative results of total revenues from fiscal years ended June 30, 2019, 2018 and 2017, respectively:

(in thousands)

	2019		2018		2017	
Operating revenues						
Interest on educational loan notes receivable	$	102,372	$	99,877	$	95,318
Non-interest revenues		15,958		16,213		15,301
Total operating revenues		118,330		116,090		110,619
Non-operating revenues		8,488		4,110		1,145
Total revenues	$	126,818	$	120,200	$	111,764

Total operating revenues for the Authority were $118M in FY19, a 2% increase over FY18 total operating revenues. FY18 total operating revenues were $116M, an increase of 5% compared to FY17.

Interest income on education loan notes receivable was $102.4M in FY19, and $99.9M in FY18, representing a year over year increase of 2.5% and 4.8%, respectively, due to the increase in education loan notes receivable over the past three fiscal years. Interest income represented 87% of total operating revenues in FY19 and 86% of total operating revenues in FY18.

Non-interest revenues were $16M in FY19 and were comprised of loan origination fees of $9M, college savings plans revenue of $5.8M and other income of $1.2M. Loan origination fees, which represented 57% of non-interest revenues, decreased by 5% in FY19 consistent with the corresponding decrease in loan program disbursements for the year. College savings plan revenues increased 1.3% in FY19 due to growth in assets under management in the U.Fund and were responsible for 36% of non-interest revenues. Other income of $1.2M was consistent with prior fiscal years and represented 7% of non-interest revenues. Increase in FY18 non-interest revenues was due to growth in loan program disbursements and U.Fund assets under management.

Total non-operating revenues for the Authority were $8.5M in FY19, an increase of almost two times the non-operating revenue earned in FY18 and consisted of interest and dividend income on Authority investments. Authority investment vehicles posted gains in FY19 as short duration investments yields have increased over the past three fiscal years with Federal Reserve policy initiatives. Interest and dividend income earned in FY18 and FY17 was $4.1M and $1.1M, respectively.

As a result of these activities, FY19 total revenues increased by $6.6M or 5.5% compared to 7.5% growth in FY18 and 3% growth in FY17.

The following illustrates the comparative results of total expenses from fiscal years ended June 30, 2019, 2018 and 2017, respectively:

(in thousands)

	2019		2018		2017	
Operating expenses						
Interest expense	$	68,138	$	66,125	$	65,234
Non-interest expenses		37,096		34,669		34,827
Total operating expenses		105,234		100,794		100,061
Non-operating expenses		57		27		-
Total expenses	$	105,291	$	100,821	$	100,061

Total operating expenses for the Authority were $105.3M in FY19, an increase of 4.4% over prior fiscal year operating expenses. FY18 operating expenses were $100.8M, an increase of less than 1% over FY17 operating expenses.

Interest expense on bonds and notes outstanding increased by $2M or 3% from FY18. The increase in interest expense primarily relates to the long-term refinancing of previously issued short-term commercial paper notes. FY18 interest expense increased by $891K or 1.4% from FY17 due to a full year of commercial paper note interest partially offset by the amortization of bond premiums on new issues and gains deferred in previous fiscal years. Interest expense represented 65%, 66% and 65% of total operating expense in FY19, FY18 and FY17, respectively.

Non-interest operating expenses were $37.1M in FY19, an increase of $2.4M or 7% compared to FY18 and include the provision for doubtful education loans, bond issuance costs and general and administrative costs.

The provision for doubtful education loans increased by $3.8M in FY19 reflective of current year loan disbursements as well as recognition of a lower recovery expectation. Bond and note issuance costs increased by $1.4M as two capital market transactions closed in FY19 compared to one transaction in FY18. General and administrative expenses decreased by $2.8M or 10.7% in FY19 primarily due to a decrease in loan program administration costs resulting from the FY18 loan servicer conversion.

FY19 and FY18 non-operating expense represents the decrease in fair value of non-hedging derivatives.

As a result of these activities, total FY19 expenses increased by $4.5M or 4.4% compared to 1% growth in FY18 and 3% growth in FY17.

CHANGE IN NET POSITION

The following illustrates the comparative results of increases in net position from fiscal years ended June 30, 2019, 2018 and 2017, respectively:

(in thousands)

	2019	2018	2017
Operating revenues	$ 118,330	$ 116,090	$ 110,619
Operating expenses	105,234	100,794	100,061
Operating income	13,096	15,296	10,558
Non-operating revenues	8,488	4,110	1,145
Non-operating expenses	57	27	-
Non-operating income	8,431	4,083	1,145
Increase in net position	$ 21,527	$ 19,379	$ 11,703

The Authority's net operating income decreased by $2.2M in FY19 primarily due to a $3.8M increase in the provision for doubtful education loans and a $1.4M increase in costs of bond and note issuance partially offset by a $2.8M decrease in general and administrative costs. The Authority's net operating income increased by $4.7M in FY18 due to the growth in education loan notes outstanding and subsequent increase to interest income.

The Authority's non-operating income increased by $7.3M over the past two fiscal years due to an increase in interest income on the Authority's cash and investments resulting from improved short duration investment yields during this time.

As a result of these activities, net position increased by $21.5M during FY19, $19.4M in FY18 and $11.7M in FY17.

FINANCIAL POSITION

The following table reflects the condensed Statements of Net Position at June 30, 2019 compared to the prior fiscal years ended 2018 and 2017. 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 of the assets, liabilities and deferred inflows of the Authority with the residual being classified as net position.

(in thousands)

	2019	2018	2017
Assets			
Cash and investments	$ 602,976	$ 608,405	$ 481,353
Education loan notes receivable	1,657,938	1,613,926	1,541,791
Other assets	36,178	34,007	33,232
Total assets	2,297,092	2,256,338	2,056,376
Liabilities			
Bonds payable	1,905,213	1,795,942	1,717,419
Notes payable	78,100	163,500	57, 800
Bond and note interest payable	34,712	33,637	35,008
Other liabilities	18,943	21,882	22,673
Total liabilities	2,036,968	2,014,961	1,832,900
Deferred Inflows			
Gain on bond refunding	4,985	7,765	9,243
Total deferred inflows	4,985	7,765	9,243
Net Position			
Net investment in capital assets	2,641	2,589	1,887
Restricted	139,845	131,498	136,232
Unrestricted	112,653	99,525	76,114
Total net position	$ 255,139	$ 233,612	$ 214,233

Total net position was $255.1M at June 30, 2019, an increase of $21.5M or 9.2% from the beginning of the fiscal year.

Cash and investment balances at the end of FY19 were consistent with FY18 year end balances and include proceeds from Issue L of 2019 capital market transaction which will be used to support FY20 education loan programs. The 26% increase in FY18 cash and investments is attributable to proceeds from the Issue L of 2018 capital market transaction that closed at fiscal year-end. Education loan notes receivable increased by 3% and 5% in FY19 and FY18, respectively, due to growth in the Authority's education loan programs over the past three fiscal years. The ratio of education loan note receivables to total assets was 72% at the end of FY19 and FY18 and 75% at the end of FY17. Other assets include interest receivable on education loan notes, prepaid expenses and capital assets. The $2.2M increase in Other assets in FY19 is mostly due to an increase in interest receivable on education loan notes consistent with the growth in the Authority's loan programs over the past three fiscal years.

The Authority continued to manage its long-term capital plans and executed two capital market transactions totaling $378M in FY19, which was partially offset by bond retirements and net premium amortization of $269M. In FY18, the Authority executed a capital market transaction totaling $314M, which was offset by bond retirements and net premium amortization of $236M. Notes payable decrease of $85M in FY19 is the net result of $173M of previously issued commercial paper notes refinanced as part of the ABS 2018 capital market transaction and $87M of new commercial paper note issuances in FY19. FY18 accrued bond and note interest payable decreased by 4% in FY18 as Issue H was fully refunded and all interest accrued paid prior to fiscal year end.

The gain on bond refunding decrease of $2.8M in FY19 and $1.5M in FY18 relates to the amortization of gains deferred in previous fiscal years.

Within net position, 56% 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, 2019. Unrestricted net position increased by 13.2% and 30.8% in FY19 and FY18 respectively as the result of effective portfolio performance in the structured finance trusts.

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 $488.6M, $508.5M, and $398.6M at June 30, 2019, 2018 and 2017, respectively. This 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 assets' life to pay debt service and operating expenses.

EDUCATIONAL LOAN NOTES ALLOWANCE ANALYSIS

As of and for the years ending June 30, 2019, 2018 and 2017, 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

	FY2019	FY2018	FY2017
Allowance at beginning of period	$65,551	$60,760	$51,061
Provision for education loan losses	$8,598	$4,791	$9,699
Allowance at end of period	$74,149	$65,551	$60,760
Gross loan defaults	$19,204	$12,988	$10,811
Recoveries	$7,569	$5,213	$6,438
Net loan defaults	$11,635	$7,775	$4,373
Net loan defaults as a percentage of average loans in repayment	0.87%	0.61%	0.36%
Allowance multiple of average non-current loans in repayment (90+ days)	5.07	4.32	4.17
Allowance as a percentage of the ending total loan balance	4.61%	4.18%	4.05%
Allowance as a percent of ending loans in repayment	5.48%	5.00%	4.81%
Ending total loans, gross	$1,609,245	$1,569,535	$1,500,121
12 month average in repayment	$1,337,236	$1,264,629	$1,214,152
Ending loans in repayment	$1,351,981	$1,312,310	$1,263,169
12 month average 90+ days delinquent	$14,622	$15,168	$14,562
90+ days delinquent % of avg. repayment	1.09%	1.20%	1.20%

The Authority originates proprietary, unsecured consumer education loans at the original principal amount of the note less any applicable origination fee for the loan based on the program from which the loan was issued.

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 reduces the borrower's monthly payment without changing the original loan term or interest rate. As of June 30, 2019 and 2018, the total principal balance outstanding of loans in a modified status was $52M and $42M, respectively and represented approximately 4% and 3.3% of all loans in repayment, respectively. At June 30, 2019 and 2018, these modified loans were 97% and 96% current, respectively, defined as less than 30 days past due, in regard to monthly payments received under the modified terms.

During FY19, 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 FY19 provision for education loan losses was $8.6M, which increased the allowance for doubtful accounts to $74.2M. The amount of loans in repayment increased by $39M, or 3%, in FY19. Approximately $4.8M and $4.7M of the allowance for doubtful accounts is allocated to education loans in deferment in FY19 and FY18, respectively.

DEBT ADMINISTRATION

As of June 30, 2019, the Authority had $1.86B of bond principal outstanding compared to $1.74B at the end of FY18. 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	-	-
ABS Indenture - Senior	AA	-	AAA
ABS Indenture - Subordinate	A	-	A

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

- Fixed rate tax-exempt revenue bonds represent 74% of the outstanding bond portfolio (a decrease from 85% in FY18 and 92% in FY17).
- Fixed rate taxable revenue bonds represent 16% of the outstanding bond portfolio (an increase from 12% in FY18 and 4% in FY17).
- Fixed rate taxable asset backed notes issued in FY19 represent 8% of the outstanding bond portfolio.
- Taxable floating rate notes indexed to Libor represent 2% of the outstanding bond portfolio (a decrease from 3% in FY18 and 4% in FY17).

The Authority also has $78.1M of commercial paper notes outstanding at June 30, 2019, 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, 2019, the Authority had $2.6M invested in capital assets, representing a net increase (additions and depreciation) of $52K in such assets. The reconciliation below summarizes the change in capital assets by fiscal year. The Authority purchased $1.2M in capital assets during FY19, which were primarily related to software development costs relating to the loan origination platforms.

(in thousands)

	2019		2018		2017	
Beginning balance, net	$	2,589	$	1,887	$	1,700
Additions		1,209		1,751		957
Depreciation		(1,157)		(1,049)		(770)
Ending balance, net	$	2,641	$	2,589	$	1,887

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.

Report of Independent Auditors

To the Management of the Massachusetts Educational Financing Authority

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Massachusetts Educational Financing Authority (the "Authority") as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the index.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Massachusetts Educational Financing Authority as of June 30, 2019 and 2018,and its changes in financial position and its cash flows for the years then ended, and the financial position of the fiduciary activities of the Massachusetts Educational Financing Authority as of June 30, 2019 and 2018, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required supplemental information

The accompanying Management's Discussion and Analysis ("MD&A") on pages 2 through 11 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 supplementary 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 audits 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 audits were 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 39 through 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 39 through 46 are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

Boston, Massachusetts
December 17, 2019

Massachusetts Educational Financing Authority
Statements of Net Position
As of June 30, 2019 and 2018
(in thousands)

	2019	2018
Assets		
Current assets		
Cash and cash equivalents (Notes 3 and 4)	$ 213,381	$ 221,194
Investments (Notes 3 and 4)	18,289	18,888
Education loan notes receivable, net (Notes 3, 5, and 10)	120,923	113,912
Interest receivable on education loan notes	28,912	27,437
Prepaid expenses and other assets	4,512	3,811
Total current assets	386,017	385,242
Non-current assets		
Cash and cash equivalents (Notes 3 and 4)	275,252	287,311
Investments (Notes 3 and 4)	96,054	81,012
Derivative instruments (Notes 3 and 8)	113	170
Education loan notes receivable, net (Notes 3, 5, and 10)	1,537,015	1,500,014
Capital equipment, net of accumulated depreciation (Note 13)	2,641	2,589
Total assets	$ 2,297,092	$ 2,256,338
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 14,089	$ 16,188
Bonds payable – current portion (Note 6)	85,208	102,611
Certificates payable (Note 9)	4,778	5,674
Accrued interest payable	34,712	33,637
Total current liabilities	138,787	158,110
Non-current liabilities		
Notes payable (Note 7)	78,100	163,500
Bonds payable – net of current portion (Note 6)	1,820,005	1,693,331
Other liabilities – non-current	76	20
Total liabilities	2,036,968	2,014,961
Deferred inflows of resources		
Net gain (loss) on bond refunding (Note 6)	4,985	7,765
Total deferred inflows of resources	4,985	7,765
Total liabilities and deferred inflows of resources	2,041,953	2,022,726
Net position		
Net investment in capital assets	2,641	2,589
Restricted	139,845	131,498
Unrestricted	112,653	99,525
Total net position	255,139	233,612
Total liabilities, deferred inflows of resources and net position	$ 2,297,092	$ 2,256,338

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, 2019 and 2018
(in thousands)

	2019	2018
Operating revenues		
Interest on education loan notes receivable (Note 3)	$ 102,372	$ 99,877
Loan origination fees	9,035	9,505
College savings plan interest and fees	5,774	5,701
Other revenue	1,149	1,007
Total operating revenues	118,330	116,090
Operating expenses		
Bond and note interest expense (Notes 6 and 7)	68,138	66,125
Costs of bond and note issuance	4,146	2,792
Provision for doubtful education loan notes receivable	8,598	4,791
General and administrative (Notes 3, 11, 12, and 13)	23,491	26,298
Other expense	861	788
Total operating expenses	105,234	100,794
Operating income	13,096	15,296
Non-operating revenues (expenses)		
Interest and dividends	8,488	4,110
Decrease in fair value of derivative instruments	(57)	(27)
Net non-operating revenues	8,431	4,083
Total increase in net position	21,527	19,379
Net position, beginning of year	233,612	214,233
Net position, end of year	$ 255,139	$ 233,612

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, 2019 and 2018
(in thousands)

	2019	2018
Cash flows from operating activities:		
Payments for disbursed loans	$ (309,848)	$ (329,427)
Payments received on outstanding loan principal	280,204	279,067
General and administrative payments	(24,807)	(25,197)
Interest received on education loans	86,106	83,184
Proceeds from other sources	6,910	6,680
Net cash provided by operating activities	38,565	14,307
Cash flows from non-capital financing activities:		
Proceeds from issuance of bonds	377,613	313,966
Proceeds from issuance of commercial paper notes	93,000	131,500
Costs of bond and note issuance	(4,146)	(2,792)
Bond and note interest paid	(77,782)	(75,830)
Principal payments on bonds payable	(260,403)	(228,585)
Principal payments on commercial paper notes	(178,400)	(25,800)
Net cash (used in) provided by non-capital financing activities	(50,118)	112,459
Cash flows from capital financing activities:		
Purchase of capital equipment and software development	(1,209)	(1,752)
Net cash used in capital financing activities	(1,209)	(1,752)
Cash flows from investing activities:		
Proceeds from maturity/sale of investments	23,326	24,277
Purchases of investments	(38,664)	(42,802)
Interest and dividends received on cash and investments	8,228	3,449
Net cash used in investing activities	(7,110)	(15,076)
Net (decrease) increase in cash and cash equivalents	(19,872)	109,938
Cash and cash equivalents, beginning of year	508,505	398,567
Cash and cash equivalents, end of year	$ 488,633	$ 508,505

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

(in thousands)

Reconciliation of operating income to net cash provided by operating activities	2019	2018
Operating income	$13,096	$15,296
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,157	1,049
Provision for doubtful education loan notes receivable	8,598	4,791
Costs of bond and note issuance	4,146	2,792
Bond and note interest expense	68,138	66,125
Changes in assets and liabilities:		
Education loan notes receivable	(52,609)	(76,925)
Interest receivable on education loan notes	(1,475)	1,155
Accounts payable and accrued expenses	(2,043)	619
Prepaid expenses and other assets	(443)	(595)
Net cash provided by operating activities	$38,565	$14,307

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

Massachusetts Educational Financing Authority
Statements of Fiduciary Net Position
As of June 30, 2019 and 2018

	2019	2018
Assets		
Investments, at value	$20,176,483	$9,615,618
Receivable for securities sold	17,684	450
Receivable for fund shares sold	83,995	24,326
Dividend receivable	6,658	2,123
Total assets	20,284,820	9,642,517
Liabilities		
Payable for investments purchased	$ 78,627	$ 26,449
Accrued management fee	3,215	1,530
Payable for fund shares purchased	29,710	353
Due to designated beneficiaries	20,173,268	9,614,185
Total liabilities	20,284,820	9,642,517

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

NOTES TO THE ENTERPRISE 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 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 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 of Massachusetts 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 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 draws 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 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") as a means 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") as a means 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 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 an agency 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.

The GASB requires the categorization of net position into three components. 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. For external accounting and reporting purposes, net position is classified in 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 assets are all expendable and are discussed below:

    - **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 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 any entitlement to any of the assets or any legal obligation to settle any of 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 assets are all expendable and discussed below:

  - **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, Inc. 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 are 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. 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 considered long term assets.

Interest and Fees on Education Loan Notes Receivable

Interest and fee income 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 of the respective Trusteed Bond Fund. This aggregate allowance is reviewed and adjusted as necessary based on management's assessment of the net realizable value of the loan portfolio.

In accordance with the Internal Revenue Code of 1986 (the "Code") and the related Treasury regulations, the Authority is required to keep the yield to the Authority on student loans within a designated percentage of the interest cost 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 percentage of the interest costs 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 near the end of their term. Management works closely with this third party and reviews and evaluates all final output. The resulting estimated liability is recorded as an adjustment to the net realizable value of the loan portfolio. 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. This current model of estimating is subject to change based on management's judgment and discretion.

Arbitrage Rebate

In accordance with the Code, the Authority may be required to pay to the United States Treasury certain amounts related to the Authority's tax-exempt bond issues. The estimated amount of arbitrage payable 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 interest due 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 amount expected to be remitted.

Capital Equipment
Capital equipment, including: computer hardware and software development costs, furniture and fixtures, office equipment and leasehold improvements, is 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 equipment is defined as assets over a certain dollar threshold with an estimated useful life in excess of one year.

Investment Earnings
Earnings on cash and investments 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, 2019 and June 30, 2018, 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 January 2017, GASB approved Statement No. 84, "Fiduciary Activities" ("GASB 84"). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. GASB 84 is effective for periods beginning after December 15, 2018. The Authority is currently assessing the impact of GASB 84 and will implement the standard in fiscal year 2020.

In June 2017, GASB approved Statement No. 87, "Leases" ("GASB 87"). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This Statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effective date of this standard is for reporting periods beginning after December 15, 2019, but earlier application is encouraged. The Authority is currently assessing the impact of GASB 87 and the implementation issues.

In March 2018, GASB approved Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" which defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were effective for reporting periods beginning after June 15, 2018. The Authority implemented this standard in fiscal year 2019 with no significant impact to the Authority's financial statements.

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 also 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, 2019 and 2018, respectively.

(in thousands)	2019	2018
Cash deposits	$ 1,308	$ 2,858
Mutual funds:		
Money market funds – Authority and College Savings	114,343	99,901
Money market funds – Trusteed Bonds and Notes	487,325	505,646
Total cash, cash equivalents and investments	$ 602,976	$ 608,405

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 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, 2019 and June 30, 2018, $1.1M and $2.5M were exposed to custodial credit risk as uninsured and uncollateralized deposits, respectively. As stated in the Authority's investment policy, depository banks are required to be rated in the top three rating categories by S&P or Moody's.

As of June 30, 2019, 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	$ 1,075,554	0.9%
Fidelity U.S. Government Portfolio – Authority Funds	$ 96,053,589	78.3%
Fidelity U.S. Government Portfolio – Trusteed Note Funds	$ 7,231,480	5.9%
Fidelity Government Money Market Fund	$ 1,591,587	1.3%
First American Government Obligations Fund	$ 16,697,603	13.6%

Issue FRN Indenture	Cash and Investments	% of Total
Bank of America	$ 885	0.1%
Fidelity U.S. Government Portfolio	$ 2,934,657	99.9%

Issue ABS Indenture	Cash and Investments	% of Total
Fidelity U.S. Government Portfolio	$ 3,330,714	100%

Issue I Indenture	Cash and Investments	% of Total
Bank of America	$ 114,648	0.1%
Fidelity U.S. Government Portfolio	$ 77,037,122	99.9%

Issue J Indenture	Cash and Investments	% of Total
Bank of America	$ 57,088	0.2%
Fidelity U.S. Government Portfolio	$ 75,050,995	99.8%

Issue K Indenture	Cash and Investments	% of Total
Bank of America	$ 27,037	0.1%
Fidelity U.S. Government Portfolio	$ 39,565,781	99.9%

Issue L Indenture	Cash and Investments	% of Total
Bank of America	$ 285	0.1%
U.S. Bank	$ 32,330	0.1%
Fidelity U.S. Government Portfolio	$ 282,174,031	99.8%

5. EDUCATIONAL FINANCINGS

During the years ended June 30, 2019 and 2018, respectively, the activity for the Authority's Education Loan Notes receivable was as follows:

(in thousands)

	2019	2018
Outstanding education loan notes receivable (beginning) gross	$ 1,679,477	$ 1,602,551
Increases to education loan notes receivable	333,602	356,745
Decreases to education loan notes receivable	(280,992)	(279,819)
Outstanding education loan notes receivable (ending) gross	1,732,087	1,679,477
Allowance for education loan notes receivable (beginning)	65,551	60,760
Increase to allowance for education loan notes receivable	8,598	4,791
Allowance for education loan notes receivable (ending)	74,149	65,551
Outstanding education loan notes receivable, net (ending)	$ 1,657,938	$ 1,613,926

The Authority originates proprietary, unsecured consumer education loans at the original principal amount of the note less any applicable origination fee for the loan based on the program from which the loan was issued.

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. The allowance increased as a result of a $8.6M and $4.8M increase to the provision for doubtful education loan notes receivable in fiscal years 2019 and 2018, respectively. The Authority has expensed historically in aggregate a net of $39M of education loan notes related to the tax-exempt yield restrictions through fiscal year 2019. No allowance for yield restriction was required at June 30, 2019 and 2018. Yield restriction expense is required in order to maintain the tax-exempt status of the bonds under Federal IRS regulations.

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 forty-eight months without changing the original loan term or interest rate. As of June 30, 2019 and 2018, the total principal balance outstanding of loans in a modified status was $52M and $42M and represented approximately 4% and 3.3% of all loans in repayment, respectively. At June 30, 2019 and 2018, these modified loans were 97% and 96% 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 $22.4M and $20.2M for fiscal years 2019 and 2018, respectively.

6. BONDS PAYABLE

The activity related to the Authority's bonds payable for the fiscal years ended 2019 and 2018 was as follows:

(in thousands)

	2019	2018
Bonds outstanding, gross beginning balance	$ 1,743,692	$ 1,665,931
Bonds issued	372,267	306,346
Bonds redeemed	(260,403)	(228,585)
Bonds outstanding, gross ending balance	1,855,556	1,743,692
Net unamortized issuance premiums	49,657	52,250
Bonds outstanding, net ending balance	$ 1,905,213	$ 1,795,942

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 an event of default, the timing of repayment of outstanding amounts become immediately due.

As of June 30, 2019 mandatory annual maturities of bonds principal payable for the next five fiscal years and thereafter are as follows (in thousands):

	2020	2021	2022	2023	2024	Remaining Schedule	Total Payable
2008 FRN	-	-	-	-	-	36,465	36,465
2009 Issue I	15,325	-	-	8,900	5,945	12,975	43,145
2010 Issue I	910	-	34,915	-	-	39,030	74,855
2011 Issue J	5,480	5,370	6,460	7,010	2,940	25,100	52,360
2012 Issue J	13,455	14,860	16,170	6,810	6,525	31,210	89,030
2013 Issue K	13,455	14,735	16,320	17,895	10,655	68,125	141,185
2014 Issue I	4,000	40,000	5,000	8,000	7,000	80,665	144,665
2015A Issue I	11,000	22,000	39,000	9,000	34,000	27,685	142,685
2015B Issue I	4,610	4,520	4,440	4,070	4,380	18,760	40,780
2016 Issue J	13,500	12,000	16,600	22,100	26,100	187,045	277,345
2017 Issue K	500	3,500	10,955	10,000	15,000	111,700	151,655
2018 Issue L	-	-	11,710	18,880	23,245	252,510	306,345
2018 ABS	-	-	-	-	-	146,871	146,871
2019 Issue L	-	-	-	1,000	7,155	200,015	208,170
	$82,235	$116,985	$161,570	$113,665	$142,945	$ 1,238,156	$1,855,556

In July and August 2019, the Authority redeemed fixed rate bonds outstanding of $108.9M and $1.9M of floating rate notes.

The following is a summary of the principal maturities and estimated interest expense for the bonds payable outstanding at June 30, 2019 (in thousands):

Year Ending June 30	Principal	Interest	Total Debt Service
2020	82,235	77,422	159,657
2021	116,985	76,825	193,810
2022	161,570	70,573	232,143
2023	113,665	62,453	176,118
2024	142,945	56,777	199,722
2025-2029	604,015	186,955	790,970
2030-2034	447,169	81,697	528,866
2035-2039	76,775	28,685	105,460
2040-2044	6,397	22,002	28,399
2045-2049	103,800	11,614	115,414
	$1,855,556	$675,003	$2,530,559

Total interest expense for the years ended June 30, 2019 and 2018 was $68.1M and $66.1M, respectively. For fiscal years 2019 and 2018 there is $2.2M and $1.5M of amortization of net deferred gain on bond program activities included in the total bond interest expense, respectively. Also, for fiscal years 2019 and 2018 bond interest expense includes $8.5M and $6.9M amortization of bond issuance premium, 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 three-month LIBOR 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 $9.4M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $36.5M.

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 mature 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 scheduled maturities and redemptions of $28.4M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $43.3M including the unamortized premium that was incorporated in the initial sale of the bonds.

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 mature 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 scheduled maturities and redemptions of $37.5M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $75.2M, including the unamortized premium that was incorporated in the initial sale of the bonds and net deferred gain on bond program activities.

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 and redemptions of $7.6M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $52.2M, including the unamortized discount that was incorporated in the initial sale of the bonds.

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 scheduled maturities and redemptions of $15.3M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $90.4M, 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 $29.2M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $143.1M, including the unamortized premium that was incorporated in the initial sale of the bonds.

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 and redemptions of $14.5M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $153.1M, 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 and redemptions of $20.7M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $151.6M, 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 $7M and an optional refunding of $14.7M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $40.5M, 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 $50.1M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $285.9M, 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 redemptions of $8.9M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $159.4M, 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.

The ending balance of this entire series as of June 30, 2019 is $313.5M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue ABS 2018
On September 19, 2018, under the ABS Indenture, 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 ABS Indenture, 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 $17.2M in fiscal year 2019, the ending balance of this entire series as of June 30, 2019 is $145.8M, 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.

The ending balance of this entire series as of June 30, 2019 is $214.8M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Debt Refunding Transactions
A portion of the proceeds from the Issue ABS 2018 bonds were used to optionally refund $14.7M of bonds previously issued under Issue I 2015B-1. The reacquisition price of the debt exceeded the net carrying amount of the refunded bonds by $547K and was reported as a deferred outflow of resources and is recognized as a component of interest expense over the remaining life of the new debt.

A portion of the proceeds from the Issue L Series 2018 bonds issued in May 2018 were used to optionally refund $57.8M of bonds previously issued under the Issue H resolution. The reacquisition price of the debt was equal to the net carrying amount of the defeased bonds.

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. There was no outstanding balance on the Letter of Credit at June 30, 2019.

The activity related to the Notes for the fiscal years ended 2019 and 2018 was as follows:

(in thousands)

	2019	2018
Notes outstanding, beginning balance	$ 163,500	$ 57,800
Net commercial paper notes issued	87,000	105,700
Commercial paper notes retired	(172,400)	-
Notes outstanding, ending balance	$ 78,100	$ 163,500

The Notes are a short term financing mechanism and the Authority intends to issue a combination of long term revenue bonds and asset backed notes to finance the education loans originated with proceeds from the Notes. A portion of the proceeds from the Issue ABS 2018 bonds were used to retire $172.4M of commercial paper notes outstanding on October 3, 2018.

Total interest expense on the Notes for the fiscal years ended June 30, 2019 and June 30, 2018 was $1.8M and $1.9M, respectively. Interest rates on Notes issued during fiscal year 2019 range from 2.02% to 2.73% with maturities ranging from 1 day to 98 days. Interest rates on Notes issued during fiscal year 2018 ranged from 1.20% to 2.18% with maturities ranging from 1 day to 98 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 DISCLOSURE

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 with regard to 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.

Interest Rate Caps

Objective of interest rate caps

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 as follows:

June 30, 2019
(in thousands)

Associated Bond Issue	**Notional Amounts**	**Effective Date**	**Fair Values**	**Cap Maturity Date**	**Counterparty Credit Rating**
Issue E 2003B	$3,550	3/13/2003	$0.1	January 2027	(Aa3/A+)
Issue E 2003E	$4,800	3/10/2004	$0.1	January 2026	(Aa3/A+)
Issue E 2004B	$6,940	3/31/2005	$0.1	January 2026	(Aa3/A+)
Issue E 2006C	$19,600	6/13/2006	$3.9	July 2027	(Aa3/A+)
Issue E 2007C	$73,400	4/5/2007	$109	January 2033	(Aa3/A+)
	$108,290		**$113**		

June 30, 2018
(in thousands)

Associated Bond Issue	**Notional Amounts**	**Effective Date**	**Fair Values**	**Cap Maturity Date**	**Counterparty Credit Rating**
Issue E 2003B	$5,350	3/13/2003	$0.2	January 2027	(Aa3/A+)
Issue E 2003E	$7,590	3/10/2004	$0.1	January 2026	(Aa3/A+)
Issue E 2004B	$9,600	3/31/2005	$0.2	January 2026	(Aa3/A+)
Issue E 2006C	$23,300	6/13/2006	$8.9	July 2027	(Aa3/A+)
Issue E 2007C	$78,600	4/5/2007	$161	January 2033	(Aa3/A+)
	$124,440		**$170**		

Terms, fair value and credit risk
As of June 30, 2019, approximately 14% of the portfolio of interest rate caps consisted of a strike rate of 75% of one year USD-LIBOR-BBA as the underlying interest rate with a cap rate of 9.00%, while approximately 86% of the portfolio had a strike rate of 100% of one month USD-LIBOR-BBA and a cap rate of 9.40%. 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 $108M in notional outstanding as of June 30, 2019, were structured to amortize until final maturity of the trade.

Fair value: The fair values of the interest rate caps were developed using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current (discounted) amount using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money. Where applicable under the income approach (which takes into consideration the risk of nonperformance) an option pricing model technique is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models would consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. Given the observability of inputs that are significant to the entire measurements, the fair values of the transactions are categorized as Level 2 inputs (inputs other than quoted prices that are observable).

Derivatives that do not meet the criteria of an effective hedging relationship are considered investment derivatives and 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. The decrease in fair value of investment derivatives recorded as expense for the fiscal years ended June 30, 2019 and June 30, 2018 was $57K and $27K respectively.

Credit Risk: As of June 30, 2019, the UBS AG counterparty rating for the cap portfolio was at least A2/A by Moody's and S&P, respectively. 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, 2019 and 2018, the Authority had deposits of $4.8M and $5.7M respectively, for the purchase of tuition certificates under the Commonwealth of Massachusetts General Obligation Bonds, effective August 1, 2019 and August 1, 2018, 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
1995 College Opportunity Bonds, Series A	$	26,122	August 1, 1995	August 1, 2000 / 2015
1996 College Opportunity Bonds, Series A	$	18,970	August 1, 1996	August 1, 2001 / 2016
1997 College Opportunity Bonds, Series A	$	19,902	August 1, 1997	August 1, 2002 / 2017
1998 College Opportunity Bonds, Series A	$	17,683	August 1, 1998	August 1, 2003 / 2018
1999 College Opportunity Bonds, Series A	$	12,862	August 1, 1999	August 1, 2004 / 2019
2000 College Opportunity Bonds, Series A	$	6,626	August 1, 2000	August 1, 2005 / 2020
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
Total	$	244,334		

The 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, 2019 and 2018, included in accounts payable and accrued expenses, were matured certificates payable to U.Plan participants in the amounts of $10.7M and $12M, 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, 2019 and 2018, the U.Fund was composed of thirty-six mutual fund portfolios generally comprised of stock, bond, 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, 2019 and 2018, net assets for the U.Fund were $6,511M and $6,079M, respectively.

10. RELATED PARTIES

During fiscal years 2019 and 2018, four members of the Authority were officers/trustees of participating institutions. During the fiscal years ended June 30, 2019 and 2018, the Authority purchased loans totaling \$6.4M and \$30.2M, respectively, in principal balance, from these institutions. At June 30, 2019 and 2018, \$35.5M and \$179.4M, 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. In accordance with a Plan amendment adopted in January 2019, 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. Prior to the January 2019 amendment, the Authority contributed 11% of an employee's gross salary to the Plan. In addition, the Authority makes a matching contribution to the Plan equal to 75% of each dollar, up to 6% of an employee's gross salary, contributed to the Authority's deferred compensation plan. The Authority's matching contributions vest immediately.

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. Through December 2018, the Authority made matching contributions to the Deferred Plan equal to 50% of each dollar, up to 6 % of an employee's gross salary, contributed to the Deferred Plan. The matching contribution to the Deferred Plan was suspended effective January 2019. Total employee contributions to the Deferred Plan for the years ended June 30, 2019 and 2018 were \$378K and \$341K, respectively. Employee contributions to the Deferred Plan vest immediately.

It is the Authority's policy to fund contributions to both plans 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, 2019 and 2018 was \$687K and \$705K, respectively. The Authority pays administrative expenses of the plans for the plan participants and TD Ameritrade is the custodian of the plan assets.

12. LEASE COMMITMENT

The Authority's operating lease agreement for its former office space expired in February 2018 and a new operating lease agreement was entered into to relocate the MEFA office. The new operating lease agreement commenced in March 2018, with an initial term of ten years and a five year renewal option. The office lease payments are subject to the Authority paying certain operating costs, such as annual escalation for increases in real estate taxes and operating expenses. The Authority also has other operating lease arrangements for office equipment.

As of June 30, 2019, annual minimum operating lease payments for office space and office equipment are as follows for the following five fiscal years and thereafter:

(in thousands)

	2020	2021	2022	2023	2024	Thereafter
Minimum operating lease payments	\$ 715	\$ 728	\$ 742	\$ 755	\$ 769	\$ 2,931

The following schedule shows the composition of total operating lease expenses included in general and administrative expense on the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30:

(in thousands)		2019		2018
Minimum operating lease expenses	$	774	$	824
Additional operating lease expenses		111		167
Total operating lease expenses	$	885	$	991

13. CAPITAL EQUIPMENT

The activity related to the Authority's capital assets for the fiscal years ended 2019 and 2018, respectively, was as follows:

(in thousands)

	June 30, 2018	Additions	Disposals	June 30, 2019
Computer hardware	$ 538	$ 102	$ -	$ 640
Computer software	7,685	1,102	-	8,787
Furniture	434	-	-	434
Equipment	277	5	-	282
Leasehold improvements	564	-	-	564
Total capital equipment (at cost)	9,498	1,209	-	10,707
Accumulated depreciation	(6,909)	(1,157)	-	(8,066)
Capital equipment, net	$ 2,589	$ 52	$ -	$ 2,641

	June 30, 2017	Additions	Disposals	June 30, 2018
Computer hardware	$ 885	$ 81	$ (428)	$ 538
Computer software	7,114	576	(5)	7,685
Furniture	804	405	(775)	434
Equipment	158	125	(6)	277
Leasehold improvements	540	564	(540)	564
Total capital equipment (at cost)	9,501	1,751	(1,754)	9,498
Accumulated depreciation	(7,614)	(1,049)	1,754	(6,909)
Capital equipment, net	$ 1,887	$ 702	$ -	$ 2,589

Fiscal year 2018 disposals include the retirement of fully depreciated leasehold improvements and other capital equipment related to the decommissioning of the Authority's former office space.

Included in general and administrative expenses are depreciation expenses of $1,157K and $1,049K for the years ended June 30, 2019 and June 30, 2018, respectively.

14. SUBSEQUENT EVENTS

On August 20, 2019, 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 $8.4M at which time the corresponding liability to program participants was removed from the Statement of Net Position of the Authority.

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 vehicles such as mutual funds. Those funds are professionally managed by Fidelity Management & Research Company (FMR) and held by the Authority in investment Portfolios on behalf of the owners in an agency fund. An agency fund is a type of fiduciary fund used to report assets held in a trustee or agency 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
These 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 GASB defines the basic financial statements of a fiduciary agency fund as the Statement of Fiduciary Net Position, which presents information on the Attainable Plan's assets and liabilities. 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: 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, 2019 and June 30, 2018, all investments held by the Portfolios are categorized as Level 1.

3. 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%.

4. INVESTMENTS

The following summarizes the value of the investments of the Attainable Plan:

Portfolios	Underlying Funds	June 30, 2019	June 30, 2018
ABLE Conservative Income 20%	Fidelity Asset Manager® 20%	$1,414,597	$531,289
ABLE Income 30% Portfolio	Fidelity Asset Manager® 30%	1,242,060	573,174
ABLE Moderate Income 40% Portfolio	Fidelity Asset Manager® 40%	1,230,660	543,380
ABLE Balanced 50% Portfolio	Fidelity Asset Manager® 50%	2,977,598	1,366,853
ABLE Moderate Growth 60% Portfolio	Fidelity Asset Manager® 60%	2,635,551	1,322,776
ABLE Growth 70% Portfolio	Fidelity Asset Manager® 70%	2,767,823	1,362,515
ABLE Aggressive Growth 85% Portfolio	Fidelity Asset Manager® 85%	3,940,928	2,098,889
ABLE Money Market Portfolio	Fidelity® Government Cash Reserves	3,967,266	1,816,742
		$20,176,483	$9,615,618

Supplemental Schedules

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Net Position

June 30, 2019 and 2018

	2019					2018				
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	$ 205,074	$ 7,231	$ 419	$ 657	$ 213,381	$ 202,014	$ 16,733	$ 1,185	$ 1,262	$ 221,194
Investments	-	-	18,289	-	18,289	-	-	18,888	-	18,888
Education loan notes receivable, net	114,115	4,320	-	2,488	120,923	104,836	7,273	-	1,803	113,912
Interest receivable on education loan notes	28,782	125	-	5	28,912	27,212	225	-	-	27,437
Prepaid expenses and other assets	834	13	2,882	783	4,512	584	23	2,654	550	3,811
Interfund balances	(694)	-	-	694	-	(650)	-	-	650	-
Total current assets	348,111	11,689	21,590	4,627	386,017	333,996	24,254	22,727	4,265	385,242
Non-current assets										
Cash and cash equivalents	275,252	-	-	-	275,252	287,311	-	-	-	287,311
Investments	-	-	32,324	63,730	96,054	-	-	26,683	54,329	81,012
Derivative instruments - caps	-	-	-	113	113	-	-	-	170	170
Education loan notes receivable, net	1,445,317	67,589	-	24,109	1,537,015	1,337,057	142,768	-	20,189	1,500,014
Capital equipment, net of accumulated depreciation	-	-	-	2,641	2,641	-	-	-	2,589	2,589
Total assets	$ 2,068,680	$ 79,278	$ 53,914	$ 95,220	$ 2,297,092	$ 1,958,364	$ 167,022	$ 49,410	$ 81,542	$ 2,256,338
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	$ 599	$ -	$ 10,745	$ 2,745	$ 14,089	$ 1,575	$ 3	$ 11,975	$ 2,635	$ 16,188
Bonds payable - current portion	85,208	-	-	-	85,208	102,611	-	-	-	102,611
Certificates payable	-	-	4,778	-	4,778	-	-	5,674	-	5,674
Accrued bond interest payable	34,418	294	-	-	34,712	33,379	258	-	-	33,637
Total current liabilities	120,225	294	15,523	2,745	138,787	137,565	261	17,649	2,635	158,110
Non-current liabilities										
Notes payable	-	78,100	-	-	78,100	-	163,500	-	-	163,500
Bonds payable - net of current portion	1,820,005	-	-	-	1,820,005	1,693,331	-	-	-	1,693,331
Other liabilities - non-current	-	-	-	76	76	-	-	-	20	20
Total liabilities	1,940,230	78,394	15,523	2,821	2,036,968	1,830,896	163,761	17,649	2,655	2,014,961
Deferred inflows of resources										
Net gain (loss) on bond refunding	4,985	-	-	-	4,985	7,765	-	-	-	7,765
Total deferred inflows of resources	4,985	-	-	-	4,985	7,765	-	-	-	7,765
Total liabilities and deferred inflows of resources	1,945,215	78,394	15,523	2,821	2,041,953	1,838,661	163,761	17,649	2,655	2,022,726
Net position										
Net investment in capital assets	-	-	-	2,641	2,641	-	-	-	2,589	2,589
Restricted	123,465	884	13,591	1,905	139,845	114,262	3,261	12,108	1,867	131,498
Unrestricted	-	-	24,800	87,853	112,653	5,441	-	19,653	74,431	99,525
Total net position	123,465	884	38,391	92,399	255,139	119,703	3,261	31,761	78,887	233,612
Total liabilities, deferred inflows and net position	$ 2,068,680	$ 79,278	$ 53,914	$ 95,220	$ 2,297,092	$ 1,958,364	$ 167,022	$ 49,410	$ 81,542	$ 2,256,338

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2019 and 2018

	2019					2018				
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	$ 98,235	$ 4,107	$ -	$ 30	$ 102,372	$ 93,782	$ 6,062	$ -	$ 33	$ 99,877
Loan origination fees	9,035	-	-	-	9,035	9,505	-	-	-	9,505
College savings plan interest and fees	-	-	5,767	7	5,774	-	-	5,699	2	5,701
Other revenue	-	-	1,149	-	1,149	-	-	1,007	-	1,007
Total operating revenues	107,270	4,107	6,916	37	118,330	103,287	6,062	6,706	35	116,090
Operating expenses										
Bond and note interest expense	66,303	1,835	-	-	68,138	64,214	1,911	-	-	66,125
Costs of bond and note issuance	4,019	-	-	127	4,146	2,827	-	-	(35)	2,792
Provision for doubtful education loan notes receivable	8,062	(692)	-	1,228	8,598	5,130	836	-	(1,175)	4,791
General and administrative	16,613	-	1,060	5,818	23,491	18,090	-	1,102	7,106	26,298
Other expense	861	-	-	-	861	788	-	-	-	788
Total operating expenses	95,858	1,143	1,060	7,173	105,234	91,049	2,747	1,102	5,896	100,794
Operating income (loss)	11,412	2,964	5,856	(7,136)	13,096	12,238	3,315	5,604	(5,861)	15,296
Non-operating revenues (expenses)										
Interest and dividends	6,337	164	774	1,213	8,488	2,994	117	391	608	4,110
Decrease in fair value of derivative instruments	-	-	-	(57)	(57)	-	-	-	(27)	(27)
Net non-operating revenues	6,337	164	774	1,156	8,431	2,994	117	391	581	4,083
Income (loss) income before interfund transfers	17,749	3,128	6,630	(5,980)	21,527	15,232	3,432	5,995	(5,280)	19,379
Interfund transfers	(8,546)	(5,505)	-	14,051	-	(19,200)	-	-	19,200	-
Total increase (decrease) in net position	9,203	(2,377)	6,630	8,071	21,527	(3,968)	3,432	5,995	13,920	19,379
Net position, beginning of year	114,262	3,261	31,761	84,328	233,612	123,671	(171)	25,766	64,967	214,233
Net position, end of year	$ 123,465	$ 884	$ 38,391	$ 92,399	$ 255,139	$ 119,703	$ 3,261	$ 31,761	$ 78,887	$ 233,612

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Cash Flows

For the years ended June 30, 2019 and 2018

	2019					2018				
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	$ (222,195)	$ (84,708)	$ -	$ (2,945)	$ (309,848)	$ (224,917)	$ (104,482)	$ -	$ (28)	$ (329,427)
Payments received on outstanding loan principal	269,476	8,307	-	2,421	280,204	267,013	10,137	-	1,917	279,067
General & administrative payments	(17,656)	(3)	(2,461)	(4,687)	(24,807)	(17,498)	3	(2,289)	(5,413)	(25,197)
Interest received on education loans	81,878	4,201	-	27	86,106	77,240	5,911	-	33	83,184
Proceeds from other sources	-	-	6,903	7	6,910	-	-	6,678	2	6,680
Net cash provided by (used in) operating activities	111,503	(72,203)	4,442	(5,177)	38,565	101,838	(88,431)	4,389	(3,489)	14,307
Cash flows from non-capital financing activities:										
Proceeds from issuance of bonds	377,613	-	-	-	377,613	313,966	-	-	-	313,966
Proceeds from issuance of commercial paper notes	-	93,000	-	-	93,000	-	131,500	-	-	131,500
Costs of bond and note issuance	(4,019)	-	-	(127)	(4,146)	(2,827)	-	-	35	(2,792)
Bond and note nterest paid	(75,983)	(1,799)	-	-	(77,782)	(74,128)	(1,702)	-	-	(75,830)
Principal payments on bonds payable	(260,403)	-	-	-	(260,403)	(228,585)	-	-	-	(228,585)
Principal payments on commercial paper notes	-	(178,400)	-	-	(178,400)	-	(25,800)	-	-	(25,800)
Net asset transfers	(163,734)	149,725	-	14,009	-	(19,034)	-	-	19,034	-
Net cash (used in) provided by non-capital financing activities	(126,526)	62,526	-	13,882	(50,118)	(10,608)	103,998	-	19,069	112,459
Cash flows from capital financing activities:										
Purchase of capital equipment and software development	-	-	-	(1,209)	(1,209)	-	-	-	(1,752)	(1,752)
Net cash used in capital financing activities	-	-	-	(1,209)	(1,209)	-	-	-	(1,752)	(1,752)
Cash flows from investing activities:										
Proceeds from maturity/sale of investments	-	-	11,826	11,500	23,326	-	-	13,027	11,250	24,277
Purchases of investments	-	-	(17,763)	(20,901)	(38,664)	-	-	(17,096)	(25,706)	(42,802)
Interest and dividends received on cash and investments	6,148	175	729	1,176	8,228	2,468	94	354	533	3,449
Net cash provided by (used in) investing activities	6,148	175	(5,208)	(8,225)	(7,110)	2,468	94	(3,715)	(13,923)	(15,076)
Net (decrease) increase in cash and cash equivalents	(8,875)	(9,502)	(766)	(729)	(19,872)	93,698	15,661	674	(95)	109,938
Cash and cash equivalents, beginning of year	489,201	16,733	1,185	1,386	508,505	395,627	1,072	511	1,357	398,567
Cash and cash equivalents, end of year	$ 480,326	$ 7,231	$ 419	$ 657	$ 488,633	$ 489,325	$ 16,733	$ 1,185	$ 1,262	$ 508,505

Massachusetts Educational Financing Authority
Supplemental Schedule 1
Statements of Cash Flows, Continued
For the years ended June 30, 2019 and 2018

	2019					2018				
Reconciliation of operating income (loss) to net cash provided by (used in) 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**
Operating income (loss)	$ 11,412	$ 2,964	$ 5,856	$ (7,136)	$ 13,096	$ 12,238	$ 3,315	$ 5,604	$ (5,861)	$ 15,296
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	-	-	-	1,157	1,157	-	-	-	1,049	1,049
Provision for doubtful education loan notes receivable	8,062	(692)	-	1,228	8,598	5,130	836	-	(1,175)	4,791
Costs of bond and note issuance	4,019	-	-	127	4,146	2,827	-	-	(35)	2,792
Bond and note interest expense	66,302	1,836	-	-	68,138	64,215	1,910	-	-	66,125
Changes in assets and liabilities:		-								
Education loan notes receivable	24,321	(76,407)	-	(523)	(52,609)	15,538	(94,354)	-	1,891	(76,925)
Interest receivable on education loan notes	(1,570)	99	-	(4)	(1,475)	1,298	(141)	-	(2)	1,155
Accounts payable and accrued expenses	(975)	(3)	(1,229)	164	(2,043)	561	3	(613)	668	619
Prepaid expenses and other assets	(68)	-	(185)	(190)	(443)	31	-	(602)	(24)	(595)
Net cash provided by (used in) operating activities	$ 111,503	$ (72,203)	$ 4,442	$ (5,177)	$ 38,565	$ 101,838	$ (88,431)	$ 4,389	$ (3,489)	$ 14,307

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Net Position

June 30, 2019 and 2018

2019

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	ABS of 2018	Trusteed Bond Funds
Assets							
Current assets							
Cash and cash equivalents	$ 2,168	$ 69,151	$ 70,921	$ 35,922	$ 24,341	$ 2,571	$ 205,074
Education loan notes receivable, net	4,186	42,019	30,322	17,375	12,096	8,117	114,115
Interest receivable on education loan notes	433	7,026	9,173	7,631	4,221	298	28,782
Prepaid expenses and other assets	11	166	176	93	376	12	834
Interfund balances	-	(252)	(34)	(220)	(164)	(24)	(694)
Total current assets	6,798	118,110	110,558	60,801	40,870	10,974	348,111
Non-current assets							
Cash and cash equivalents	769	8,000	4,187	3,671	257,867	758	275,252
Education loan notes receivable, net	31,354	394,065	358,143	280,145	240,521	141,089	1,445,317
Total assets	$ 38,921	$ 520,175	$ 472,888	$ 344,617	$ 539,258	$ 152,821	$ 2,068,680
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	$ 33	$ 93	$ 45	$ 103	$ 315	$ 10	$ 599
Bonds payable - current portion	-	37,387	33,208	14,613	-	-	85,208
Accrued interest payable	240	11,196	9,107	6,850	6,930	95	34,418
Total current liabilities	273	48,676	42,360	21,566	7,245	105	120,225
Non-current liabilities							
Bonds payable - net of current portion	36,465	426,299	395,276	287,885	528,295	145,785	1,820,005
Total liabilities	36,738	474,975	437,636	309,451	535,540	145,890	1,940,230
Deferred inflows of resources							
Net gain (loss) on bond refunding	-	1,570	-	3,885	-	(470)	4,985
Total deferred inflows of resources	-	1,570	-	3,885	-	(470)	4,985
Total liabilities and deferred inflows of resources	36,738	476,545	437,636	313,336	535,540	145,420	1,945,215
Net position							
Restricted	2,183	43,630	35,252	31,281	3,718	7,401	123,465
Unrestricted	-	-	-	-	-	-	-
Total net position	2,183	43,630	35,252	31,281	3,718	7,401	123,465
Total liabilities, deferred inflows and net position	$ 38,921	$ 520,175	$ 472,888	$ 344,617	$ 539,258	$ 152,821	$ 2,068,680

2018

	FRN of 2008	Issue H of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Trusteed Bond Funds
Assets							
Current assets							
Cash and cash equivalents	$ 3,332	$ 124	$ 83,176	$ 74,211	$ 39,600	$ 1,571	$ 202,014
Education loan notes receivable, net	5,988	345	43,323	32,630	17,589	4,961	104,836
Interest receivable on education loan notes	449	-	12,520	8,981	5,024	238	27,212
Prepaid expenses and other assets	5	10	147	123	67	232	584
Interfund balances	-	-	(95)	(134)	(220)	(201)	(650)
Total current assets	9,774	479	139,071	115,811	62,060	6,801	333,996
Non-current assets							
Cash and cash equivalents	759	-	8,503	4,928	5,355	267,766	287,311
Education loan notes receivable, net	38,603	4,963	505,476	428,125	319,482	40,408	1,337,057
Total assets	$ 49,136	$ 5,442	$ 653,050	$ 548,864	$ 386,897	$ 314,975	$ 1,958,364
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	$ 254	$ 1	$ 351	$ 298	$ 316	$ 355	$ 1,575
Bonds payable - current portion	-	-	63,982	29,887	8,742	-	102,611
Accrued interest payable	282	-	14,122	10,581	7,740	654	33,379
Total current liabilities	536	1	78,455	40,766	16,798	1,009	137,565
Non-current liabilities							
Bonds payable - net of current portion	45,862	-	525,862	474,254	333,387	313,966	1,693,331
Total liabilities	46,398	1	604,317	515,020	350,185	314,975	1,830,896
Deferred inflows of resources							
Net gain (loss) on bond refunding	-	-	2,665	-	5,100	-	7,765
Total deferred inflows of resources	-	-	2,665	-	5,100	-	7,765
Total liabilities and deferred inflows of resources	46,398	1	606,982	515,020	355,285	314,975	1,838,661
Net position							
Restricted	2,738	-	46,068	33,844	31,612	-	114,262
Unrestricted	-	5,441	-	-	-	-	5,441
Total net position	2,738	5,441	46,068	33,844	31,612	-	119,703
Total liabilities, deferred inflows and net position	$ 49,136	$ 5,442	$ 653,050	$ 548,864	$ 386,897	$ 314,975	$ 1,958,364

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2019 and 2018

	2019							2018						
Operating revenues	**FRN of 2008**	**Issue I Total**	**Issue J Total**	**Issue K Total**	**Issue L Total**	**ABS of 2018**	**Trusteed Bond Funds**	**FRN of 2008**	**Issue H of 2008**	**Issue I Total**	**Issue J Total**	**Issue K Total**	**Issue L Total**	**Trusteed Bond Funds**
Interest on education loan notes receivable	$ 1,521	$ 31,929	$ 26,979	$ 19,592	$ 11,453	$ 6,761	$ 98,235	$ 1,499	$ 4,200	$ 39,463	$ 31,301	$ 17,128	$ 191	$ 93,782
Loan origination fees	-	-	-	261	8,774	-	9,035	-	-	-	1,419	8,086	-	9,505
Total operating revenues	1,521	31,929	26,979	19,853	20,227	6,761	107,270	1,499	4,200	39,463	32,720	25,214	191	103,287
Operating expenses														
Bond and interest expense	1,419	19,535	15,949	11,572	13,024	4,804	66,303	1,322	3,645	24,509	19,824	14,260	654	64,214
Costs of bond issuance	-	-	-	-	2,178	1,841	4,019	-	-	-	-	(26)	2,853	2,827
Provision for doubtful education loan notes receivable	38	1,919	396	637	3,630	1,442	8,062	16	(442)	376	976	3,785	419	5,130
General and administrative	266	6,738	4,980	2,131	2,142	356	16,613	893	767	6,223	7,824	2,367	16	18,090
Other expense	22	365	210	169	36	59	861	3	1	393	286	55	50	788
Total operating expenses	1,745	28,557	21,535	14,509	21,010	8,502	95,858	2,234	3,971	31,501	28,910	20,441	3,992	91,049
Operating (loss) income	(224)	3,372	5,444	5,344	(783)	(1,741)	11,412	(735)	229	7,962	3,810	4,773	(3,801)	12,238
Non-operating (expenses) revenues														
Interest and dividends	62	1,384	974	727	3,139	51	6,337	45	128	825	713	1,051	232	2,994
Net non-operating (expenses) revenues	62	1,384	974	727	3,139	51	6,337	45	128	825	713	1,051	232	2,994
Income (loss) income before interfund transfers	(162)	4,756	6,418	6,071	2,356	(1,690)	17,749	(690)	357	8,787	4,523	5,824	(3,569)	15,232
Interfund transfers	(393)	(7,194)	(5,010)	(6,402)	1,362	9,091	(8,546)	(264)	(4,809)	(11,429)	(6,360)	93	3,569	(19,200)
Total (decrease) increase in net position	(555)	(2,438)	1,408	(331)	3,718	7,401	9,203	(954)	(4,452)	(2,642)	(1,837)	5,917	-	(3,968)
Net position, beginning of year	2,738	46,068	33,844	31,612	-	-	114,262	3,692	9,893	48,710	35,681	25,695	-	123,671
Net position, end of year	$ 2,183	$ 43,630	$ 35,252	$ 31,281	$ 3,718	$ 7,401	$ 123,465	$ 2,738	$ 5,441	$ 46,068	$ 33,844	$ 31,612	$ -	$ 119,703

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Cash Flows

For the years ended June 30, 2019 and 2018

2019

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	ABS of 2018	Trusteed Bond Funds
Cash flows from operating activities:							
Payments for disbursed loans	$ -	$ -	$ 33	$ (3,390)	$ (218,838)	$ -	$ (222,195)
Payments received on outstanding loan principal	9,288	104,639	75,456	44,821	17,509	17,763	269,476
General & administrative payments	(493)	(7,001)	(5,257)	(2,360)	(2,194)	(351)	(17,656)
Interest received on education loans	1,241	29,994	22,982	14,562	6,656	6,443	81,878
Net cash provided by (used in) operating activities	10,036	127,632	93,214	53,633	(196,867)	23,855	111,503
Cash flows from non-capital financing activities:							
Proceeds from issuance of bonds and notes	-	-	-	-	214,779	162,834	377,613
Costs of bond and note issuance	-	-	-	-	(2,178)	(1,841)	(4,019)
Bond and note interest paid	(1,462)	(26,946)	(20,102)	(15,267)	(7,197)	(5,009)	(75,983)
Principal payments on bonds and notes payable	(9,397)	(122,760)	(72,980)	(38,040)	-	(17,226)	(260,403)
Net asset transfers	(393)	6,176	(5,110)	(6,405)	1,325	(159,327)	(163,734)
Net cash (used in) provided by non-capital financing activities	(11,252)	(143,530)	(98,192)	(59,712)	206,729	(20,569)	(126,526)
Cash flows from investing activities:							
Interest and dividends received on cash and investments	62	1,370	947	717	3,009	43	6,148
Net cash provided by (used in) investing activities	62	1,370	947	717	3,009	43	6,148
Net (decrease) increase in cash and cash equivalents	(1,154)	(14,528)	(4,031)	(5,362)	12,871	3,329	(8,875)
Cash and cash equivalents, beginning of year	4,091	91,679	79,139	44,955	269,337	-	489,201
Cash and cash equivalents, end of year	$ 2,937	$ 77,151	$ 75,108	$ 39,593	$ 282,208	$ 3,329	$ 480,326

2018

	FRN of 2008	Issue H of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Trusteed Bond Funds
Cash flows from operating activities:							
Payments for disbursed loans	$ -	$ -	$ 41	$ (32,648)	$ (192,310)	$ -	$ (224,917)
Payments received on outstanding loan principal	13,062	12,252	116,797	81,664	42,455	783	267,013
General & administrative payments	(702)	(775)	(6,117)	(7,768)	(2,476)	340	(17,498)
Interest received on education loans	999	4,399	34,442	25,113	12,335	(48)	77,240
Net cash provided by (used in) operating activities	13,359	15,876	145,163	66,361	(139,996)	1,075	101,838
Cash flows from non-capital financing activities:							
Proceeds from issuance of bonds and notes	-	-	-	-	-	313,966	313,966
Costs of bond and note issuance	-	-	-	-	26	(2,853)	(2,827)
Bond and note interest paid	(1,270)	(5,736)	(32,154)	(22,598)	(12,370)	-	(74,128)
Principal payments on bonds and notes payable	(12,915)	(65,855)	(101,030)	(47,595)	(1,190)	-	(228,585)
Net asset transfers	(264)	41,775	(11,414)	(6,533)	253	(42,851)	(19,034)
Net cash (used in) provided by non-capital financing activities	(14,449)	(29,816)	(144,598)	(76,726)	(13,281)	268,262	(10,608)
Cash flows from investing activities:							
Interest and dividends received on cash and investments	39	119	708	610	992	-	2,468
Net cash provided by (used in) investing activities	39	119	708	610	992	-	2,468
Net (decrease) increase in cash and cash equivalents	(1,051)	(13,821)	1,273	(9,755)	(152,285)	269,337	93,698
Cash and cash equivalents, beginning of year	5,142	13,945	90,406	88,894	197,240	-	395,627
Cash and cash equivalents, end of year	$ 4,091	$ 124	$ 91,679	$ 79,139	$ 44,955	$ 269,337	$ 489,325

Massachusetts Educational Financing Authority
Supplemental Schedule 2
Statements of Cash Flows, Continued
For the years ended June 30, 2019 and 2018

	2019							2018						
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:	**FRN of 2008**	**Issue I Total**	**Issue J Total**	**Issue K Total**	**Issue L Total**	**ABS of 2018**	**Trusteed Bond Funds**	**FRN of 2008**	**Issue H of 2008**	**Issue I Total**	**Issue J Total**	**Issue K Total**	**Issue L Total**	**Trusteed Bond Funds**
Operating (loss) income	$ (224)	$ 3,372	$ 5,444	$ 5,344	$ (783)	$ (1,741)	$ 11,412	$ (735)	$ 229	$ 7,962	$ 3,810	$ 4,773	$ (3,801)	$ 12,238
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:														
Provision for doubtful education loan notes receivable	38	1,919	396	637	3,630	1,442	8,062	16	(442)	376	976	3,785	419	5,130
Costs of bond and note issuance	-	-	-	-	2,178	1,841	4,019	-	-	-	-	(26)	2,853	2,827
Bond interest expense	1,422	19,527	15,948	11,572	13,024	4,809	66,302	1,323	3,645	24,509	19,824	14,260	654	64,215
Changes in assets and liabilities:														
Education loan notes receivable	9,012	97,583	71,894	38,916	(210,879)	17,795	24,321	12,598	12,177	108,839	43,269	(162,178)	833	15,538
Interest receivable on education loan notes	15	5,494	(191)	(2,607)	(3,983)	(298)	(1,570)	(34)	274	3,371	(1,573)	(502)	(238)	1,298
Accounts payable and accrued expenses	(221)	(259)	(253)	(213)	(41)	12	(975)	191	(24)	98	58	(117)	355	561
Prepaid expenses and other assets	(6)	(4)	(24)	(16)	(13)	(5)	(68)	-	17	8	(3)	9		31
Net cash provided by (used in) operating activities	$ 10,036	$ 127,632	$ 93,214	$ 53,633	$ (196,867)	$ 23,855	$ 111,503	$ 13,359	$ 15,876	$ 145,163	$ 66,361	$ (139,996)	$ 1,075	$ 101,838