

**NEW JERSEY HIGHER EDUCATION  
STUDENT ASSISTANCE AUTHORITY**

**NJCLASS/FFELP LOAN PROGRAMS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2023 AND 2022**



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NJCLASS/FFELP LOAN PROGRAMS  
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## INDEPENDENT AUDITORS' REPORT

Board Members  
New Jersey Higher Education Student Assistance Authority  
Trenton, New Jersey

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of the New Jersey College Loans to Assist State Students (NJCLASS) and Federal Family Education Loan Programs (FFELP) (collectively, the Programs) of the New Jersey Higher Education Student Assistance Authority (the Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

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 Programs as of June 30, 2023 and 2022, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Emphasis of Matter***

As more fully disclosed in Note 1, the financial statements present only the business-type activities of the NJCLASS and FFELP Loan Programs of the Authority and do not purport to and do not present the financial position of the Authority as a whole as of June 30, 2023 and 2022, and changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

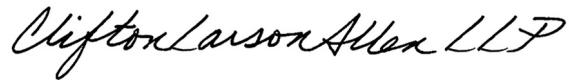
Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audits of the 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.

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Programs' financial statements. The combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are the responsibility of management and were derived from and related to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Programs' internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 20, 2023

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

As financial management of the New Jersey Higher Education Student Assistance Authority's (the Authority) New Jersey College Loans to Assist State Students (NJCLASS) Loan Program, and the Federal Family Education Loan Program (FFELP) (collectively, the Programs), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Programs for the Fiscal Year ended June 30, 2023, 2022, and 2021. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented herein in conjunction with the financial statements taken as a whole. A comparative analysis of key elements of the financial statements is provided in this overview.

### **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the Programs' financial statements, which are comprised of the financial statements and the notes to financial statements. Since the Programs are comprised of a single enterprise fund, no fund-level financial statements are shown. This report also contains other supplementary information concerning the financial position and results of operations broken down by bond issues included in the Programs.

### **Financial Statements**

The financial statements provide readers with a broad overview of the Programs' finances, in a manner similar to a private-sector business.

The statements of net position present information on all of the Programs' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the Programs is improving or deteriorating. Net position increases when revenues exceed expenses or increases to assets occur without corresponding increases to liabilities. Increases in net position indicate an improved financial position.

The statements of revenues, expenses, and changes in net position present information showing how net position changed during the Fiscal Year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future Fiscal Year periods.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

### **Other Information**

In addition to the financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the financial position and results of operations of each bond issue included in the Programs, as well as the auditors' report on internal control over financial reporting and on compliance and other matters.

For further detail, visit the Authority's website at [www.hesaa.org](http://www.hesaa.org) for more information about Authority programs and activities and management contact information.

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**Financial Highlights and Analysis**

The Programs' net position, referring to the difference between assets, deferred outflow of resources, liabilities, and deferred inflows of resources, decreased by \$8,762,499 from the prior Fiscal Year ended 2022, decreased by \$867,589 from Fiscal Year ended 2021 to 2022, and increased by \$10,767,154 from Fiscal Year ended 2020 to 2021. The term "Net Position" is used in accordance with rules promulgated under Governmental Accounting Standards Board (GASB) Statement No. 34, as amended.

As of June 30, 2023, 2022, and 2021, the assets and deferred outflows of the Programs exceeded liabilities and deferred inflows of resources by \$330,435,824, \$339,198,323, and \$340,065,912, respectively.

**Changes in Student Loans Receivable Balances**

The largest portion of the Programs' assets consisted of loans receivable from participating borrowers. Total student loans receivable under both the NJCLASS and FFELP loan programs amounted to \$1,188,049,444, \$1,194,790,834, and \$1,299,910,534, at June 30, 2023, 2022, and 2021, respectively. This represents 2023 and 2022 decreases of \$6,741,390 and \$105,119,700, respectively, due to loan principal repayments during these years, partially offset by loan originations.

**Changes in Cash and Investments Balances**

The second major asset component was cash and investments, which together totaled \$491,984,175, \$525,164,045, and \$486,042,271 at June 30, 2023, 2022, and 2021, respectively. The cash and investment balances represent the amounts dedicated to student loan origination and acquisition, funding of reserves required by bond covenants, payment of future Program expenses, and future retirements of bonds.

The decrease in cash and investments for Fiscal Year 2023 was primarily due to the receipt of lower bond proceeds from the 2023-1 Bond Issue than the prior bond issue and lower principal and interest receipts from borrower's payments of their student loans partially offset by redeeming lower bonds than the prior year. The increase in cash and investments for Fiscal Year 2022 was primarily due to the receipt of higher bond proceeds from the 2022-1 Bond Issue than the prior bond issue partially offset by redeeming higher bonds than the prior year. The decrease in cash and investments for Fiscal Year 2021 was primarily due to the receipt of lower 2021-1 Bond Issue proceeds in June of 2021 than the prior year partially offset by redeeming less bonds than the prior year. Cash was further decreased in FY 2020 by an equity distribution from the 2010-1 bond issue, less interest income on investments from lower interest rates and less cash receipts for loans forgiven in FY 2020.

- Cash and investments balances were replenished from principal repayments and interest income from NJCLASS and FFELP borrowers, amounting to \$228,674,571, \$321,125,465, and \$352,208,796 during Fiscal Years 2023, 2022, and 2021, respectively. In addition, NJCLASS administration fee income was \$4,801,677, \$4,360,455, and \$3,602,047, and \$13,803,116, \$718,179, and \$78,624 in interest was earned on investments for 2023, 2022, and 2021, respectively.

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**Changes in Liabilities – Bonds Payable**

The main liability of the Programs is the debt used to originate or acquire student loans.

Bonds payable decreased in Fiscal Year 2023 by \$34,285,000 due to \$277,935,000 in retirements, offset by the 2023-1 bond issuance of \$243,650,000.

Of the amount retired in Fiscal Year 2023:

- \$100,600,000 in retirements was due to scheduled bond maturities.
- \$112,900,000 was due to Special Optional Redemptions of portions of the fixed rate 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1 2019-1 and 2020-1 Issues, as a result of better than forecasted cash flows on these issues.
- \$57,740,000 was through a refunding of all of the Authority's remaining bond issue at par, as part of the 2022-1 Bond Issue.
- \$4,360,000 was due to quarterly Excess Revenue Redemptions of the 2010-FFELP Bonds, in accordance with the terms of that Indenture.
- \$2,335,000 was through unexpended proceeds redemption of the remaining portion of the 2014-1 Variable Rate Bonds, which had been issued to fund 2014-1 10-year variable rate loans.

The following is a summary of new bond issuance activity during the June 30, 2023, 2022, and 2021, Fiscal Years:

- The 2023-1 Bonds, with a par amount of \$184,250,000 in Senior Fixed Rate Bonds, \$38,300,000 in Senior Fixed Rate Refunding Bonds, and \$21,100,000 in Subordinate Bonds were issued in May 2023 under the 2021-1 Master Indenture. In addition, a net bond premium of \$10,031,508 and net cash of \$72,254,072 transferred from the retired 2012-1 and 2013-1 Bond Issues of the 2012-1 Indenture resulted in total proceeds of \$325,935,580. Of this amount, \$220,117,412 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2022-2023 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$4,873,000 was allocated to required reserves. The Underwriter's fee, amounting to \$1,623,014 and other closing costs, estimated to be approximately \$514,427 were paid from other HESAA reserves.
- The 2022-1 Bonds, with a par amount of \$204,365,000 in Senior Fixed Rate Bonds, \$19,480,000 in Senior Fixed Rate Refunding Bonds, and \$44,000,000 in Subordinate Bonds were issued in May 2022 under the 2019-1 Master Indenture. In addition, a net bond premium of \$7,195,082, and net cash of \$53,036,350 transferred from the retired 2010-2 Indenture resulted in total proceeds of \$328,076,432. Of this amount, \$269,683,182 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2021-2022 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$5,356,900 was allocated to required reserves. The Underwriter's fee, amounting to \$1,890,449 and other closing costs, estimated to be approximately \$789,109, were paid from other HESAA reserves.



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**Changes in Liabilities – Bonds Payable (Continued)**

- The 2021-1 Bonds, with a par amount of \$83,335,000 in Senior Fixed Rate Bonds, \$11,410,000 in Senior Fixed Rate Refunding Bonds, and \$13,000,000 in Subordinate Bonds were issued in May 2021 under the 2021-1 Master Indenture. In addition, a net bond premium of \$10,409,479, and net cash of \$23,939,422 transferred from the retired 2010-2 Indenture resulted in total proceeds of \$141,281,504. Of this amount, \$113,499,579 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2021-2022 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$4,654,900 was allocated to required reserves. The Underwriter's fee, amounting to \$812,397 and other closing costs, estimated to be approximately \$486,703, were paid from other HESAA reserves.

The following table contains condensed comparative financial information derived from the June 30, 2023, 2022, and 2021 financial statements of the NJCLASS/FFELP Loan Programs:

	2023	2022	Change from 2023 to 2022	2021	Change from 2022 to 2021
<b>NET POSITION</b>					
Current Assets	\$ 631,793,874	\$ 651,682,619	\$ (19,888,745)	\$ 624,542,608	\$ 27,140,011
Noncurrent Assets	1,121,154,102	1,143,989,986	(22,835,884)	1,242,018,302	(98,028,316)
Total Assets	<u>1,752,947,976</u>	<u>1,795,672,605</u>	<u>(42,724,629)</u>	<u>1,866,560,910</u>	<u>(70,888,305)</u>
Current Liabilities	134,062,960	157,971,432	(23,908,472)	214,627,390	(56,655,958)
Noncurrent Liabilities	1,288,449,192	1,298,502,850	(10,053,658)	1,311,867,608	(13,364,758)
Total Liabilities	<u>1,422,512,152</u>	<u>1,456,474,282</u>	<u>(33,962,130)</u>	<u>1,526,494,998</u>	<u>(70,020,716)</u>
Net Position, Restricted	<u>330,435,824</u>	<u>339,198,323</u>	<u>(8,762,499)</u>	<u>340,065,912</u>	<u>(867,589)</u>
Total Liabilities and Net Position	<u>\$ 1,752,947,976</u>	<u>\$ 1,795,672,605</u>	<u>\$ (42,724,629)</u>	<u>\$ 1,866,560,910</u>	<u>\$ (70,888,305)</u>
<b>CHANGES IN NET POSITION</b>					
Operating Revenues	\$ 75,313,576	\$ 82,574,651	\$ (7,261,075)	\$ 97,127,202	\$ (14,552,551)
Operating Expenses	60,319,994	62,887,017	(2,567,023)	71,460,432	(8,573,415)
Operating Gain	<u>14,993,582</u>	<u>19,687,634</u>	<u>(4,694,052)</u>	<u>25,666,770</u>	<u>(5,979,136)</u>
Nonoperating Revenues (Expenses) and Other Changes:					
Income on Investments	13,803,116	718,179	13,084,937	78,624	639,555
Equity Distribution from Bond Refunding	(12,218,421)	(5,207,950)	(7,010,471)	(9,298,900)	4,090,950
Loan Forgiveness	(12,781,839)	(16,065,452)	3,283,613	(5,679,340)	(10,386,112)
Transfer to Non-NJCLASS Funds	(12,558,937)	-	(12,558,937)	-	-
Net Nonoperating Expenses	<u>(23,756,081)</u>	<u>(20,555,223)</u>	<u>(3,200,858)</u>	<u>(14,899,616)</u>	<u>(5,655,607)</u>
<b>CHANGE IN NET POSITION</b>	<u>(8,762,499)</u>	<u>(867,589)</u>	<u>(7,894,910)</u>	<u>10,767,154</u>	<u>(11,634,743)</u>
Net Position – Beginning of Year	<u>339,198,323</u>	<u>340,065,912</u>	<u>(867,589)</u>	<u>329,298,758</u>	<u>10,767,154</u>
<b>NET POSITION – END OF YEAR</b>	<u>\$ 330,435,824</u>	<u>\$ 339,198,323</u>	<u>\$ (8,762,499)</u>	<u>\$ 340,065,912</u>	<u>\$ (867,589)</u>

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YEAR ENDED JUNE 30, 2023**

**Explanation of Changes in Financial Performance**

Changes in the financial results of the Programs were due to the following major factors:

**Operating Revenues**

- Interest income on NJCLASS student loans decreased by \$7,995,431 or 10.4%, \$15,174,575 or 16.4%, and \$8,521,298 or 8.5% in 2023, 2022, and 2021, respectively. The 2023 decline was largely due to a decrease in NJCLASS loans outstanding of \$6,741,391 from the prior year and refinancing of loans at lower interest rates by existing borrowers within NJCLASS. Net disbursements during the 2023, 2022, and 2021 Fiscal Years were approximately \$157.8 million, \$144.5 million, and \$118.9 million, respectively.
- Beginning with Bonds issued under the 2012-1 Indenture, the payment of 1% of a 3% administrative fee on newly disbursed loans into a Loan Reserve Fund was discontinued and instead 2% of the administrative fee is deposited into the Student Loan account as overcollateralization for the Trust Estate. Beginning with new Standard NJCLASS loans originated after June 2023, HESAA is no longer charging an administrative fee. A 1% administrative fee will be applied after June 2023 to all newly originated consolidation loans. 2023 loan disbursements were higher than the prior year as students' tuitions continue to increase and demand for HESAA refinanced loans was higher than 2022. 2022 loan disbursements were higher than the prior year as students started returning to school following the coronavirus (COVID-19) pandemic and demand for HESAA refinanced loans was higher than 2021. Corresponding with higher loan disbursements, 2023 and 2022 administrative income was higher than 2022 and 2021, respectively.
- Interest income on FFELP loans increased by \$293,134 during the 2023 Fiscal Year while decreasing during the 2022 and 2021 Fiscal Years by \$136,380 and \$553,989, respectively. Interest income increase in 2023 due to the U.S. federal government paying interest to the 2010 FFELP portfolio relating to the 'Lender's Request for Payment of Interest and Special Allowance' (LARS) while in past years due to lower interest rates, the 2010 FFELP portfolio paid interest to the U.S. federal government. The impact of LARS is offset by the decline in interest income on payments from borrowers due to the continuing reduction in FFELP portfolio assets. FFELP assets declined to \$19,546,469 at June 30, 2023, from \$23,954,741 at June 30, 2022, and \$28,864,415 at June 30, 2021.

**Operating Expenses**

- Bond interest expense for Fiscal Years 2023, 2022, and 2021 was \$46,994,571, \$45,221,590, and \$52,215,129, respectively. Fiscal Year 2023 increased \$1,772,981 or 3.9% over 2022. For years prior, bond interest expense decreased \$6,993,539 or 13.4%, and \$8,472,536 or 14.0% in 2022 and 2021, respectively. While the amount of bonds outstanding is decreasing each year, bonds being retired from earlier years had lower interest rates than more recent bond issues resulting in lower interest expense.

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**Bad Debt Expense**

- In Fiscal Year 2023, an additional \$936,897 in bad debt expense was recognized, a decrease of \$4,894,874 from Fiscal Year 2022, during which \$5,831,771 in bad debt expense was recognized. Bad Debt expense in Fiscal Year 2021 was \$7,254,186. COVID-19 provided economic challenges to many of the borrowers resulting in more severely delinquent and subsequently defaulted loans in Fiscal Years 2022 and 2021. Fiscal Year 2023 returned to the level of bad debt expense experienced in Fiscal Years 2020 and 2019 prior to the pandemic.
- Bad debt expense is recorded when increases to the allowance for doubtful accounts recorded against amounts due from the Loan Reserve Funds to pay default claims become necessary. For a full description of the allowance for doubtful accounts and defaulted loans, see **NOTES TO FINANCIAL STATEMENTS – NOTE 3, STUDENT LOANS RECEIVABLE – Loan Defaults/Loan Reserve Fund.**

**Nonoperating Revenues (Expenses) and Other Changes**

- At the end of Fiscal Year 2023 and 2022, there was an equity distribution of \$12,218,421 and \$5,207,950 from the 2021-1 and 2013-1 bond issues for Fiscal Year 2023 and 2011-1 bond issues for Fiscal Year 2022, respectively, to HESAA as part of a refunding of the bonds for those bond issues.
- In part of HESAA's compliance with its formal loan yield reduction policy, \$12,781,839 and \$16,065,452 in loans and interest was forgiven in FY2023 and FY2022, respectively for the 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1 and 2019-1 bond issues. See **NOTES TO FINANCIAL STATEMENTS – NOTE 5, ARBITRAGE REBATES AND ACQUIRED PURPOSE INVESTMENT LIABILITY.**

**Significant Events**

- At Fiscal Year-end 2023, the Programs had \$1,382,780,000 in bonds outstanding, compared to \$1,417,065,000 in the prior Fiscal Year – a decrease of 2.4%. This is due to a total issuance during the year of \$243,650,000 in 2023-1 Bonds, which closed on May 11, 2023, offset by retirements of \$277,935,000. In the prior Fiscal Year, HESAA issued \$267,845,000 in 2022-1 Bonds, offset by retirements of \$334,870,000.
- During Fiscal Year 2022, there was an increase in NJCLASS student loan origination volume, with cash disbursements of \$155,767,792 for new loans, compared to \$144,466,307 during Fiscal Year 2022, an increase of 7.8%.
- HESAA experienced higher demand for NJCLASS loans in Academic Years 2022-23 and 2021-2022 following Academic Year 2020-21 when loan volume declined due to State and national pandemic mitigation policies which impacted enrollment at institutions of Higher Education. In Academic Year 2021, loan demand was lower due to parent and student borrowers not incurring costs traditionally associated with housing and a physical presence on campus as many colleges and universities provided only remote learning to their students. During Fiscal Year 2023, there was an increase of 7.8% in NJCLASS origination volume from the prior year not only due to standard loans for college loans but due to higher demand for HESAA refinance loans. These refinance loans helped prior student college borrowers lower their debt cost.

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**Cash Flows Summary**

	2023	2022	2021
Net Cash Provided by Operating Activities	\$ 60,424,657	\$ 173,258,740	\$ 231,981,937
Net Cash Used by Financing Activities	(105,949,505)	(134,509,625)	(231,610,118)
Net Cash Provided (Used) by Investing Activities	10,389,727	(4,542,999)	(10,019,193)
Net (Decrease) Increase in Cash and Cash Equivalents	<u>\$ (35,135,121)</u>	<u>\$ 34,206,116</u>	<u>\$ (9,647,374)</u>

**Current Conditions**

In response to the continuing demand for NJCLASS loans, HESAA issued its Series 2023-1 Bonds on May 11, 2023, to fund anticipated NJCLASS loan volume for the 2023-24 academic year. During the previous year, HESAA issued its Series 2022-1 Bonds on May 5, 2022.

HESAA's current minimum credit score and income requirements, as well as its loan type funding availability has helped ensure that families can afford to repay the NJCLASS loans they obtain to cover the portion of the expected family contribution not funded from other sources. Since the 2012-13 academic year, the minimum credit score to obtain an NJCLASS loan has been 670 and the minimum income to obtain an NJCLASS Loan has been \$40,000. COVID-19 provided economic challenges to many of the borrowers resulting in more severely delinquent and subsequently defaulted loans than the last several years. The prior two Fiscal Years have experienced slower growth in the number of defaulted loans probably attributable to stricter underwriting standards that have been adopted by the NJCLASS Program in recent years and better economic conditions than in Fiscal Year 2022. Total new defaults in Fiscal Year 2023 were \$10.7 Million or 20% lower than Fiscal Year 2022 while Fiscal Year 2022 had 23% lower defaults than Fiscal Year 2021.

For specific statistical information regarding default experience during Fiscal Years 2023 and 2022, refer to **NOTES TO FINANCIAL STATEMENTS – NOTE 3, STUDENT LOANS RECEIVABLE – Loan Defaults/Loan Reserve Fund.**

In response to consumer demand for loan products that meet the needs of a wider range of borrower profiles, the NJCLASS program currently offers borrower families fixed rated loans with three repayment options (10-, 15-, or 20-year terms) that can be used for undergraduate or graduate students; and the NJCLASS loans Consolidation Loan (25- or 30-year terms). In 2016 the Authority initiated its NJCLASS pilot loan refinance program, ReFi+, for borrowers who wish to refinance their outstanding NJCLASS loans and/or federal Parent PLUS loans. Under the Refi+ program, there are two loan terms (10 and 15 year terms) each of which has two rates per term, based on borrower credit score at the time of application.

For a complete description of HESAA loan product offerings and terms during the academic years 2022-23, 2021-22, and 2020-21, refer to **NOTES TO FINANCIAL STATEMENTS – NOTE 3, STUDENT LOANS RECEIVABLE.**

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 453,170,844	\$ 488,305,965
Investments	38,813,331	36,858,080
NJCLASS Student Loans Receivable, Net	63,035,127	46,891,914
FFELP Student Loans Receivable, Net	3,860,215	3,908,934
Interest Receivable:		
Investments	1,808,157	350,019
NJCLASS Student Loans	8,355,559	8,675,715
FFELP Student Loans	1,001,262	851,557
NJCLASS Defaulted Student Loan Principal and Interest in 2009 and 2010 Indenture Loan Reserve Funds, Net of Allowance for Doubtful Accounts of \$162,005,642 in 2023 and \$161,068,744 in 2022	61,633,208	61,204,818
Due from NJCLASS Life of Loan	-	4,558,936
Default Collections Receivable	28,426	20,025
Due from Loan Servicing Agents	87,745	56,656
Total Current Assets	631,793,874	651,682,619
<b>NONCURRENT ASSETS</b>		
NJCLASS Student Loans Receivable, Less Current Portion	1,106,469,110	1,124,795,736
FFELP Student Loans Receivable, Less Current Portion	14,684,992	19,194,250
Total Noncurrent Assets	1,121,154,102	1,143,989,986
 Total Assets	 \$ 1,752,947,976	 \$ 1,795,672,605
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Bonds Payable	\$ 127,045,000	\$ 151,110,000
Accrued Interest Payable – Bonds	5,980,575	5,816,571
Fees Payable	1,037,385	1,044,861
Total Current Liabilities	134,062,960	157,971,432
<b>NONCURRENT LIABILITIES</b>		
Bonds Payable, Less Current Portion	1,255,735,000	1,265,955,000
Premium on Bonds Payable, Net	32,714,192	32,547,850
Total Noncurrent Liabilities	1,288,449,192	1,298,502,850
 Total Liabilities	 1,422,512,152	 1,456,474,282
<b>NET POSITION</b>		
Restricted	330,435,824	339,198,323
 Total Liabilities and Net Position	 \$ 1,752,947,976	 \$ 1,795,672,605

See accompanying Notes to Financial Statements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>OPERATING REVENUES</b>		
Interest Income:		
NJCLASS Student Loans	\$ 69,118,796	\$ 77,114,227
FFELP Student Loans	1,393,103	1,099,969
Administrative Fee Income	4,801,677	4,360,455
Total Operating Revenues	75,313,576	82,574,651
<b>OPERATING EXPENSES</b>		
Loan Servicing Fees:		
NJCLASS Student Loans	11,247,444	10,687,399
FFELP Student Loans	364,255	441,360
Total Loan Servicing Fees	11,611,699	11,128,759
Program Expenses:		
Annual Insurance Expense and Transaction Fees	448,221	572,897
Bad Debt Expense	936,897	5,831,771
RAP Debt Expense	328,606	132,000
Total Program Expenses	1,713,724	6,536,668
Bond Interest Expense	46,994,571	45,221,590
Total Operating Expenses	60,319,994	62,887,017
<b>OPERATING INCOME, NET</b>	14,993,582	19,687,634
<b>NONOPERATING REVENUES (EXPENSES) AND OTHER CHANGES</b>		
Income on Investments	13,803,116	718,179
Equity Distribution from Bond Refunding	(12,218,421)	(5,207,950)
Loan Forgiveness	(12,781,839)	(16,065,452)
Transfer to Non-NJCLASS Funds	(12,558,937)	-
Net Nonoperating Expenses	(23,756,081)	(20,555,223)
<b>CHANGE IN NET POSITION</b>	(8,762,499)	(867,589)
Net Position – Beginning of Year	339,198,323	340,065,912
<b>NET POSITION – END OF YEAR</b>	\$ 330,435,824	\$ 339,198,323

See accompanying Notes to Financial Statements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Receipts:		
NJCLASS Student Loans	\$ 62,199,156	\$ 70,774,444
FFELP Student Loans	1,347,807	567,324
Principal Receipts:		
NJCLASS Student Loans	160,989,032	244,561,425
FFELP Student Loans	4,138,576	5,222,272
Collections on Defaulted Loans	9,584,178	8,355,086
NJCLASS Student Loan Disbursements	(157,767,792)	(144,466,307)
FFELP Student Loan Purchases	648,554	21,294
Annual Insurance, Surveillance and Transaction Fees	(448,222)	(572,895)
Due from NJCLASS Life of Loan	(8,000,000)	-
RAP Expense	(328,607)	(132,001)
Loan Servicing Fees	(11,611,519)	(11,277,587)
Repayment of Government Interest Related to FFELP Loans	(326,506)	205,685
Net Cash Provided by Operating Activities	60,424,657	173,258,740
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Paid on Bonds	(219,009,081)	(287,041,599)
Bond Proceeds	184,724,081	220,016,599
Interest Paid on Bonds	(46,664,245)	(48,037,347)
Equity Distribution from Bond Refunding	(12,218,421)	(5,207,950)
Loan Forgiveness	(12,781,839)	(16,065,452)
Loan Reserve Fund closure - 2010-2 Indenture	-	1,826,124
Net Cash Used by Financing Activities	(105,949,505)	(134,509,625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Purchases, Sales Proceeds, and Maturities, Net	(1,955,251)	(4,915,655)
Interest on Investments	12,344,978	372,656
Net Cash Provided (Used) by Investing Activities	10,389,727	(4,542,999)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(35,135,121)	34,206,116
Cash and Cash Equivalents – Beginning of Year	488,305,965	454,099,849
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	\$ 453,170,844	\$ 488,305,965

See accompanying Notes to Financial Statements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 14,993,582	\$ 19,687,634
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Bad Debt Expense	936,897	5,831,771
Interest Paid on Debt	56,695,753	55,232,429
Effect of Net Change in Operating Assets and Liabilities:		
NJCLASS Student Loans Receivable	2,183,415	100,192,681
FFELP Student Loans Receivable	4,557,976	4,927,022
NJCLASS Defaulted Student Loans	(1,365,290)	(5,019,343)
Interest Receivable:		
NJCLASS Student Loans	320,157	2,596,825
FFELP Student Loans	(149,705)	(17,348)
Due from NJCLASS Life of Loan	(8,000,000)	-
Default Collections Receivable	(8,402)	(18,515)
Due from Loan Servicing Agents	(31,089)	36,385
Accrued Interest Payable – Bonds	(9,701,163)	(10,010,840)
Fees Payable	(7,474)	(179,961)
	<u>\$ 60,424,657</u>	<u>\$ 173,258,740</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES</b>		
Amortization – Net Premium on Bonds Payable	\$ (9,865,166)	\$ (10,849,840)
Discount on Acquisition of Bonds	(328,607)	(132,001)
Bond Retirement - Refunding	(58,925,919)	(47,828,401)
Due from NJCLASS Life of Loan	(4,558,937)	-
	<u>\$ (73,678,629)</u>	<u>\$ (58,810,242)</u>

See accompanying Notes to Financial Statements.



**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Authority**

The New Jersey Higher Education Student Assistance Authority (the Authority or HESAA) is a public body corporate and politic that is in, but not of, the Department of State of the state of New Jersey (the State) and is an instrumentality of the State.

The Authority was established by state legislation in 1999 to provide students and families with the financial and informational resources for students to pursue their education beyond high school. Prior to the act, the New Jersey Higher Education Assistance Authority, created by legislation in 1959, served as lender and guarantor of federally guaranteed student loans for New Jersey students. References herein to the Authority include the predecessor Authority where the context so requires.

**Reporting Entity**

The reporting entity is comprised of the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program and the Federal Family Education Loan Program (FFELP) (collectively, the Programs) which are governed by various trust indentures. These financial statements present only the business-type activities of the NJCLASS and FFELP Loan Programs of the Authority, and do not purport to, and do not present the financial position of the Authority as of June 30, 2023 and 2022, and its changes in net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**NJCLASS Program**

The NJCLASS Loan Program is a supplemental loan program initiated by the Authority in September 1991. The NJCLASS Loan Program offers an alternative source of financial support to students and their parents, spouses, legal guardians, or other relatives in meeting the costs of the student's education at a degree-granting college or university. Since 1991, the Authority has issued bonds to fund student loans through this Program.

**FFELP Loan Program**

In 2001, the Authority expanded its use of debt financing by issuing bonds, with a portion of the proceeds allocated to purchase a portfolio of existing loans with a New Jersey nexus issued through the Federal Family Education Loan Program (FFELP). Using a portion of the proceeds of its 2001 through 2004 Bond Issues, the Authority purchased portfolios of New Jersey nexus FFELP loans or FFELP Consolidation loans from other FFELP loan origination/servicing entities. The Authority is not the servicer on any of the FFELP loans acquired with NJCLASS/FFELP Bond proceeds but is the guarantor on a portion of its FFELP portfolio. The NJCLASS/FFELP Loan Program has also used bond proceeds to purchase portfolios of rehabilitated FFELP student loans from the portfolio of previously defaulted FFELP student loans held by the Authority as the New Jersey state guaranty agency, and to originate a small portfolio of FFELP loans for low-income borrowers using a portion of the 2005 Bond proceeds.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FFELP Loan Program (Continued)**

Title II of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152) signed into law by President Barack Obama on March 30, 2010, contains various student loan amendments, including the termination of the process of the federal government paying set yields to private banks to originate federally insured loans and, instead, the loans are administered directly by the U.S. Department of Education, effective July 1, 2010. As a result, the Authority no longer originates or acquires FFELP Loans.

On May 7, 2010, the Authority transferred its entire portfolio of FFELP loans from the 2001, 2002, 2003, 2004, and 2005 issues to the 2010-FFELP issue, as part of a bond refunding process.

**Basis of Accounting**

The Programs prepare their financial statements using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing government accounting and financial reporting principles. The Programs are required to follow all statements of the GASB.

**Operating Revenues and Expenses**

The Programs' operating revenues consist of administrative fees for student loan originations as well as interest income earned on student loans. Operating expenses consist of loan service and transaction fees, bond interest, bad debt expense, and other expenses related to NJCLASS and FFELP loans. All other revenues and expenses are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents**

Cash and cash equivalents include time deposits, certificates of deposit, and highly liquid debt instruments with original maturities of three months or less at the time of purchase.

**Investments**

Investments are reflected at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. In addition, the fair value of certain investments that do not have a readily determinable fair value is classified as NAV, meaning Net Asset Value per share, when the fair value is calculated in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. In accordance with the provisions of the bond indentures, the Authority is generally required to invest available monies in qualified investments. The bond indentures define qualified investments as:

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

- (1) Government obligations and any obligations of any state or political subdivision of a state (collectively, the Municipal Bonds).
- (2) U.S. Government and certain other governmental agencies' obligations.
- (3) Insured certificates of deposit.
- (4) Other investments acceptable by the State and rated accordingly by either Standard or Poor's (S&P), Moody's, or A.M. Best, including annuity contracts and repurchase agreements.

**Use of Estimates in Preparing Financial Statements**

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. Actual results could differ from those estimates and are factored into reporting for subsequent accounting periods.

**Federal Income Taxes**

The Authority is deemed to be an essential governmental function of the state and, as such, is exempt from federal income taxes. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

**Bond Issuance Costs**

The costs of issuance of bonds that are paid with bond funds or other resources available under the bond indentures are expensed in the year incurred. Bond issuance costs paid with other Authority funds are not recognized in these financial statements.

**Bond Premiums and Discounts**

Bond premiums and discounts are amortized over the life of the related debt using the straight-line method of amortization. Because net bond premiums exceed net bond discounts, the unamortized amount of premium and discount is shown as a net amount in the liabilities section on the statements of net position. Amortization revenue and expense is recorded as bond interest expense in the statements of revenues, expenses, and changes in net position.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
NJCLASS/FFELP LOAN PROGRAMS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Net Position**

In accordance with the terms of the various bond resolutions, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources under such bond resolutions is classified as restricted net position, to be used for the purpose specified in the bond resolutions.

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

The NJCLASS/FFELP Loan Programs maintain their cash and cash equivalents balances primarily in trust accounts at one financial institution. As trust account balances, these funds are not available to the institution to meet its general financial obligations and are restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense, student loan disbursements, and Program expenses. These funds are invested in an AAA-rated money market fund secured by U.S. government obligations which maintains a stable net asset value of one dollar per share valued at amortized cost.

Additionally, the Programs utilize lockbox accounts to clear cash receipts. Amounts on deposit in the NJCLASS lockbox accounts at Wells Fargo Bank are collateralized by direct obligations of or obligations guaranteed by the United States or the state of New Jersey in accordance with New Jersey Statute 52:18-16 and New Jersey Department of Treasury policy.

The amounts on deposit in these cash accounts were as follows:

	<u>2023</u>	<u>2022</u>
Lockbox Cash (Wells Fargo Bank)	\$ 2,278,004	\$ 3,458,356
Trust Accounts Invested in Wells Fargo		
Secured Institutional Money Market Fund	<u>450,892,840</u>	<u>484,847,609</u>
Total	<u>\$ 453,170,844</u>	<u>\$ 488,305,965</u>

The carrying amount in these accounts at June 30, 2023 and 2022 were \$453,170,884 and \$488,305,965, respectively.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
NJCLASS/FFELP LOAN PROGRAMS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Cash and Cash Equivalents (Continued)**

The debt service reserve accounts are restricted by the bond indentures for the payment of principal and/or interest on the bonds, to the extent other available monies held under the indentures are insufficient to pay the interest on the bonds or to meet any sinking fund requirements. The amounts in the debt service reserve accounts for the various bond issues, which are included in cash and cash equivalents at June 30, 2023 and 2022 were \$28,168,136 and \$28,740,765, respectively.

**Investments**

The Programs' investments consist of annuity contracts and pooled cash management funds.

The amounts held in the New Jersey Cash Management Fund, a pooled cash management fund administered by New Jersey State's Treasury, at June 30, 2023 and 2022, were \$38,813,331 and \$36,858,080, respectively, which is measured at net asset value.

**Investments — Interest Rate Risk**

- NJCLASS/FFELP investment policies, as described in **NOTES TO FINANCIAL STATEMENTS – NOTE 1, INVESTMENTS**, require balances to be maintained in high quality, low-risk investment options. All investment vehicles used by the Authority seek to maintain a stable price of \$1.00 per share. In these types of investments, it is highly unlikely that normal fluctuations in interest earnings on the underlying securities would cause a loss of principal. Consequently, NJCLASS/FFELP investments are not subject to interest rate risk.

**Fair Value**

- In accordance with State Investment Council Regulations, units of ownership in the NJCMF may be purchased or redeemed on any business day (excluding State holidays) at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.
- The NJCMF values participants' shares on a fair value basis. Specifically, the NJCMF distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated at market (and added to the Reserve Fund for the pro-rata portion of such gains attributable to "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis, and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 STUDENT LOANS RECEIVABLE**

The terms and conditions of the FFELP loans held by the Authority are governed by the federal rules and regulations of FFELP and various benefit programs extended by the original lender of these purchased loans.

NJCLASS loans originated by the Authority to eligible borrowers, as defined in the bond indentures and NJCLASS Program regulations, have the following repayment options:

- (1) To pay principal and interest monthly, beginning within 60 days of disbursement;
- (2) To pay only interest while the student is in school and thereafter to pay principal and interest monthly; or
- (3) To defer principal and interest payments while the student is in school and thereafter to pay principal and interest monthly. Deferred interest on option 3 is periodically added to the loan principal balance.

Under options 1 and 2 as defined above, the NJCLASS loans originated since the inception of the Program in 1991 generally bear interest at initial rates ranging from 2.99% to 8.95%, and option 3 rates have ranged from 4.45% to 9.25%. All fixed rate NJCLASS loans for bond issues until the 2017-1 bond issue, with the exception of Consolidation loans, Medical/Dental loans, and the Refi+ loan which was introduced during the 2016-17 academic year, have a step-up rate that is 0.75% higher than the initial rate. The step-up rate was discontinued for the 2018-1 bond issue. For the applicable loans, the step-up rate becomes effective in the 49th month in repayment, with the exception of option 3.

Beginning in 1997, HESAA began offering a non-credit-based variable rate loan with an annual rate reset and initially a 23-year repayment term to qualifying graduate students. Any variable rate loans funded that were disbursed on June 1, 2001, or later are subject to an interest rate cap of 9%. This variable rate program was discontinued in 2006 and replaced by a new fixed rate Graduate/Professional NJCLASS Loan product with a 25-year term.

In June 2005, HESAA initiated an NJCLASS Consolidation Loan Program that allows existing NJCLASS borrowers who are out of school or withdrawn to consolidate their existing NJCLASS loans. The NJCLASS Consolidation Loan offers terms of either 25 or 30 years, depending on the outstanding balance of the loans to be consolidated. The interest rate is a blended rate derived from the rates on the underlying loans being consolidated. Loans consolidated between June 1, 2010, and May 31, 2019 have an additional 0.25% added to the blended rate. Loans consolidated after May 31, 2019, have 0.50% subtracted from the blended interest rate.

In 2009, the Authority introduced the Med/NJ program, an NJCLASS loan for students working toward a MD, DO, DDS, or DMD degree. At June 30, 2023, there still are Med/NJ loans outstanding in the portfolio. This program was discontinued in the 2012-13 academic year.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)**

Concurrent with the issuance of the 2010-2 Bonds, the Authority introduced the 10-year fixed rate NJCLASS Student Loan. These student loans (known as Ten Year Option 1 Loans) offer only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options.

Concurrent with the issuance of the 2014-1 Bonds, the Authority introduced the 10-year variable rate NJCLASS Student Loan. These student loans (known as Ten Year Variable Rate Option 1 Loans) offer only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options. The interest rate on these loans is based on three-month LIBOR + 4.25%, resets quarterly, and is subject to a 9.5% maximum interest rate. No proceeds following the 2014-1 bond issue have been allocated to originate 10-year variable rate NJCLASS loans.

Concurrent with the issuance of the 2016-1 Bonds, the Authority allocated a portion of the proceeds to fund 10-year fixed rate loans to refinance and consolidate existing NJCLASS and Federal Plus student loans of borrowers with current New Jersey nexus who are out of school, at more favorable rates. This student loan (known as the NJCLASS Refi+ loan) offers only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options. The Refi+ loan has a tiered interest rate structure, with two rates, and no step up rate, based on credit score at time of application. For the 2022 academic year, the rates are 3.75% and 3.99% for 10-year loans and 4.85% and 5.30% for 15-year loans.

Concurrent with the issuance of the 2017-1 Bonds, the Authority established the Repayment Assistance Program (RAP), for newly originated loans beginning in the 2017-18 and 2018-19 academic years. RAP will allow borrowers (all income from all parties to the loan is evaluated as part of the qualification) to pay an amount equal to 10% of income over 150% of the federal poverty level based on household income of all parties, for up to two years. During the RAP period interest does not accrue on the loan, and the loan amortizes over the same period as the original term. The Trust will cover the interest portion of the payment during the two-year maximum period. Borrowers sign RAP documentation agreeing to make a reduced monthly payment on time each month. RAP is available on a first-come, first-served basis and is subject to available funds. All borrowers will see principal reductions during the RAP period as a minimum monthly payment is required.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**NJCLASS/FFELP LOAN PROGRAMS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)**

Concurrent with the issuance of the 2018-1 Bonds, the Authority established the Household Income Affordable Repayment Plan (HIARP), for newly originated Standard NJCLASS loans beginning in the 2018-2019 academic year. NJCLASS Graduate/Professional Loans, Refinance Loans, and Consolidation Loans are not eligible for HIARP. Through the HIARP program, monthly payments on eligible Standard NJCLASS loans shall be reduced to 15% of the aggregate household income of all of parties to the loan that exceeds 150% of the Federal poverty guideline for their family size, with a minimum monthly payment of \$25.00 (Reduced Payments). The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination of such loan and any remaining balance at the end of 25 years will be forgiven. During the HIARP period interest will continue to accrue on the loan. Borrowers can only enter HIARP after exhausting their two years of RAP eligibility. HIARP is available on a first-come, first-served basis and is subject to available funds.

Concurrent with the issuance of the 2019-1 Bonds, the Authority added the ability for the borrower to refinance eligible private loans. Further, the Authority eliminated the origination of graduate loans.

Over the life of the NJCLASS Program, the loan terms offered, credit policies, and underwriting criteria have been periodically adjusted to meet perceived borrower preferences and needs, as well as when such changes are deemed necessary for the best interests of the NJCLASS Loan Program. Recent changes in underwriting criteria are described in **Management Discussion and Analysis – Current Conditions**. The loan rates, borrower fees, and terms offered in the 2022-23, 2021-22, 2020-21, and 2019-20 academic years are shown in the chart below.



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**NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)**

**NJCLASS Loan Rates, Fees, and Terms**

**2022-2023 Academic Year**

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	3.75%	N/A	3%	10	N/A
Fixed Rate Option 2	5.30%	N/A	3%	15	N/A
Fixed Rate Option 3	6.75%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	3.75% or 3.99%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	7.85% or 5.30%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

**2021-2022 Academic Year**

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	2.99%	N/A	3%	10	N/A
Fixed Rate Option 2	3.50%	N/A	3%	15	N/A
Fixed Rate Option 3	4.75%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	2.99%, 3.45% or 4.45%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	3.30%, 3.99% or 4.99%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

**2020-2021 Academic Year**

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	3.70%	N/A	3%	10	N/A
Fixed Rate Option 2	4.25%	N/A	3%	15	N/A
Fixed Rate Option 3	5.10%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	4.15%, 4.89% or 5.99%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	4.45%, 5.91% or 6.49%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

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**NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)**

**Loan Servicing**

In conjunction with the Authority's servicing of the student loans, the NJCLASS Loan Program remits to the Authority certain fees for Program administration, that are paid from Program revenues. For the years ended June 30, 2023 and 2022, \$11,247,444 and \$10,687,399 of servicing fees, respectively, were included in loan servicing fees charged to the NJCLASS Loan Program. In connection with its portfolios of existing loans, FFELP pays certain fees for Program administration, which are payable from Program revenues. For the years ended June 30, 2023 and 2022, the fees included administrative expenses of \$47,222 and \$58,420, respectively, paid to the Authority and fees paid to servicing agents of \$115,669 and \$138,809, respectively. In addition, for the years ended June 30, 2023 and 2022, loan consolidation rebate fees of \$196,946 and \$240,962, respectively, were paid to the United States Department of Education.

**Loan Defaults/Loan Reserve Fund**

Under the NJCLASS Loan Program, when a student loan payable in monthly installments reaches 180 days of delinquency or when a student loan payable in installments less frequent than monthly reaches 240 days of delinquency, the Authority will declare the respective loan "in default."

For earlier year NJCLASS bond issues, the Authority had established loan default reserve funds to stabilize the impact of loan defaults in the NJCLASS Loan Program. These are funded from a percentage of original loan principal specified by the appropriate master indenture, and not from bond proceeds.

The Loan Reserve Fund is a separate fund established by the Authority to protect the interests of NJCLASS bondholders by reimbursing the various HESAA bond issues when loans default. Amounts subsequently received from collections of defaulted student loans are used to replenish the Loan Reserve Fund to the extent of 70% of recoveries. The Authority retains the remaining 30% as a collection fee.

There is a loan reserve fund for the 2010-1 Indenture which included the 2017 Bond Issue. Consequently, loan reserve activity for this bond issue is included in the accompanying financial statements and shown in the combining statements presented in the supplementary information section.

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**NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)**

**Loan Defaults/Loan Reserve Fund (Continued)**

For the Fiscal Years 2023 and 2022, collections on defaulted loans within the internal loan reserve fund established for the 2009, 2010-1 and 2010-2 Indenture, which is included within the NJCLASS/FFELP Loan Programs Financial Statements, totaled \$-0-, and new defaulted loans for the same periods totaled \$1,259,149 and \$2,899,284, respectively. As of June 30, 2023 and 2022, defaulted loans totaled \$223,638,851 and \$222,273,562, respectively.

The 2009, 2010-1, and 2010-2 bond issues are no longer property of any Trust, therefore those default collections no longer are paid to the Loan Reserve Fund.

Amounts due to and from these internal loan reserve funds are netted in the statements of net position but are shown in the combining schedules of net position.

Allowances for doubtful accounts at June 30, 2023 and 2022 were \$162,005,642 and \$161,068,744, respectively.

Under the terms 2012-1 Indenture, which includes the 2012-1, 2013-1, 2014-1, 2015-1, and 2016-1 Bond Issues, the 2017-1 Indenture, the 2019-1 Indenture, and the 2021-1 Indenture, no loan reserve fund were established. During Fiscal Year 2023, the 2012-1 and 2013-1 bond issues were retired.

**NOTE 4 BONDS PAYABLE**

The Authority has issued bonds to support its loan programs. All bonds described herein are limited obligations of the Authority, payable solely from the assets of the NJCLASS/FFELP Trust Estate (Trust Estate), as described in the official statement of each bond issue. None of the Authority's assets or funds (other than the Trust Estate) are pledged as security for the bonds.

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**NOTE 4 BONDS PAYABLE (CONTINUED)**

**Bonds Outstanding**

The following schedules present summarized information relating to the interest rates and future maturities of the bonds outstanding as of June 30:

**Bonds Outstanding June 30, 2023**

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2022	Maturity Dates	Bonds Outstanding (in Thousands) June 30, 2022	Additions	Reductions	Bonds Outstanding (in thousands) June 30, 2023	Amounts Due within One Year <sup>(3)</sup>
2010, Series FFELP <sup>(1)</sup>	2.151%	6/1/2036	\$ 23,060	\$ -	\$ 4,360	\$ 18,700	\$ 4,240
2012-1	4.00%-5.75%	12/1/2016-12/1/2039	38,220	-	38,220	-	-
2013-1	3.25%-5.00%	12/1/2016-12/1/2043	43,935	-	43,935	-	-
2014-1 Series A-1 & B	3.00%-5.00%	12/1/2016-12/1/2044	53,105	-	18,600	34,505	6,405
2014-1, Series A-2 <sup>(2)</sup>	2.701%	12/1/2023	2,335	-	2,335	-	-
2015-1	4.00%-5.00%	12/1/2016-12/1/2044	73,605	-	18,890	54,715	12,295
2016-1	2.75%-5.00%	12/1/2017-12/1/2046	84,255	-	19,590	64,665	12,695
2017-1	2.95%-5.00%	12/1/2019-12/1/2047	129,435	-	30,305	99,130	18,605
2018-1	3.35%-5.00%	12/1/2020-12/1/2048	131,635	-	27,400	104,235	19,805
2019-1	2.375%-5.00%	12/1/2020/-12/1/2049	214,450	-	38,600	175,850	23,600
2020-1	3.500%-5.00%	12/1/2022-12/1/2050	247,440	-	35,700	211,740	25,400
2021-1	2.500%-5.00%	12/1/2023-12/1/2051	107,745	-	-	107,745	4,000
2022-1	4.25%-5.00%	12/1/2024-12/1/2052	267,845	-	-	267,845	-
2023-1	4.11%-5.00%	12/1/2025-12/1/2053	-	243,650	-	243,650	-
Totals			<u>\$ 1,417,065</u>	<u>\$ 243,650</u>	<u>\$ 277,935</u>	<u>\$ 1,382,780</u>	<u>\$ 127,045</u>

(1) The 2010-FFELP Bonds are Tax Exempt LIBOR Floating Rate Bonds, originally consisting of Class A-1 & Class A-2 Bonds. The Class A-1 Bonds were fully retired at June 30, 2014. The rate on the Class A-2 Bonds is 100% of 3-Month LIBOR plus .95%. Interest is paid quarterly.

(2) The 2014-1A-2 Bonds are LIBOR Floating Rate Bonds, which have been purchased directly from the Authority by Banc of America Preferred Funding Corporation, pursuant to a Variable Rate Bond Purchase Agreement, dated April 28, 2014. The interest rate on the 2014-1 Series A-2 Bonds is 100% of 3 Month LIBOR plus 1.50%, but not to exceed 8.00%. Interest is paid quarterly.

(3) Amounts Due within One Year' includes \$47,005,000 of 'Special Option Redemptions' made in August 2023.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
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**NOTE 4 BONDS PAYABLE (CONTINUED)**

**Bonds Outstanding (Continued)**

**BONDS OUTSTANDING JUNE 30, 2022**

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2021	Maturity Dates	Bonds Outstanding (in Thousands) June 30, 2021	Additions	Reductions	Bonds Outstanding (in thousands) June 30, 2022	Amounts Due within One Year <sup>(3)</sup>
2010, Series FFELP <sup>(1)</sup>	2.151%	6/1/2036	\$ 27,960	\$ -	\$ 4,900	\$ 23,060	\$ -
2011-1	3.625%-5.875%	12/1/2016-12/1/2033	67,805	-	67,805	-	-
2012-1	4.00%-5.75%	12/1/2016-12/1/2039	61,430	-	23,210	38,220	12,910
2013-1	3.25%-5.00%	12/1/2016-12/1/2043	65,740	-	21,805	43,935	11,505
2014-1 Series A-1 & B	3.00%-5.00%	12/1/2016-12/1/2044	75,405	-	22,300	53,105	12,800
2014-1, Series A-2 <sup>(2)</sup>	2.701%	12/1/2023	3,590	-	1,255	2,335	700
2015-1	4.00%-5.00%	12/1/2016-12/1/2044	98,400	-	24,795	73,605	14,795
2016-1	2.75%-5.00%	12/1/2017-12/1/2046	116,260	-	32,005	84,255	14,905
2017-1	2.95%-5.00%	12/1/2019-12/1/2047	172,540	-	43,105	129,435	21,000
2018-1	3.35%-5.00%	12/1/2020-12/1/2048	170,025	-	38,390	131,635	19,695
2019-1	2.375%-5.00%	12/1/2020-12/1/2049	269,750	-	55,300	214,450	23,200
2020-1	3.500%-5.00%	12/1/2022-12/1/2050	247,440	-	-	247,440	19,600
2021-1	2.500%-5.00%	12/1/2023-12/1/2051	107,745	-	-	107,745	-
2022-1	4.25%-5.00%	12/1/2024-12/1/2052	-	267,845	-	267,845	-
Totals			<u>\$ 1,484,090</u>	<u>\$ 267,845</u>	<u>\$ 334,870</u>	<u>\$ 1,417,065</u>	<u>\$ 151,110</u>

(1) The 2010-FFELP Bonds are Tax Exempt LIBOR Floating Rate Bonds, originally consisting of Class A-1 & Class A-2 Bonds. The Class A-1 Bonds were fully retired at June 30, 2014. The rate on the Class A-2 Bonds is 100% of 3-Month LIBOR plus .95%. Interest is paid quarterly.

(2) The 2014-1A-2 Bonds are LIBOR Floating Rate Bonds, which have been purchased directly from the Authority by Banc of America Preferred Funding Corporation, pursuant to a Variable Rate Bond Purchase Agreement, dated April 28, 2014. The interest rate on the 2014-1 Series A-2 Bonds is 100% of 3 Month LIBOR plus 1.50%, but not to exceed 8.00%. Interest is paid quarterly.

(3) Amounts Due within One Year' includes \$50,510,000 of 'Special Option Redemptions' made in August 2022.

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**NOTE 4 BONDS PAYABLE (CONTINUED)**

**Redemption Provisions**

The supplemental indentures for each bond issue define the terms under which bond redemptions are to occur. Specific information and requirements governing each type of redemption are defined in the sections on redemption provisions below. These sections are followed by a cumulative schedule of bonds issued, bonds accreted, redemptions by type and bond issue since the inception of the NJCLASS Program in 1991, as well as bonds outstanding at June 30, 2023.

**Extraordinary Redemptions**

Provisions governing the extraordinary redemption of bonds prior to maturity were included in the redemption provisions sections of the indentures for all bonds issued during the years 1991 through 2019. Where applicable, these early redemptions were permitted under the Extraordinary Redemption from Unexpended Proceeds, the Special Redemption, Extraordinary Redemption from Excess Revenues, Special Optional Redemption from Excess Revenues, and Special Mandatory Redemption from Excess Revenues sections of the indentures or supplemental indentures. All bonds retired under the Extraordinary Redemption provisions were redeemable at par.

The 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1, 2022-1 and 2023-1 Bonds that are eligible for redemption prior to maturity are also eligible for special optional redemption from excess revenues at the option of the Authority, plus accrued interest. During the 2023 Fiscal Year, a total of \$115,235,000 of bonds within these respective issues were redeemed under this provision and are included in the Cumulative Schedule of Bond Redemptions at June 30, 2023.

**Optional Redemptions**

Each indenture also contains provisions for the optional redemptions of NJCLASS fixed rate bonds.

The following chart outlines the optional redemption provisions for the 2008 through 2021-1 bonds. Bonds maturing prior to these dates are not subject to optional redemption prior to maturity.

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**NOTE 4 BONDS PAYABLE (CONTINUED)**

**Optional Redemptions (Continued)**

Bond	Maturity	Subject to Optional Redemption	First Eligible Call Date
2011-1	Prior to 12/1/22	No	
2011-1	On or After 12/1/22	Yes at Par Plus Accrued Interest	December 1, 2021
2012-1	Before 12/1/23	No	
2012-1	On or After 12/1/23	Yes at Par Plus Accrued Interest	December 1, 2022
2013-1	Before 12/1/23	No	
2013-1	On or After 12/1/23	Yes at Par Plus Accrued Interest	December 1, 2022
2014-1	Before 12/1/24	No	
2014-1	On or After 12/1/24	Yes at Par Plus Accrued Interest	December 1, 2023
2015-1	Before 12/1/25	No	
2015-1	On or After 12/1/25	Yes at Par Plus Accrued Interest	December 1, 2024
2016-1	Before 12/1/26	No	
2016-1	On or After 12/1/26	Yes at Par Plus Accrued Interest	December 1, 2025
2017-1	Before 12/1/27	No	
2017-1	On or After 12/1/27	Yes at Par Plus Accrued Interest	December 1, 2026
2018-1	Before 12/1/28	No	
2018-1	On or After 12/1/28	Yes at Par Plus Accrued Interest	June 1, 2028
2019-1	Before 12/1/28	No	
2019-1	On or After 12/1/28	Yes at Par Plus Accrued Interest	June 1, 2028
2020-1	On or Before 12/1/28	No	
2020-1	On or After 12/1/39	Yes at Par Plus Accrued Interest	December 1, 2028
2021-1	On or Before 12/1/29	No	
2021-1	On or After 12/1/40	Yes at Par Plus Accrued Interest	December 1, 2029
2022-1	On or Before 12/1/30	No	
2022-1	On or After 12/1/41	Yes at Par Plus Accrued Interest	December 1, 2030
2023-1	On or Before 12/1/33	No	
2023-1	On or After 12/1/44	Yes at Par Plus Accrued Interest	December 1, 2033

**Scheduled Maturities**

Since the inception of the NJCLASS/FFELP Programs in 1991, the supplemental indentures applicable to each bond issue have included schedules containing the maturity dates of the various CUSIPs within each bond issue.

As governed by the indenture for each issue and series for the years 2008 and 2009, mandatory sinking fund redemptions prior to maturity, in part, by lot are required. The amounts of sinking fund redemptions for the Fiscal Years 2019 through 2023 and thereafter, are included in the Schedule of Future Maturities and Sinking Fund Requirements shown on page 32.

**Cumulative Redemptions**

The following schedules present summarized information by bond issue relating to all types of bond redemptions from the inception of the NJCLASS/FFELP Program in 1991 to the financial statement date.

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**NOTE 4 BONDS PAYABLE (CONTINUED)**

**Cumulative Redemptions (Continued)**

**Cumulative Schedule of Bond Redemptions at June 30, 2023**

Bond Issue	Original Principal	Semi-Annual Accretion	Scheduled Maturity	Excess Revenue Redemption	Unexpended Proceeds Redemption	Optional Redemption	Special Redemption	Special Optional Redemption	Bond Tender (1)	Refunded	Current Principal Outstanding at June 30, 2023
1991	\$ 24,996,064	\$ 3,562,871	\$ (5,910,000)	\$ (20,468,935)	\$ (2,180,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1992	35,000,000	-	(12,730,000)	(22,270,000)	-	-	-	-	-	-	-
1993	20,000,000	-	(6,105,000)	(13,475,000)	(420,000)	-	-	-	-	-	-
1995	15,000,000	-	(4,025,000)	(10,975,000)	-	-	-	-	-	-	-
1996	18,000,000	-	(4,450,000)	(11,015,000)	-	(2,535,000)	-	-	-	-	-
1997A	25,000,000	-	(4,500,000)	(17,350,000)	-	(3,150,000)	-	-	-	-	-
1997B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
1998	80,000,000	-	(9,445,000)	(53,045,000)	-	(17,510,000)	-	-	-	-	-
1999A	50,000,000	-	(6,625,000)	(25,830,000)	-	(12,445,000)	(5,100,000)	-	-	-	-
1999B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
2000	70,000,000	-	(15,675,000)	(29,530,000)	-	(17,030,000)	(7,765,000)	-	-	-	-
2001	190,000,000	-	-	-	-	(3,000,000)	(60,850,000)	-	(126,150,000)	-	-
2002	166,000,000	-	-	-	-	-	(62,250,000)	-	(103,550,000)	(200,000)	-
2003	212,000,000	-	-	-	-	-	(56,400,000)	-	(121,000,000)	(34,600,000)	-
2004	200,000,000	-	-	-	-	-	-	-	(165,950,000)	(34,050,000)	-
2005	225,000,000	-	-	-	-	-	(23,750,000)	-	(184,850,000)	(16,400,000)	-
2006	225,000,000	-	-	-	-	-	(30,800,000)	-	(192,725,000)	(1,475,000)	-
2007	275,000,000	-	-	-	-	-	(19,125,000)	-	(255,700,000)	(175,000)	-
2008	350,000,000	-	-	-	(19,405,000)	-	-	(212,150,000)	-	(118,445,000)	-
2009	450,000,000	-	(150,000,000)	-	-	-	-	(143,800,000)	-	(156,200,000)	-
2010-1	713,000,000	-	(312,630,000)	-	-	-	-	(280,560,000)	-	(119,810,000)	-
2010-FFELP	145,000,000	-	-	(126,300,000)	-	-	-	-	-	-	18,700,000
2010-2	280,000,000	-	(145,300,000)	-	-	-	-	(121,200,000)	-	(13,500,000)	-
2011-1	326,500,000	-	(169,200,000)	-	-	-	-	(110,595,000)	-	(46,705,000)	-
2012-1	259,300,000	-	(137,000,000)	-	-	-	-	(96,990,000)	-	(25,310,000)	-
2013-1	200,000,000	-	(90,100,000)	-	-	-	-	(77,470,000)	-	(32,430,000)	-
2014-1	220,000,000	-	(69,500,000)	-	(8,955,000)	-	-	(107,040,000)	-	-	34,505,000
2015-1	180,000,000	-	(53,500,000)	-	-	-	-	(71,785,000)	-	-	54,715,000
2016-1	190,000,000	-	(41,500,000)	-	-	-	-	(83,835,000)	-	-	64,665,000
2017-1	250,000,000	-	(39,900,000)	-	-	-	-	(110,970,000)	-	-	99,130,000
2018-1	215,850,000	-	(44,000,000)	-	-	-	-	(67,615,000)	-	-	104,235,000
2019-1	285,550,000	-	(20,000,000)	-	-	-	-	(89,700,000)	-	-	175,850,000
2020-1	247,440,000	-	(11,600,000)	-	-	-	-	(24,100,000)	-	-	211,740,000
2021-1	107,745,000	-	-	-	-	-	-	-	-	-	107,745,000
2022-1	267,845,000	-	-	-	-	-	-	-	-	-	267,845,000
2023-1	243,650,000	-	-	-	-	-	-	-	-	-	243,650,000
Totals	\$ 6,786,876,064	\$ 3,562,871	\$ (1,353,695,000)	\$ (330,258,935)	\$ (30,960,000)	\$ (55,670,000)	\$ (266,040,000)	\$ (1,597,810,000)	\$ (1,149,925,000)	\$ (623,300,000)	\$ 1,382,780,000

(1) Bond Tenders are purchases in Lieu of Redemption resulting in bond retirements.



**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
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**NOTE 4 BONDS PAYABLE (CONTINUED)**

**Cumulative Redemptions (Continued)**

**Cumulative Schedule of Bond Redemptions at June 30, 2022**

Bond Issue	Original Principal	Semi-Annual Accretion	Scheduled Maturity	Excess Revenue Redemption	Unexpended Proceeds Redemption	Optional Redemption	Special Redemption	Special Optional Redemption	Bond Tender (1)	Refunded	Current Principal Outstanding at June 30, 2022
1991	\$ 24,996,064	\$ 3,562,871	\$ (5,910,000)	\$ (20,468,935)	\$ (2,180,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1992	35,000,000	-	(12,730,000)	(22,270,000)	-	-	-	-	-	-	-
1993	20,000,000	-	(6,105,000)	(13,475,000)	(420,000)	-	-	-	-	-	-
1995	15,000,000	-	(4,025,000)	(10,975,000)	-	-	-	-	-	-	-
1996	18,000,000	-	(4,450,000)	(11,015,000)	-	(2,535,000)	-	-	-	-	-
1997A	25,000,000	-	(4,500,000)	(17,350,000)	-	(3,150,000)	-	-	-	-	-
1997B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
1998	80,000,000	-	(9,445,000)	(53,045,000)	-	(17,510,000)	-	-	-	-	-
1999A	50,000,000	-	(6,625,000)	(25,830,000)	-	(12,445,000)	(5,100,000)	-	-	-	-
1999B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
2000	70,000,000	-	(15,675,000)	(29,530,000)	-	(17,030,000)	(7,765,000)	-	-	-	-
2001	190,000,000	-	-	-	-	(3,000,000)	(60,850,000)	-	(126,150,000)	-	-
2002	166,000,000	-	-	-	-	-	(62,250,000)	-	(103,550,000)	(200,000)	-
2003	212,000,000	-	-	-	-	-	(56,400,000)	-	(121,000,000)	(34,600,000)	-
2004	200,000,000	-	-	-	-	-	-	-	(165,950,000)	(34,050,000)	-
2005	225,000,000	-	-	-	-	-	(23,750,000)	-	(184,850,000)	(16,400,000)	-
2006	225,000,000	-	-	-	-	-	(30,800,000)	-	(192,725,000)	(1,475,000)	-
2007	275,000,000	-	-	-	-	-	(19,125,000)	-	(255,700,000)	(175,000)	-
2008	350,000,000	-	-	-	(19,405,000)	-	-	(212,150,000)	-	(118,445,000)	-
2009	450,000,000	-	(150,000,000)	-	-	-	-	(143,800,000)	-	(156,200,000)	-
2010-1	713,000,000	-	(312,630,000)	-	-	-	-	(280,560,000)	-	(119,810,000)	-
2010-FFELP	145,000,000	-	-	(121,940,000)	-	-	-	-	-	-	23,060,000
2010-2	280,000,000	-	(145,300,000)	-	-	-	-	(121,200,000)	-	(13,500,000)	-
2011-1	326,500,000	-	(169,200,000)	-	-	-	-	(110,595,000)	-	(46,705,000)	-
2012-1	259,300,000	-	(124,500,000)	-	-	-	-	(96,580,000)	-	-	38,220,000
2013-1	200,000,000	-	(79,100,000)	-	-	-	-	(76,965,000)	-	-	43,935,000
2014-1	220,000,000	-	(60,000,000)	-	(8,955,000)	-	-	(95,605,000)	-	-	55,440,000
2015-1	180,000,000	-	(43,000,000)	-	-	-	-	(63,395,000)	-	-	73,605,000
2016-1	190,000,000	-	(31,500,000)	-	-	-	-	(74,245,000)	-	-	84,255,000
2017-1	250,000,000	-	(26,900,000)	-	-	-	-	(93,665,000)	-	-	129,435,000
2018-1	215,850,000	-	(30,500,000)	-	-	-	-	(53,715,000)	-	-	131,635,000
2019-1	285,550,000	-	(11,000,000)	-	-	-	-	(60,100,000)	-	-	214,450,000
2020-1	247,440,000	-	-	-	-	-	-	-	-	-	247,440,000
2021-1	107,745,000	-	-	-	-	-	-	-	-	-	107,745,000
2022-1	267,845,000	-	-	-	-	-	-	-	-	-	267,845,000
<b>Totals</b>	<b>\$ 6,543,226,064</b>	<b>\$ 3,562,871</b>	<b>\$ (1,253,095,000)</b>	<b>\$ (325,898,935)</b>	<b>\$ (30,960,000)</b>	<b>\$ (55,670,000)</b>	<b>\$ (266,040,000)</b>	<b>\$ (1,482,575,000)</b>	<b>\$ (1,149,925,000)</b>	<b>\$ (565,560,000)</b>	<b>\$ 1,417,065,000</b>

(1) Bond Tenders are purchases in Lieu of Redemption resulting in bond retirements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
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**NOTE 4 BONDS PAYABLE (CONTINUED)**

**Future Maturities and Sinking Fund Requirements**

Future maturities of bonds payable, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 127,045,000	\$ 56,028,167	\$ 183,073,167
2025	93,605,000	51,863,215	145,468,215
2026	103,510,000	47,157,636	150,667,636
2027	101,015,000	42,330,378	143,345,378
2028	87,420,000	37,877,267	125,297,267
2029-2033	240,515,000	147,144,568	387,659,568
2034-2038	43,050,000	113,062,940	156,112,940
2039-2043	294,770,000	86,245,482	381,015,482
2044-2048	142,750,000	44,582,577	187,332,577
2049-2054	149,100,000	21,317,813	170,417,813
Total	<u>\$ 1,382,780,000</u>	<u>\$ 647,610,043</u>	<u>\$ 2,030,390,043</u>

**Bond Premium and Discount**

Bond premium and discount amounts have been recorded in connection with the issuance of the Authority's 2009 Series A Bonds, 2010-1, 2010-2, 2011-1, 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1, 2022-1, and 2023-1 Bonds. Bond premiums, net of discount are reported as liabilities. Bond premiums and discounts are amortized over the life of the related debt using the straight-line method of amortization. The unamortized amount of premium and discount is shown as a net amount in the liabilities section on the statements of net position, and amortization revenue and expense is credited or charged to bond interest expense in the statements of revenues, expenses, and changes in net position. Related amounts as of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Bond Premium	\$ 132,569,914	\$ 126,796,245
Accumulated Amortization	(89,328,788)	(83,639,492)
Total Unamortized Bond Premium	<u>\$ 43,241,126</u>	<u>\$ 43,156,753</u>
Annual Amortization Revenue	<u>\$ 11,613,923</u>	<u>\$ 11,901,318</u>
Bond Discount	\$ 16,775,004	\$ 16,311,266
Accumulated Amortization	(6,248,070)	(5,702,363)
Total Unamortized Bond Discount	<u>\$ 10,526,934</u>	<u>\$ 10,608,903</u>
Annual Amortization Expense	<u>\$ 1,748,757</u>	<u>\$ 1,051,478</u>
Net Unamortized Bond Premium	<u>\$ 32,714,192</u>	<u>\$ 32,547,850</u>
Net Amortization Revenue	<u>\$ 9,865,166</u>	<u>\$ 10,849,840</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
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**NOTE 5 ARBITRAGE REBATES AND ACQUIRED PURPOSE INVESTMENT LIABILITY**

**Arbitrage Rebates**

Pursuant to current federal income tax law and in accordance with the bond indentures, certain income earned on nonpurpose investments (investments other than student loans) attributable to the Authority's outstanding tax-exempt bonds is subject to payment to the U.S. Treasury as arbitrage rebates.

The arbitrage rebates are determined and calculated annually based upon the percentage of yield realized on the nonpurpose investments compared to the percentage of yield on the tax-exempt bonds and is cumulative over the lives and terms of the applicable bond series. Accordingly, the determined amount for any one-year could be reduced in subsequent years based on changes in yield differentials. No arbitrage expense was accrued or paid during the 2023 and 2022 Fiscal Years.

**Acquired Purpose Investment Liability**

As required by the trust indenture, HESAA has calculated an "acquired purpose investment" (API) liability that results from the loan yields exceeding the bond yields by more than 2.0% for certain of its bond portfolios, namely those bond portfolios issued in years 2012-2017. HESAA has covenanted with bondholders to reduce or forgive the principal of and the interest on student loans in order to reduce the loan yield on such loans to meet the 2.0% limitation. To that end, HESAA has in place and has implemented a formal loan yield reduction policy, which includes, among other things, principal and/or interest forgiveness on loans. As a result of the implementation of this yield reduction policy, no liability is expected to ultimately be paid by HESAA. While the loss contingency can be reasonably estimated, it is not probable of payment as the Agency's loan yield reduction policy is expected to reduce the API amounts over the next several years. While the U.S. tax code requires that the API liability be calculated, it does not require any payment of this liability until the tenth year after the bond has been issued if there is no formal yield reduction policy in place. Thus, no accrual contingency is necessary.

The acquired purpose investment liability calculated as of June 30, 2023 and 2022 by bond portfolio year is as follows:

<u>Bond Issue</u>	<u>June 30, 2023</u> <u>API Liability</u>	<u>June 30, 2022</u> <u>API Liability</u>
2012-1	\$ -	\$ 1,103,644
2013-1	-	4,213,410
2014-1	1,261,105	2,893,078
2015-1	313,922	442,872
2016-1	1,391,622	2,139,283
2017-1	362,415	1,050,384
2018-1	-	1,081,165
2019-1	3,501,949	7,078,624
2020-1	-	-
2021-1	-	15,836
2022-1	-	-

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
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**NOTE 6 CONCENTRATION OF CREDIT RISK**

**Student Loans Receivable**

The Authority provides student loans to New Jersey residents and out-of-state residents attending college in New Jersey, who use the proceeds for the purpose of pursuing higher education. The Authority assesses eligibility of loan applicants using criteria equal to the established guidelines for comparable loans in the banking industry. HESAA management continually monitors the performance of the NJCLASS and FFELP loan portfolios and maintains loan reserve funds for the 2010-1 and 2010-2 Master Indentures, which were capitalized by a fee charged at disbursement and partially replenished by collections on defaulted loans, to reimburse the bond issues when defaults occur. This policy is in conformity with the reserve amount requirements of the trust indentures between the Authority and Wells Fargo Bank. As a means of ensuring that cash flows generated from NJCLASS Student Loans will be sufficient to cover and protect the interests of the bondholders, management considers the cash flows of the loan reserve fund in combination with those of the bond issues adequate in light of actual loan default experience.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic and Governor Murphy declared a State of Emergency in the State of New Jersey. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its 2020 and 2021 operations and financial results including, but not limited to, decreases in incoming funds due to the inability of certain Student Loan borrowers to make full and timely loan repayment, decreases in fee income resulting from lower college saving investments, impact on the financial markets especially impacting interest rates and resulting income and a reduction in the number and amount of NJCLASS loans being borrowed as well as an increase in costs for emergency preparedness. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**NOTE 8 SUBSEQUENT EVENTS**

On August 31, 2023, HESAA retired \$47,005,000 of its 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1 and 2020-1 Bonds, through special optional redemption from excess revenues. These redemptions are made possible by better than expected cash flows on the student loans associated with these bond issues.

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	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series A&B*	2017-1	2010-1 Indenture Loan Reserve*	2010 FFELP	Retired 2010-2*	Retired 2012-1*	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	Total
<b>ASSETS</b>																			
<b>CURRENT ASSETS</b>																			
Cash and Cash Equivalents	\$ 220,306	\$ 25,081	\$ 213,555	\$ 14,002,205	\$ 26,003,078	\$ -	\$ 3,284,836	\$ -	\$ -	\$ 11,147,453	\$ 16,115,190	\$ 17,201,492	\$ 27,016,650	\$ 34,217,494	\$ 39,719,996	\$ 11,736,564	\$ 40,883,382	\$ 211,383,562	\$ 453,170,844
Investments	7,539,573	5,999,172	23,250,575	121,520	190,813	1,711,678	-	-	-	-	-	-	-	-	-	-	-	-	38,813,331
NJCLASS Student Loans Receivable	124,404	-	219,628	821,307	5,601,566	-	-	-	-	1,955,295	3,719,695	3,270,291	5,809,287	9,786,057	10,561,045	4,985,031	12,521,968	3,659,553	63,035,127
FFELP Student Loans Receivable	-	-	-	-	-	-	3,860,215	-	-	-	-	-	-	-	-	-	-	-	3,860,215
NJCLASS Defaulted Student Loan Principal and Interest, Net of Allowance for Doubtful	7,696,404	4,154,006	34,232,289	1,847,224	-	(455,321)	-	-	-	2,620,774	1,770,985	1,783,320	2,373,465	2,693,723	2,079,151	348,451	505,461	(16,724)	61,633,208
Accounts of \$162,005,642	-	-	-	56,672	100,615	-	12,935	-	-	46,789	62,798	67,064	105,507	133,033	153,739	44,673	158,217	866,115	1,808,157
Interest Receivable - Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable - NJCLASS Student Loans	6,117	-	78,759	157,233	619,901	-	-	-	-	327,528	361,848	433,129	818,072	1,208,068	1,322,871	725,091	1,726,051	570,891	8,355,559
Interest Receivable - FFELP Student Loans	-	-	-	-	-	-	1,001,262	-	-	-	-	-	-	-	-	-	-	-	1,001,262
Due from Other Bond Issue Funds	-	-	-	(49,418)	187,551	-	-	18,638	30,780	12,468	49,412	91,153	112,830	178,055	321,200	141,111	236,378	(1,330,158)	-
Due from/to 2009 and 2010 Loan Reserve Funds	-	-	-	(48,212)	5,699,763	(5,651,551)	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Collections Receivable	-	-	-	-	-	28,426	-	-	-	-	-	-	-	-	-	-	-	-	28,426
Due from Loan Servicing Agents	-	-	-	-	-	-	87,745	-	-	-	-	-	-	-	-	-	-	-	87,745
<b>Total Current Assets</b>	<b>15,586,804</b>	<b>10,178,259</b>	<b>57,994,806</b>	<b>16,908,531</b>	<b>38,403,287</b>	<b>(4,366,768)</b>	<b>8,246,993</b>	<b>18,638</b>	<b>30,780</b>	<b>16,110,307</b>	<b>22,079,928</b>	<b>22,846,449</b>	<b>36,235,811</b>	<b>48,216,430</b>	<b>54,158,002</b>	<b>17,980,921</b>	<b>56,031,457</b>	<b>215,133,239</b>	<b>631,793,874</b>
<b>NONCURRENT ASSETS</b>																			
NJCLASS Student Loans Receivable	724,091	-	1,050,271	7,707,381	94,930,779	-	-	-	-	32,817,899	44,207,023	56,263,381	93,705,536	154,054,355	204,089,623	108,601,766	251,128,157	57,188,848	1,106,469,110
FFELP Student Loans Receivable	-	-	-	-	-	-	14,684,992	-	-	-	-	-	-	-	-	-	-	-	14,684,992
<b>Total Noncurrent Assets</b>	<b>724,091</b>	<b>-</b>	<b>1,050,271</b>	<b>7,707,381</b>	<b>94,930,779</b>	<b>-</b>	<b>14,684,992</b>	<b>-</b>	<b>-</b>	<b>32,817,899</b>	<b>44,207,023</b>	<b>56,263,381</b>	<b>93,705,536</b>	<b>154,054,355</b>	<b>204,089,623</b>	<b>108,601,766</b>	<b>251,128,157</b>	<b>57,188,848</b>	<b>1,121,154,102</b>
<b>Total Assets</b>	<b>\$ 16,310,895</b>	<b>\$ 10,178,259</b>	<b>\$ 59,045,077</b>	<b>\$ 24,615,912</b>	<b>\$ 133,334,066</b>	<b>\$ (4,366,768)</b>	<b>\$ 22,931,985</b>	<b>\$ 18,638</b>	<b>\$ 30,780</b>	<b>\$ 48,928,206</b>	<b>\$ 66,286,951</b>	<b>\$ 79,109,830</b>	<b>\$ 129,941,347</b>	<b>\$ 202,270,785</b>	<b>\$ 258,247,625</b>	<b>\$ 126,582,687</b>	<b>\$ 307,159,614</b>	<b>\$ 272,322,087</b>	<b>\$ 1,752,947,976</b>
<b>LIABILITIES</b>																			
<b>CURRENT LIABILITIES</b>																			
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ 18,605,000	\$ -	\$ 4,240,000	\$ -	\$ -	\$ 6,405,000	\$ 12,295,000	\$ 12,695,000	\$ 19,805,000	\$ 23,600,000	\$ 25,400,000	\$ 4,000,000	\$ -	\$ -	\$ 127,045,000
Accrued Interest Payable - Bonds	-	-	-	-	386,696	-	108,128	-	-	77,914	159,559	206,544	394,949	560,390	745,666	342,927	1,382,586	1,615,216	5,980,575
Fees Payable	192,132	(3,525)	(26,313)	(111)	45,846	-	40,003	-	-	24,702	35,138	39,583	52,349	128,869	158,872	76,539	189,049	84,252	1,037,385
<b>Total Current Liabilities</b>	<b>192,132</b>	<b>(3,525)</b>	<b>(26,313)</b>	<b>(111)</b>	<b>19,037,542</b>	<b>-</b>	<b>4,388,131</b>	<b>-</b>	<b>-</b>	<b>6,507,616</b>	<b>12,489,697</b>	<b>12,941,127</b>	<b>20,252,298</b>	<b>24,289,259</b>	<b>26,304,538</b>	<b>4,419,466</b>	<b>1,571,635</b>	<b>1,699,468</b>	<b>134,062,960</b>
<b>NONCURRENT LIABILITIES</b>																			
Bonds Payable	-	-	-	-	80,525,000	-	14,460,000	-	-	28,100,000	42,420,000	51,970,000	84,430,000	152,250,000	186,340,000	103,745,000	267,845,000	243,650,000	1,255,735,000
Premium on Bonds Payable	-	-	-	-	1,660,347	-	-	-	-	(406,559)	(468,185)	509,036	2,264,084	2,895,915	4,367,619	6,686,398	5,408,846	9,796,691	32,714,192
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,185,347</b>	<b>-</b>	<b>14,460,000</b>	<b>-</b>	<b>-</b>	<b>27,693,441</b>	<b>41,951,815</b>	<b>52,479,036</b>	<b>86,694,084</b>	<b>155,145,915</b>	<b>190,707,619</b>	<b>110,431,398</b>	<b>273,253,846</b>	<b>253,446,691</b>	<b>1,288,449,192</b>
<b>Total Liabilities</b>	<b>192,132</b>	<b>(3,525)</b>	<b>(26,313)</b>	<b>(111)</b>	<b>101,222,889</b>	<b>-</b>	<b>18,848,131</b>	<b>-</b>	<b>-</b>	<b>34,201,057</b>	<b>54,441,512</b>	<b>65,420,163</b>	<b>106,946,382</b>	<b>179,435,174</b>	<b>217,012,157</b>	<b>114,850,864</b>	<b>274,825,481</b>	<b>255,146,159</b>	<b>1,422,512,152</b>
<b>NET POSITION</b>																			
Restricted	16,118,763	10,181,784	59,071,390	24,616,023	32,111,177	(4,366,768)	4,083,854	18,638	30,780	14,727,149	11,845,439	13,689,667	22,994,965	22,835,611	41,235,468	11,731,823	32,334,133	17,175,928	330,435,824
Total Liabilities and Net Position	<b>\$ 16,310,895</b>	<b>\$ 10,178,259</b>	<b>\$ 59,045,077</b>	<b>\$ 24,615,912</b>	<b>\$ 133,334,066</b>	<b>\$ (4,366,768)</b>	<b>\$ 22,931,985</b>	<b>\$ 18,638</b>	<b>\$ 30,780</b>	<b>\$ 48,928,206</b>	<b>\$ 66,286,951</b>	<b>\$ 79,109,830</b>	<b>\$ 129,941,347</b>	<b>\$ 202,270,785</b>	<b>\$ 258,247,625</b>	<b>\$ 126,582,687</b>	<b>\$ 307,159,614</b>	<b>\$ 272,322,087</b>	<b>\$ 1,752,947,976</b>

\*Bonds have been retired

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	Retired 1998 Indenture*	Retired 2008	Retired 2009 Series A	2010-1 Series A&B	2017-1	2010-1 Indenture Loan Reserve	2010 FFELP	2010-2	2010-2 Indenture Loan Reserve	2012-1	2013-1	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	Total
<b>ASSETS</b>																				
<b>CURRENT ASSETS</b>																				
Cash and Cash Equivalents	\$ 251,462	\$ 33,859	\$ 1,372,961	\$ 10,781,012	\$ 31,048,089	\$ -	\$ 3,126,500	\$ -	\$ -	\$ 18,592,153	\$ 16,620,274	\$ 19,785,418	\$ 20,264,719	\$ 21,195,944	\$ 29,908,279	\$ 37,275,168	\$ 42,289,195	\$ 7,602,837	\$ 228,158,095	\$ 488,305,965
Investments	13,884,655	4,966,365	16,280,819	-	-	1,645,870	-	-	80,371	-	-	-	-	-	-	-	-	-	-	36,858,080
NJCLASS Student Loans Receivable	99,111	10	36,813	707,399	4,891,988	-	-	-	-	1,979,883	1,492,116	1,991,213	3,306,123	3,024,229	4,929,984	8,064,911	8,465,211	3,694,579	4,208,344	46,891,914
FFELP Student Loans Receivable	-	-	-	-	-	-	3,908,934	-	-	-	-	-	-	-	-	-	-	-	-	3,908,934
NJCLASS Defaulted Student Loan Principal and Interest in 2009 and 2010 Indenture Loan Reserve Funds, Net of Allowance for Doubtful Accounts of \$161,068,744	8,019,173	4,366,976	31,652,002	1,471,581	-	(468,655)	-	-	-	2,745,687	2,249,332	2,249,580	1,570,097	1,527,334	2,101,063	2,173,054	1,412,377	92,827	42,390	61,204,818
Interest Receivable - Investments	-	-	1,474	7,655	20,964	-	2,073	-	-	12,793	11,469	13,594	13,801	14,345	20,277	29,860	28,685	5,799	167,230	350,019
Interest Receivable - NJCLASS Student Loans	3,738	6	94,596	182,207	725,937	-	-	-	-	325,143	376,187	432,986	442,844	556,548	1,023,580	1,503,792	1,547,024	799,343	661,784	8,675,715
Interest Receivable - FFELP Student Loans	-	-	-	-	-	-	851,557	-	-	-	-	-	-	-	-	-	-	-	-	851,557
Due from Other Bond Issue Funds	2,400,890	-	2,158,047	(25,321)	870,488	-	-	18,638	-	148,163	159,715	404,183	357,556	382,441	458,384	899,119	366,416	165,798	(4,205,581)	4,558,936
Due from/to 2009 and 2010 Loan Reserve Funds	-	-	-	73,308	5,178,361	(5,251,669)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Collections Receivable	-	-	-	-	-	20,025	-	-	-	-	-	-	-	-	-	-	-	-	-	20,025
Due from Loan Servicing Agents	-	-	-	-	-	-	56,656	-	-	-	-	-	-	-	-	-	-	-	-	56,656
Total Current Assets	<u>24,659,029</u>	<u>9,367,216</u>	<u>51,596,712</u>	<u>13,197,841</u>	<u>42,735,827</u>	<u>(4,054,429)</u>	<u>7,945,720</u>	<u>18,638</u>	<u>80,371</u>	<u>23,803,822</u>	<u>20,909,093</u>	<u>24,876,974</u>	<u>25,955,140</u>	<u>26,700,841</u>	<u>38,441,567</u>	<u>49,945,904</u>	<u>54,108,908</u>	<u>12,361,183</u>	<u>229,032,262</u>	<u>651,682,619</u>
<b>NONCURRENT ASSETS</b>																				
NJCLASS Student Loans Receivable	1,018,491	103	729,968	10,142,229	119,385,867	-	-	-	-	35,933,222	37,338,197	46,239,377	58,837,514	72,793,490	119,113,139	192,847,669	239,133,231	113,869,180	77,414,059	1,124,795,736
FFELP Student Loans Receivable	-	-	-	-	-	-	19,194,250	-	-	-	-	-	-	-	-	-	-	-	-	19,194,250
Total Noncurrent Assets	<u>1,018,491</u>	<u>103</u>	<u>729,968</u>	<u>10,142,229</u>	<u>119,385,867</u>	<u>-</u>	<u>19,194,250</u>	<u>-</u>	<u>-</u>	<u>35,933,222</u>	<u>37,338,197</u>	<u>46,239,377</u>	<u>58,837,514</u>	<u>72,793,490</u>	<u>119,113,139</u>	<u>192,847,669</u>	<u>239,133,231</u>	<u>113,869,180</u>	<u>77,414,059</u>	<u>1,143,989,986</u>
Total Assets	<u>\$ 25,677,520</u>	<u>\$ 9,367,319</u>	<u>\$ 52,326,680</u>	<u>\$ 23,340,070</u>	<u>\$ 162,121,694</u>	<u>\$ (4,054,429)</u>	<u>\$ 27,139,970</u>	<u>\$ 18,638</u>	<u>\$ 80,371</u>	<u>\$ 59,737,044</u>	<u>\$ 58,247,290</u>	<u>\$ 71,116,351</u>	<u>\$ 84,792,654</u>	<u>\$ 99,494,331</u>	<u>\$ 157,554,706</u>	<u>\$ 242,793,573</u>	<u>\$ 293,242,139</u>	<u>\$ 126,230,363</u>	<u>\$ 306,446,321</u>	<u>\$ 1,795,672,605</u>
<b>LIABILITIES</b>																				
<b>CURRENT LIABILITIES</b>																				
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ 21,000,000	\$ -	\$ -	\$ -	\$ -	\$ 12,910,000	\$ 11,505,000	\$ 13,500,000	\$ 14,795,000	\$ 14,905,000	\$ 19,695,000	\$ 23,200,000	\$ 19,600,000	\$ -	\$ -	\$ 151,110,000
Accrued Interest Payable - Bonds	-	-	-	-	495,022	-	56,639	-	-	122,558	127,679	152,214	230,820	275,061	495,795	668,552	862,725	342,927	1,986,579	5,816,571
Fees Payable	181,836	1,171	10,602	391	54,698	-	48,962	-	-	21,552	32,050	35,288	45,172	47,959	62,237	152,340	179,298	83,882	87,423	1,044,861
Total Current Liabilities	<u>181,836</u>	<u>1,171</u>	<u>10,602</u>	<u>391</u>	<u>21,549,720</u>	<u>-</u>	<u>105,601</u>	<u>-</u>	<u>-</u>	<u>13,054,110</u>	<u>11,664,729</u>	<u>13,687,502</u>	<u>15,070,992</u>	<u>15,228,020</u>	<u>20,253,032</u>	<u>24,020,892</u>	<u>20,642,023</u>	<u>426,809</u>	<u>2,074,002</u>	<u>157,971,432</u>
<b>NONCURRENT LIABILITIES</b>																				
Bonds Payable	-	-	-	-	108,435,000	-	23,060,000	-	-	25,310,000	32,430,000	41,940,000	58,810,000	69,350,000	111,940,000	191,250,000	227,840,000	107,745,000	267,845,000	1,265,955,000
Premium on Bonds Payable	-	-	-	-	2,884,598	-	-	-	-	(269,752)	(622,467)	(433,115)	(195,593)	1,174,614	3,462,663	4,520,356	6,612,282	8,460,451	6,953,813	32,547,850
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,319,598</u>	<u>-</u>	<u>23,060,000</u>	<u>-</u>	<u>-</u>	<u>25,040,248</u>	<u>31,807,533</u>	<u>41,506,885</u>	<u>58,614,407</u>	<u>70,524,614</u>	<u>115,402,663</u>	<u>195,770,356</u>	<u>234,452,282</u>	<u>116,205,451</u>	<u>274,798,813</u>	<u>1,298,502,850</u>
Total Liabilities	<u>181,836</u>	<u>1,171</u>	<u>10,602</u>	<u>391</u>	<u>132,869,318</u>	<u>-</u>	<u>23,165,601</u>	<u>-</u>	<u>-</u>	<u>38,094,358</u>	<u>43,472,262</u>	<u>55,194,387</u>	<u>73,685,399</u>	<u>85,752,634</u>	<u>135,655,695</u>	<u>219,791,248</u>	<u>255,094,305</u>	<u>116,632,260</u>	<u>276,872,815</u>	<u>1,456,474,282</u>
<b>NET POSITION</b>																				
Restricted	25,495,684	9,366,148	52,316,078	23,339,679	29,252,376	(4,054,429)	3,974,369	18,638	80,371	21,642,686	14,775,028	15,921,964	11,107,255	13,741,697	21,899,011	23,002,325	38,147,834	9,598,103	29,573,506	339,198,323
Total Liabilities and Net Position	<u>\$ 25,677,520</u>	<u>\$ 9,367,319</u>	<u>\$ 52,326,680</u>	<u>\$ 23,340,070</u>	<u>\$ 162,121,694</u>	<u>\$ (4,054,429)</u>	<u>\$ 27,139,970</u>	<u>\$ 18,638</u>	<u>\$ 80,371</u>	<u>\$ 59,737,044</u>	<u>\$ 58,247,290</u>	<u>\$ 71,116,351</u>	<u>\$ 84,792,654</u>	<u>\$ 99,494,331</u>	<u>\$ 157,554,706</u>	<u>\$ 242,793,573</u>	<u>\$ 293,242,139</u>	<u>\$ 126,230,363</u>	<u>\$ 306,446,321</u>	<u>\$ 1,795,672,605</u>

\*Bonds have been retired

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
NJCLASS/FFELP LOAN PROGRAMS  
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2023  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series	2017-1	2010-1 Indenture Loan Reserve Fund	2010 FFELP	2010-2	2010-2 Indenture Loan Reserve Fund	2012-1	2013-1	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	Total
<b>OPERATING REVENUES</b>																					
Interest Income:																					
NJCLASS Student Loans	\$ 49,944	\$ 7	\$ (514,513)	\$ 837,380	\$ 6,537,068	\$ -	\$ -	\$ -	\$ -	\$ 2,186,416	\$ 2,096,664	\$ 3,341,056	\$ 3,616,064	\$ 4,380,828	\$ 7,166,663	\$ 11,038,645	\$ 11,781,455	\$ 5,044,483	\$ 10,902,085	\$ 654,551	\$ 69,118,796
FFELP Student Loans	-	-	-	-	-	-	1,393,103	-	-	-	-	-	-	-	-	-	-	-	-	-	1,393,103
Total Interest Income	49,944	7	(514,513)	837,380	6,537,068	-	1,393,103	-	-	2,186,416	2,096,664	3,341,056	3,616,064	4,380,828	7,166,663	11,038,645	11,781,455	5,044,483	10,902,085	654,551	70,511,899
Administrative Fee Income	-	-	9,508	-	-	-	-	-	-	-	-	-	-	-	-	(2,161)	207,672	4,558,775	27,883	4,801,677	
Total Operating Revenues	49,944	7	(505,005)	837,380	6,537,068	-	1,393,103	-	-	2,186,416	2,096,664	3,341,056	3,616,064	4,380,828	7,166,663	11,038,645	11,779,294	5,252,155	15,460,860	682,434	75,313,576
<b>OPERATING EXPENSES</b>																					
Loan Servicing Fees:																					
NJCLASS Student Loans	8	1	90	2,794	606,117	-	-	-	-	178,908	248,932	359,497	491,024	523,562	691,391	1,672,567	2,034,802	964,689	3,323,188	149,874	11,247,444
FFELP Student Loans	-	-	-	-	-	-	364,255	-	-	-	-	-	-	-	-	-	-	-	-	-	364,255
Total Loan Servicing Fees	8	1	90	2,794	606,117	-	364,255	-	-	178,908	248,932	359,497	491,024	523,562	691,391	1,672,567	2,034,802	964,689	3,323,188	149,874	11,611,699
Program Expenses:																					
Annual Insurance Expense and Transaction Fees	-	-	19,250	-	49,020	-	22,367	-	-	25,000	27,500	32,500	32,500	35,000	43,004	53,851	38,231	10,000	59,998	-	448,221
Bad Debt Expense	(590,376)	(615,173)	9,544,078	-	-	378,147	-	-	-	(6,381,756)	(5,573,161)	360,809	417,718	536,462	350,492	874,618	702,583	265,639	597,923	68,894	936,897
RAP Expense	-	-	-	7,184	38,662	-	-	-	-	4,339	6,597	25,765	25,765	15,568	64,396	63,708	32,387	10,071	29,903	4,261	328,606
Total Program Expenses	(590,376)	(615,173)	9,563,328	7,184	87,682	378,147	22,367	-	-	(6,352,417)	(5,539,064)	419,074	475,983	587,030	457,892	992,177	773,201	285,710	687,824	73,155	1,713,724
Bond Interest Expense	-	-	-	-	3,912,006	-	1,022,695	-	-	1,846,224	2,109,447	1,932,312	2,476,895	2,429,433	4,058,569	5,547,570	7,268,854	2,208,322	11,001,845	1,380,399	46,994,571
Total Operating Expenses	(590,368)	(615,172)	9,563,418	9,978	4,605,805	378,147	1,409,317	-	-	(4,527,285)	(3,180,685)	2,710,883	3,443,902	3,540,025	5,207,852	8,212,314	10,076,857	3,458,721	15,012,857	1,603,428	60,319,994
<b>OPERATING INCOME (LOSS)</b>	640,312	615,179	(10,068,423)	827,402	1,931,263	(378,147)	(16,214)	-	-	6,713,701	5,277,349	630,173	172,162	840,803	1,958,811	2,826,331	1,702,437	1,793,434	448,003	(920,994)	14,993,582
<b>NONOPERATING REVENUES</b>																					
<b>(EXPENSES)</b>																					
Income on Investments	383,657	200,457	734,144	448,942	927,538	65,808	125,699	-	36	453,103	391,935	478,016	566,022	601,759	926,520	1,191,644	1,385,197	340,286	3,161,504	1,420,849	13,803,116
Equity Distribution from Bond Refunding	-	-	-	-	-	-	-	-	(80,407)	(10,445,093)	(1,692,921)	-	-	-	-	-	-	-	-	-	(12,218,421)
Gain (Loss) on Transfer	-	-	18,247,638	-	-	-	-	-	-	(18,333,617)	(15,544,270)	(196,944)	-	-	-	-	-	-	(848,880)	16,676,073	-
Loan Forgiveness	-	-	-	-	-	-	-	-	-	-	(3,207,121)	(2,106,060)	-	(1,494,592)	(1,789,377)	(4,184,689)	-	-	-	-	(12,781,839)
Transfer to Non-NJCLASS Funds	(10,400,890)	-	(2,158,047)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,558,937)
Total Nonoperating Revenues (Expenses)	(10,017,233)	200,457	16,823,735	448,942	927,538	65,808	125,699	-	(80,371)	(28,325,607)	(20,052,377)	(1,824,988)	566,022	(892,833)	(862,857)	(2,993,045)	1,385,197	340,286	2,312,624	18,096,922	(23,756,081)
<b>CHANGE IN NET POSITION</b>	(9,376,921)	815,636	6,755,312	1,276,344	2,858,801	(312,339)	109,485	-	(80,371)	(21,611,906)	(14,775,028)	(1,194,815)	738,184	(52,030)	1,095,954	(166,714)	3,087,634	2,133,720	2,760,627	17,175,928	(8,762,499)
Net Position (Deficit) - Beginning of Year	25,495,684	9,366,148	52,316,078	23,339,679	29,252,376	(4,054,429)	3,974,369	18,638	80,371	21,642,686	14,775,028	15,921,964	11,107,255	13,741,697	21,899,011	23,002,325	38,147,834	9,598,103	29,573,506	-	339,198,323
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<b>\$ 16,118,763</b>	<b>\$ 10,181,784</b>	<b>\$ 59,071,390</b>	<b>\$ 24,616,023</b>	<b>\$ 32,111,177</b>	<b>\$ (4,366,768)</b>	<b>\$ 4,083,854</b>	<b>\$ 18,638</b>	<b>\$ -</b>	<b>\$ 30,780</b>	<b>\$ -</b>	<b>\$ 14,727,149</b>	<b>\$ 11,845,439</b>	<b>\$ 13,689,667</b>	<b>\$ 22,994,965</b>	<b>\$ 22,835,611</b>	<b>\$ 41,235,468</b>	<b>\$ 11,731,823</b>	<b>\$ 32,334,133</b>	<b>\$ 17,175,928</b>	<b>\$ 330,435,824</b>

\*Bonds have been retired

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
NJCLASS/FFELP LOAN PROGRAMS  
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series	2010-1 2017-1	2010-1 Indenture Loan Reserve Fund	2010 FFELP	2010-2	2011-1	2010-2 Indenture Loan Reserve Fund	2012-1	2013-1	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	Total
<b>OPERATING REVENUES</b>																					
Interest Income:																					
NJCLASS Student Loans	\$ 57,750	\$ 4,983	\$ 158,688	\$ 929,494	\$ 8,646,043	\$ -	\$ -	\$ 474,775	\$ 3,540,255	\$ -	\$ 3,464,837	\$ 3,699,208	\$ 4,310,819	\$ 4,793,595	\$ 5,495,172	\$ 9,290,614	\$ 13,886,772	\$ 13,395,307	\$ 4,016,474	\$ 949,441	\$ 77,114,227
FFELP Student Loans	-	-	-	-	-	-	1,099,969	-	-	-	-	-	-	-	-	-	-	-	-	-	1,099,969
Total Interest Income	57,750	4,983	158,688	929,494	8,646,043	-	1,099,969	474,775	3,540,255	-	3,464,837	3,699,208	4,310,819	4,793,595	5,495,172	9,290,614	13,886,772	13,395,307	4,016,474	949,441	78,214,196
Administrative Fee Income	-	-	309,017	-	-	-	-	-	-	-	-	-	-	-	-	(905)	(7,921)	1,696,105	2,326,384	37,775	4,360,455
Total Operating Revenues	57,750	4,983	467,705	929,494	8,646,043	-	1,099,969	474,775	3,540,255	-	3,464,837	3,699,208	4,310,819	4,793,595	5,495,172	9,289,709	13,878,851	15,091,412	6,342,858	987,216	82,574,651
<b>OPERATING EXPENSES</b>																					
Loan Servicing Fees:																					
NJCLASS Student Loans	1	-	2	32	716,253	-	-	(2,426)	216,275	-	289,898	441,072	484,021	605,731	642,061	813,147	1,979,239	2,789,645	1,566,519	145,929	10,687,399
FFELP Student Loans	-	-	-	-	-	-	441,360	-	-	-	-	-	-	-	-	-	-	-	-	-	441,360
Total Loan Servicing Fees	1	-	2	32	716,253	-	441,360	(2,426)	216,275	-	289,898	441,072	484,021	605,731	642,061	813,147	1,979,239	2,789,645	1,566,519	145,929	11,128,759
Program Expenses:																					
Annual Insurance Expense	-	-	19,475	-	42,786	-	25,032	22,000	13,246	-	50,000	55,000	40,380	57,040	61,536	58,833	44,893	57,592	25,084	-	572,897
and Transaction Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	(916,043)	(753,363)	10,377,128	-	-	674,261	-	-	-	(8,339,048)	187,099	180,022	655,831	417,256	540,621	698,291	895,866	986,980	115,183	111,687	5,831,771
RAP Expense	-	-	-	35	21,139	-	-	282	276	-	865	1,601	4,519	6,405	23,633	39,848	20,225	8,472	855	3,845	132,000
Total Program Expenses	(916,043)	(753,363)	10,396,603	35	63,925	674,261	25,032	22,282	13,522	(8,339,048)	237,964	236,623	700,730	480,701	625,790	796,972	960,984	1,053,044	141,122	115,532	6,536,668
Bond Interest Expense	-	-	-	-	5,038,856	-	334,779	-	3,020,943	-	2,254,565	2,224,942	2,579,230	3,196,968	3,140,046	5,050,842	6,518,094	7,908,693	2,208,322	1,745,310	45,221,590
Total Operating Expenses	(916,042)	(753,363)	10,396,605	67	5,819,034	674,261	801,171	19,856	3,250,740	(8,339,048)	2,782,427	2,902,637	3,763,981	4,283,400	4,407,897	6,660,961	9,458,317	11,751,382	3,915,963	2,006,771	62,887,017
<b>OPERATING INCOME (LOSS)</b>	973,792	758,346	(9,928,900)	929,427	2,827,009	(674,261)	298,798	454,919	289,515	8,339,048	682,410	796,571	546,838	510,195	1,087,275	2,628,748	4,420,534	3,340,030	2,426,895	(1,019,555)	19,687,634
<b>NONOPERATING REVENUES (EXPENSES)</b>																					
Income on Investments	12,410	4,906	36,217	15,804	43,695	3,354	4,730	4,438	6,518	3,038	28,787	24,026	28,115	28,575	29,853	42,379	65,132	60,816	23,171	254,215	718,179
Equity Distribution from Bond Refunding	-	-	-	-	-	-	-	(15,913)	(1,588,990)	(3,593,047)	-	-	-	-	-	-	-	-	-	-	(5,207,950)
Gain (Loss) on Transfer	-	-	18,684,591	-	-	-	-	(19,084,170)	(31,273,107)	1,333,840	-	-	-	-	-	-	-	-	-	-	30,338,846
Loan Forgiveness	-	-	-	-	(525,514)	-	-	-	-	-	(2,483,023)	(5,003,791)	(3,012,691)	-	(1,016,133)	(2,027,781)	(1,996,519)	-	-	-	(16,065,452)
Total Nonoperating Revenues (Expenses)	12,410	4,906	18,720,808	15,804	(481,819)	3,354	4,730	(19,095,645)	(32,865,579)	(2,256,169)	(2,456,236)	(4,979,765)	(2,984,576)	28,575	(986,280)	(1,985,402)	(1,931,387)	60,816	23,171	30,593,061	(20,555,223)
<b>CHANGE IN NET POSITION</b>	986,202	763,252	8,791,908	945,231	2,345,190	(670,907)	303,528	(18,640,726)	(32,576,064)	6,082,879	(1,773,826)	(4,183,194)	(2,437,738)	538,770	100,995	643,346	2,489,147	3,400,846	2,450,066	29,573,506	(867,589)
Net Position (Deficit) - Beginning of Year	24,509,482	8,602,896	43,524,170	22,394,448	26,907,186	(3,383,522)	3,670,841	18,659,364	32,576,064	(6,002,508)	23,416,512	18,958,222	18,359,702	10,568,485	13,640,702	21,255,665	20,513,178	34,746,988	7,148,037	-	340,065,912
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<u>\$ 25,495,684</u>	<u>\$ 9,366,148</u>	<u>\$ 52,316,078</u>	<u>\$ 23,339,679</u>	<u>\$ 29,252,376</u>	<u>\$ (4,054,429)</u>	<u>\$ 3,974,369</u>	<u>\$ 18,638</u>	<u>\$ -</u>	<u>\$ 80,371</u>	<u>\$ 21,642,686</u>	<u>\$ 14,775,028</u>	<u>\$ 15,921,964</u>	<u>\$ 11,107,255</u>	<u>\$ 13,741,697</u>	<u>\$ 21,899,011</u>	<u>\$ 23,002,325</u>	<u>\$ 38,147,834</u>	<u>\$ 9,598,103</u>	<u>\$ 29,573,506</u>	<u>\$ 339,198,323</u>

\*Bonds have been retired





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board Members  
New Jersey Higher Education Student Assistance Authority  
Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the NJCLASS/FFELP Loan Programs (the Programs) of the New Jersey Higher Education Student Assistance Authority, which comprise of the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Programs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of the Programs' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

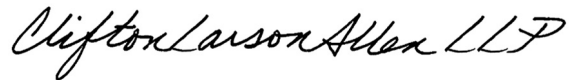
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Programs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 20, 2023