

**NEW JERSEY HIGHER EDUCATION
STUDENT ASSISTANCE AUTHORITY**

OTHER HESAA PROGRAMS AND FUNDS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
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YEARS ENDED JUNE 30, 2023 AND 2022**

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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 certain fiduciary activities of the New Jersey Higher Education Student Assistance Authority (the Authority) Other HESAA Programs and Funds (the Funds) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements which collectively comprise the Funds' basic 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 fiduciary net position of New Jersey Higher Education Student Assistance Authority Other HESAA Programs and Funds as of June 30, 2023 and 2022, and the related changes in fiduciary net position 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 discussed in Note 1, the financial statements present only the fiduciary activities of Other HESAA Programs and Funds 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 its changes in net position 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 New Jersey Higher Education Student Assistance Authority Other HESAA Programs and Fund'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 the management's discussion and analysis to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 fiduciary financial statements, and other knowledge we obtained during our audits of the fiduciary 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 of the Other HESAA Programs and Funds, taken as a whole. The combining schedules of fiduciary net position and combining schedules of revenues, expenses, and changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the fiduciary financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the fiduciary financial statements. The information has been subjected to the auditing procedures applied in the audits of the fiduciary financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the fiduciary financial statements or to the fiduciary financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules of fiduciary net position and combining schedules of revenues, expenses, and changes in fiduciary net position are fairly stated, in all material respects, in relation to the fiduciary 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 Other HESAA Programs and Funds' 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 Funds' 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 Other HESAA Programs and Funds' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 20, 2023

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

As the financial management of the Other HESAA Programs and Funds (the Funds) of the New Jersey Higher Education Student Assistance Authority (the Authority or HESAA), we offer readers of these financial statements this discussion and analysis of the financial activities of the Funds for the Fiscal Years ending June 30, 2023, 2022, and 2021. This narrative is designed to assist the reader in focusing on the significant financial issues and activities. We encourage readers to consider the information presented here in conjunction with the financial statements taken as a whole.

These separate audited financial statements have been produced for the Funds in compliance with state of New Jersey Executive Orders #122 and #37, which are more fully described in Note 1 to the financial statements.

The largest portions of HESAA's financial activities involve its roles as the administrative agency for the state sponsored NJBEST 529 College Savings Program, as the lender under the New Jersey College Loans to Assist State Students (NJCLASS) Program. Both of these programs are referenced in these financial statements and all amounts earned through these programs are restricted for use by the respective programs in accordance federal or state regulations and legal agreements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Funds' financial statements, which are comprised of the fiduciary financial statements, the notes to the financial statements, and the supplementary combining schedules.

The Funds are engaged only in various fiduciary-type activities on behalf of the Authority and, accordingly, only the financial statements required for fiduciary funds are presented. More detailed information concerning the financial statement presentation is contained in Note 1 to the financial statements.

Fiduciary Financial Statements

These fiduciary financial statements are designed to provide the reader with a broad overview of the entity's finances, in a manner similar to a private-sector business.

The statements of fiduciary net position present information on all of the Funds' assets and liabilities, with the difference between the two reported as fiduciary net position.

The statements of changes in fiduciary net position present information showing how the Funds' net position changed during the Fiscal Year. All changes in fiduciary net position are reported as the underlying events occur, regardless of timing of related cash flows. Thus, additions and deductions are reported in these statements for some items that will only result in cash flows in future fiscal periods.

Over time, increases and decreases in fiduciary net position may serve as a useful indicator of whether the financial position of the Funds is improving or deteriorating. Fiduciary net position increases when additions exceed deductions. Increases to assets without corresponding increases to liabilities results in increased fiduciary net position, which indicates an improved financial position.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Financial Highlights and Analysis

Complete financial data for each of the funds included in the financial statements of the HESAA Other Programs and Funds is presented in the supplemental schedules, combining schedules of fiduciary net position, and combining schedules of changes in fiduciary net position.

The Funds' total assets of \$71,159,386, \$64,498,860, and \$71,239,316 at June 30, 2023, 2022, and 2021, respectively, consist principally of amounts invested in the New Jersey Cash Management Fund.

The NJBEST Administrative Fund had \$56,552,623, \$53,508,342, and \$51,050,253 at June 30, 2023, 2022, and 2021, respectively, invested in the New Jersey Cash Management Fund. The NJBEST Administrative Fund is restricted to pay for future scholarship obligations of the NJBEST program and program expenses not covered by the program manager for the NJBEST Trust, Franklin Templeton Investments. The increase in the cash balance during the 2023 Fiscal Year is due in part to receipts from fee income of approximately \$4,767,625; investment income earned on the New Jersey Cash Management Fund account of approximately \$1,993,472 which was offset in part by program expenses of \$3,211,681 and funding of an affiliate of \$291,875. The increase in the cash balance during the 2022 Fiscal Year is due in part to receipts from fee income of approximately \$5,541,471; investment income earned on the New Jersey Cash Management Fund account of approximately \$124,195 which was offset in part by program expenses of \$3,292,089 and funding of an affiliate of \$302,442.

The Life of Loan Servicing Reserve Fund had \$13,260,427, \$9,597,267, and \$18,006,452 at June 30, 2023, 2022, and 2021, respectively, invested in the New Jersey Cash Management Fund, which is used to invest the accumulated restricted net position from administration of the NJCLASS Loan Program. The increase in the cash balance during the 2023 Fiscal Year was due primarily due to the receipt of an equity distribution from the 2012 and 2013 bond issues as part of a refunding of the bonds for that bond issue in Fiscal Year 2023 and contributions from NJCLASS funds which are no longer owned by former bond holders. The decrease in the cash balance during the 2022 Fiscal Year was due primarily to administrative expense, bond closing costs and capital charges in total being higher than fee income and the receipt of the equity distribution as part of the refunding of the 2011-1 bond issue in Fiscal Year 2022. This amount is restricted for payment of future NJCLASS administrative and servicing expenses, including funding of bond issue overcollateralization requirements, for which the Authority is responsible under the terms of the NJCLASS/FFELP bond indentures.

In FY2023, the Life of Loan Servicing Reserve Fund received \$12,138,014 in excess equity distribution from the 2012 and 2013 bond issues as part of the 2023 bond transaction. In that transaction, the bonds of the 2012 and 2013 bond issues were refinanced allowing excess equity to be distributed to this Fund.

At June 30, 2023, 2022, and 2021, the Funds' liabilities totaled \$4,446,947, \$9,012,015, and \$8,131,235, respectively, and consisted primarily of amounts due to HESAA programs not represented on these financial statements. The largest amount due at June 30, 2023 was the amount due to the NJCLASS Administrative Fund of \$4,241,622 while at June 30, 2022 and 2021, \$4,558,938 was due to the NJCLASS/FFELP Bond Trusts from the NJCLASS Loan Reserve Fund. The amount due to NJCLASS/FFELP Loan Program was forgiven in FY2023.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Financial Highlights and Analysis (Continued)

At June 30, 2023 and 2022, assets exceeded liabilities by \$66,712,439 and \$55,486,845, respectively, as compared to June 30, 2021, where assets exceeded liabilities by \$63,108,081. The net position balance is restricted in accordance with the Federal Higher Education Act, related U.S. Department of Education regulations, the terms of the NJCLASS/FFELP bond indentures, and other State laws and regulations regarding the permissible uses of funds reported within these Financial Statements.

Total additions to the Funds for the Fiscal Years ended June 30, 2023, 2022, and 2021 were \$31,753,458, \$11,035,371, and \$18,438,613, respectively. For Fiscal Year 2023, 2022, and 2021, the largest source of trust cash receipts was \$12,543,829, \$12,271,787, and \$12,534,455, respectively, received by the Life of Loan Servicing Reserve Fund. These accounts served solely as conduit clearing accounts for the Authority's Guaranty Agency Operating Trust Fund, the Federal Student Loan Reserve Trust Fund.

The largest source of collections, fee income, consists of restricted receipts earned by HESAA from the administration and servicing of the NJCLASS Loan Program, administrative fees of the NJBEST 529 College Savings Plan and revenue from the Direct Loan Servicing Fund. Total net fee receipts for the Fiscal Years ended June 30, 2023, 2022, and 2021 were \$4,767,625 (100%), \$5,541,471 (100%), and \$5,340,565 (100%), respectively, of total trust receipts in the respective years. All fees are reserved for funding current and future administrative expenses of the respective programs, including reserves for funding the NJBEST Scholarship Program, reimbursing the HESAA bond issues for NJCLASS defaulted loans, and providing a source of capital to support the parity of NJCLASS Bond Issues at the date of issuance, subject to later reimbursement from fee revenues and/or excess bond parity.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the auditors' reports regarding internal controls and compliance with certain provisions of laws, regulations, and agreements.

For further detail, visit the Authority's website at www.hesaa.org for more information about Authority programs and activities and management contact information.

FINANCIAL STATEMENTS

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
New Jersey Cash Management Fund	\$ 69,813,050	\$ 63,105,609
Fees Receivable	400,119	375,177
Due from NJCLASS/FFELP Loan Program	842,767	879,465
Due from 2010-1 FFELP Servicers	7,151	8,943
Default Collections Receivable	96,299	129,666
Total Assets	\$ 71,159,386	\$ 64,498,860
LIABILITIES AND NET POSITION		
LIABILITIES		
Accrued Expenses	\$ 105,325	\$ 187,496
Due to NJCLASS/FFELP Loan Program	-	4,558,938
Due to NJBEST Admin Fund	100,000	300,000
Due to NJCLASS Administrative Fund	4,241,622	3,965,581
Total Liabilities	4,446,947	9,012,015
NET POSITION		
Restricted for - NJBEST Administrative Fund	56,797,414	53,539,873
Restricted for - NJCLASS Life of Loan Servicing Reserve Fund	9,915,025	1,946,972
Total Net Position	66,712,439	55,486,845
Total Liabilities and Net Position	\$ 71,159,386	\$ 64,498,860

See accompanying Notes to Financial Statements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
ADDITIONS		
Trust Receipts:		
Fee Income	\$ 4,767,625	\$ 5,541,471
Total Trust Receipts	4,767,625	5,541,471
Income on Investments	2,241,660	147,123
FFELP Administration Fees	47,222	58,420
Equity Distribution from 2010-1	12,138,014	5,288,357
Administrative Income, Net	18,866	173,248
Distribution from Affiliate	8,000,000	-
Forgiveness of Intercompany Payable	4,558,937	-
Total Additions	31,772,324	11,208,619
DEDUCTIONS		
Transfers to NJCLASS Administrative Fund	14,005,616	11,541,838
NJCLASS Bond Issue Closing Costs	1,623,013	2,203,699
Capital Contributions to NJCLASS/FFELP Bond Issue	1,706,420	1,792,229
Program Expense	3,211,681	3,292,089
Total Deductions	20,546,730	18,829,855
CHANGES IN NET POSITION	11,225,594	(7,621,236)
Net Position – Beginning of Year	55,486,845	63,108,081
NET POSITION – END OF YEAR	\$ 66,712,439	\$ 55,486,845

See accompanying Notes to Financial Statements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
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 educations beyond high school. Prior to this act, the New Jersey Higher Education Student Assistance Authority, created by legislation in 1959, served as lender and guarantor of federally guaranteed student loans for New Jersey students.

Nature of Other HESAA Programs and Funds Reporting Entity

The funds and accounts included in the accompanying financial statements were established by HESAA in accordance with legal, regulatory, and operational requirements of its programs, to enable it to fulfill its mission. Amounts reported in these financial statements are “off-system,” meaning they are not recorded on the New Jersey Comprehensive Financial System. However, all funds included or referenced in these financial statements, along with funds included in other audited financial statements that report other components of the Authority, are also included in the consolidated HESAA financial information reported in the combining statements of net position and revenues and expenses of nonmajor component units — authorities within the New Jersey Annual Comprehensive Financial Report. These financial statements present only the fiduciary activities of the Other HESAA Programs and Funds 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, or its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Executive Orders #122 and #37

This financial report on “Other HESAA Programs and Funds” provides audited financial statements of all HESAA funds and accounts not already included in other audited financial statement reports containing data on Authority Programs. The purpose is to ensure full compliance with the requirements of state of New Jersey Executive Orders #122 and #37, which require an audit of the financial statements of each Authority by a certified public accounting firm in compliance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to the point at which receipts and disbursements are recognized in the accounts and reported in the financial statements. The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America applicable to governmental fiduciary funds. Receipts are recognized when earned, and deductions are recognized when incurred. The specific fund types included within the general classification of fiduciary funds are defined by their purposes. Those included in these financial statements are private-purpose trust funds, which are used to report trust arrangements in which principal and income benefit individuals and other private or governmental organizations. The fiduciary funds and accounts included within this financial report are classified as follows:

<u>Fund Name</u>	<u>Type</u>
NJBEST Administrative Fund	Private Purpose Trust Fund
NJCLASS Life of Loan Servicing Reserve Fund	Private Purpose Trust Fund

The required financial statements of these fiduciary funds include the statements of fiduciary net position and the statements of changes in fiduciary net position. Also presented are the supplemental schedules — combining schedules of fiduciary net position and combining schedules of changes in fiduciary net position.

All of the net positions of the funds reported in these financial statements are restricted for purposes of the Authority.

Operating Additions and Deductions by Fund

1. **NJBEST Administrative Fund** – receives fee income from the Fund’s manager, Franklin Templeton Investments. Income is used to pay any NJBEST program expenses not covered by Franklin Templeton, as well as NJBEST scholarships.
2. **NJCLASS Life of Loan Servicing Reserve Fund** – receives the net unexpended balances, after deducting program expenses, of program revenues earned by HESAA from administration of the NJCLASS Loan Program. These receipts include application, servicing, and administrative fee income. In addition, the Fund receives a share of collections on defaulted NJCLASS loans and equity distributions from bond refundings. This fund is held as a reserve against the expense of administering and servicing NJCLASS loans in future years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose 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.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes

The Authority, which is a body corporate and politic that is in, but not of, the State and an instrumentality of the state of New Jersey exercising public and essential governmental functions of the state of New Jersey, 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.

Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on the previously reported net position or changes therein.

NOTE 2 FEES RECEIVABLE

Under program regulations and contractual terms, the NJBEST Administrative Fund receives fee income from the fund managers of the NJBEST 529 College Savings Program, Franklin Templeton Investments. This income is received on a monthly basis. The amounts of fees receivable at June 30, 2023 and 2022, of \$400,119 and \$375,177, respectively, represents the June fee income which was received in July 2023 and 2022, respectively.

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk

Investments with the New Jersey Cash Management Fund (NJCMF) are not subject to custodial credit risk. The NJCMF does not have a credit rating.

Fair Value

All investments held by Other HESAA Programs and Funds are on deposit in the NJCMF. The NJCMF is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Assets of the NJCMF are reported 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.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value (Continued)

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. There are no withdrawal restrictions.

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.

The amounts on deposit in cash and investment accounts were as follows at June 30:

	Level	2023	2022
New Jersey Cash Management Fund	NAV	\$ 69,813,050	\$ 63,105,609
Total		\$ 69,813,050	\$ 63,105,609

Interest Rate Risk

The Authority's investments are in the NJCMF. In this type of investment, it is highly unlikely that normal fluctuations in interest earnings on the underlying securities would cause a loss of principal. Consequently, investments are not subject to interest rate risk.

NOTE 4 DUE TO/FROM OTHER FUNDS

Due to/from NJCLASS/FFELP Loan Program

At June 30, 2023 and 2022, \$842,767 and \$879,465, respectively, was due to the Life of Loan Servicing Reserve Fund from the NJCLASS/FFELP program for administrative fees and the Fund's share of collections on defaulted NJCLASS loans.

At June 30, 2023 and 2022, \$-0- and \$4,558,938, respectively, were due to the NJCLASS/FFELP program relating to the 2020 and 2019 bond issuance closing costs. The amount was forgiven in FY2023.

Due to NJCLASS Administrative Fund

At June 30, 2023 and 2022, \$4,241,622 and \$3,921,935, respectively, were due to the NJCLASS Administrative Fund appropriation unit within the State General Fund, (the General Fund) from the Life of Loan Servicing Reserve Fund. At June 30, 2023 and 2022, \$-0- and \$43,646, respectively, were due to the NJCLASS Administrative Fund from the NJBEST Administrative Fund.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 CONCENTRATIONS OF CREDIT RISK

At June 30, 2023 and 2022, approximately 99% of all funds within the HESAA Other Programs and Funds were invested in the NJCMF, a fund not subject to custodial credit risk as discussed in Note 3 above.

NOTE 6 TRANSACTIONS WITH THE NJCLASS/FFELP LOAN PROGRAM

The "Net Position" in the Authority's Life of Loan Servicing Reserve Fund will be replenished over time through origination, administrative and servicing fees collected from the NJCLASS program.

SUPPLEMENTARY INFORMATION

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	NJBEST Administrative Fund	NJCLASS Life of Loan Servicing Reserve Fund	Elimination/ Reclassification	Combined Programs and Funds
ASSETS				
CURRENT ASSETS				
New Jersey Cash Management Fund	\$ 56,552,623	\$ 13,260,427	\$ -	\$ 69,813,050
Fees Receivable	400,119	-	-	400,119
Due from NJCLASS/FFELP Loan Program	-	842,767	-	842,767
Due from 2010-1 FFELP Servicers	-	7,151	-	7,151
Default Collections Receivable	-	96,299	-	96,299
	<u>\$ 56,952,742</u>	<u>\$ 14,206,644</u>	<u>\$ -</u>	<u>\$ 71,159,386</u>
LIABILITIES				
CURRENT LIABILITIES				
Accrued Expenses	\$ 55,328	\$ 49,997	\$ -	\$ 105,325
Due to NJCLASS/FFELP Loan Program	-	-	-	-
Due to NJBEST Admin Fund	100,000	-	-	100,000
Due to NJCLASS Administrative Fund	-	4,241,622	-	4,241,622
Total Liabilities	<u>155,328</u>	<u>4,291,619</u>	<u>-</u>	<u>4,446,947</u>
NET POSITION – RESTRICTED	<u>56,797,414</u>	<u>9,915,025</u>	<u>-</u>	<u>66,712,439</u>
Total Liabilities and Net Position	<u>\$ 56,952,742</u>	<u>\$ 14,206,644</u>	<u>\$ -</u>	<u>\$ 71,159,386</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	NJBEST Administrative Fund	NJCLASS Life of Loan Servicing Reserve Fund	Elimination/ Reclassification	Combined Programs and Funds
ASSETS				
CURRENT ASSETS				
New Jersey Cash Management Fund	\$ 53,508,342	\$ 9,597,267	\$ -	\$ 63,105,609
Fees Receivable	375,177	-	-	375,177
Due from NJCLASS/FFELP Loan Program	-	879,465	-	879,465
Due from 2010-1 FFELP Servicers	-	8,943	-	8,943
Default Collections Receivable	-	129,666	-	129,666
	<u>\$ 53,883,519</u>	<u>\$ 10,615,341</u>	<u>\$ -</u>	<u>\$ 64,498,860</u>
LIABILITIES				
CURRENT LIABILITIES				
Accrued Expenses	\$ -	\$ 187,496	\$ -	\$ 187,496
Due to NJCLASS/FFELP Loan Program	-	4,558,938	-	4,558,938
Due to NJBEST Admin Fund	300,000	-	-	300,000
Due to NJCLASS Administrative Fund	43,646	3,921,935	-	3,965,581
Total Liabilities	<u>343,646</u>	<u>8,668,369</u>	<u>-</u>	<u>9,012,015</u>
NET POSITION – RESTRICTED	<u>53,539,873</u>	<u>1,946,972</u>	<u>-</u>	<u>55,486,845</u>
Total Liabilities and Net Position	<u>\$ 53,883,519</u>	<u>\$ 10,615,341</u>	<u>\$ -</u>	<u>\$ 64,498,860</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	NJBEST Administrative Fund	NJCLASS Life of Loan Servicing Reserve Fund	Elimination	Combined Programs and Funds
ADDITIONS				
Trust Receipts:				
Fee Income	\$ 4,767,625	\$ 12,543,829	\$ 12,543,829	\$ 4,767,625
Total Trust Receipts	4,767,625	12,543,829	12,543,829	4,767,625
Interest Income – Life of Loan	1,993,472	-	-	1,993,472
Income on Investments	-	248,188	-	248,188
FFELP Administration Fee	-	47,222	-	47,222
Equity Distribution from Bond Refunding of 2010-1 Bond Issue	-	12,138,014	-	12,138,014
Administrative Income – Net	-	18,866	-	18,866
Distribution from Affiliate	-	8,000,000	-	8,000,000
Forgiveness of Intercompany Payable	-	4,558,937	-	4,558,937
Total Additions	6,761,097	37,555,056	12,543,829	31,772,324
DEDUCTIONS				
Transfer to NJCLASS Administrative Fund	-	26,549,445	12,543,829	14,005,616
NJCLASS Bond Issue Closing Costs	-	1,623,013	-	1,623,013
Program Expense	3,211,681	-	-	3,211,681
Funding of Affiliate	291,875	(291,875)	-	-
Capital Contributions to NJCLASS/FFELP Bond Issue	-	1,706,420	-	1,706,420
Total Deductions	3,503,556	29,587,003	12,543,829	20,546,730
CHANGES IN NET POSITION HELD IN TRUST	3,257,541	7,968,053	-	11,225,594
Net Position – Beginning of Year	53,539,873	1,946,972	-	55,486,845
NET POSITION – END OF YEAR	<u>\$ 56,797,414</u>	<u>\$ 9,915,025</u>	<u>\$ -</u>	<u>\$ 66,712,439</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
OTHER HESAA PROGRAMS AND FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	NJBEST Administrative Fund	NJCLASS Life of Loan Servicing Reserve Fund	Elimination	Combined Programs and Funds
ADDITIONS				
Trust Receipts:				
Fee Income	\$ 5,541,471	\$ 12,271,787	\$ 12,271,787	\$ 5,541,471
Total Trust Receipts	5,541,471	12,271,787	12,271,787	5,541,471
Interest Income – Life of Loan	124,195	-	-	124,195
Income on Investments	-	22,928	-	22,928
FFELP Administration Fee	-	58,420	-	58,420
Equity Distribution from Bond Refunding of 2010-1 Bond Issue	-	5,288,357	-	5,288,357
Administrative Income – Net	-	173,248	-	173,248
Total Additions	5,665,666	17,814,740	12,271,787	11,208,619
DEDUCTIONS				
Transfer to NJCLASS Administrative Fund	-	23,813,625	12,271,787	11,541,838
NJCLASS Bond Issue Closing Costs	-	2,203,699	-	2,203,699
Program Expense	3,292,089	-	-	3,292,089
Funding of Affiliate	302,442	(302,442)	-	-
Capital Contributions to NJCLASS/FFELP Bond Issue	-	1,792,229	-	1,792,229
Total Deductions	3,594,531	27,507,111	12,271,787	18,829,855
CHANGES IN NET POSITION HELD IN TRUST	2,071,135	(9,692,371)	-	(7,621,236)
Net Position – Beginning of Year	51,468,738	11,639,343	-	63,108,081
NET POSITION – END OF YEAR	<u>\$ 53,539,873</u>	<u>\$ 1,946,972</u>	<u>\$ -</u>	<u>\$ 55,486,845</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON 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 New Jersey Higher Education Student Assistance Authority (the Authority) Other HESAA Programs and Funds (the Funds), which comprise the statement of fiduciary net position as of June 30, 2023, and the related statement of changes in fiduciary net position 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 Funds' 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 the Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' 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.

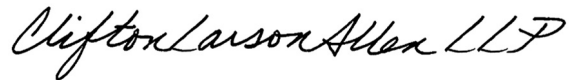
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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