OKLAHOMA STUDENT LOAN AUTHORITY
A COMPONENT UNIT OF THE STATE OF OKALAHOMA

FINANCIAL REPORT

For the Years Ended June 30, 2024 and 2023

OKLAHOMA STUDENT LOAN AUTHORITY
A COMPONENT UNIT OF THE STATE OF OKLAHOMA

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Arledge
certified public accountants

INDEPENDENT AUDITOR’S REPORT

To the Members of the Board of Directors
Oklahoma Student Loan Authority
A Component Unit of the State of Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Oklahoma Student Loan Authority (the Authority), a component of the State of Oklahoma as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority’s 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 respective financial position of the Authority as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters – Prior Period Financial Statements

The June 30, 2023 financial statements were audited by other auditors whose report dated January 12, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s 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 auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Authority's proportionate share of net pension liability-OTRS and schedule of the Authority's contributions-OTRS, as listed in the table of contents 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the Authority's 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 Authority'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 Authority's internal control over financial reporting and compliance.

Arledge & Associates PC

Oklahoma City, Oklahoma
October 28, 2024

OKLAHOMA STUDENT LOAN AUTHORITY
(A COMPONENT UNIT OF THE STATE OF OKLAHOMA)

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023

The Oklahoma Student Loan Authority (the Authority) is an eligible lender, a loan servicer, and a secondary market in the guaranteed Federal Family Education Loans (FFEL) Program under the Higher Education Act. The Authority performs loan servicing functions under the registered trade name "OSLA Student Loan Servicing ™."

From 2012 through 2023, the Authority was one of the servicers under contract with the United States Department of Education (USDE), servicing loans owned by USDE under its Direct Loan program. During fiscal year 2023, USDE determined that it would not extend OSLA's loan servicing contract and required OSLA to transfer its entire Direct Loan portfolio to another servicer. The contract expired December 31, 2023.

This section of the Authority's annual financial report presents a discussion and analysis of the Authority's financial performance for the fiscal years ended June 30, 2024, 2023 and 2022. Please read it in conjunction with the Authority's financial statements and the notes to the financial statements, which follow this section.

Financial Highlights

	2024	2023	2022
Total assets	$ 130,917,147	$ 157,369,645	$ 174,660,645
Student loans receivable, net	93,576,972	112,913,820	141,016,464
Total operating revenue	10,751,985	35,659,508	25,855,305
Net interest margin			
(interest income less interest expense)	4,440,576	3,934,989	2,429,789
Total operating expenses	19,844,960	36,491,882	22,457,341
Total nonoperating revenue	1,911,070	1,010,687	335,288
Total nonoperating expenses	439,806	-	-
Net position	61,950,580	69,572,291	69,393,978

Overview of the Financial Statements
Please refer to the notes to financial statements, summary of accounting policies, for a description of the Authority's basis of accounting and accounting policies.

Incentive programs affecting operating revenues: The Authority generates its operating revenues from borrower interest, subsidized interest and special allowance from the USDE, and loan servicing fees from our student loan portfolio and through subcontractor fees with a USDE Direct Loan Servicer. Certain policies of the Authority affect the generation of operating revenues.

The Authority offered certain incentive programs to our borrowers which continue to have an effect on our FFEL portfolio:

The following three incentives were offered for loans with first disbursement dates prior to July 1, 2008. The Authority eliminated or reduced this interest rate reduction incentive program for loans with first disbursement dates on or after July 1, 2008.

TOP Interest Rate Reduction: A portion of Stafford Loan and PLUS borrowers earned a 1.5% interest rate reduction by making their first twelve payments on time. The reduced interest rate applies for the life of the loan.

EZ PAY Interest Rate Reduction: Borrowers earned an interest rate reduction by using the Authority's electronic debit tool for making their monthly payments. The reduced interest rate applies as long as the borrower uses OSLA's electronic debit, EZ PAY, for making monthly payments. The incentive was increased from 0.33% to 1.0% effective June 20, 2007. The incentive was decreased from 1.0% to 0.25% for loans with first disbursement dates on or after July 1, 2008, as noted above. Subsequently, the incentive was eliminated for loans with first disbursement dates on or after April 1, 2011.

TOP Principal Reduction: A portion of Stafford Loan and PLUS borrowers earned a 1.0% reduction in the principal amount of their loans by making their first three payments on time.

The remaining previously offered incentive described below was discontinued on the date noted.

Consolidation Loan Principal Reduction: Consolidation loan borrowers earned a 1.0% reduction in the principal amount of their loan by making their first six payments on time. The Authority discontinued our consolidation loan program effective July 1, 2008.

The TOP and EZ PAY Interest Rate Reduction programs result in a reduction, and will result in a future reduction, in operating revenues received and in the average yield for the total student loan portfolio.

The Authority expenses the cost associated with the TOP and Consolidation Loan Principal Reduction programs in the period the incentive was earned as a reduction to loan interest income from borrowers.

Financial Analysis of the Authority

Components of the Authority's statements of net position are as follows as of June 30:

	2024	2023	2022
Assets and deferred outflows:			
Current assets	$ 48,335,808	$ 58,289,795	$ 52,022,239
Capital assets, net	565,477	1,502,192	1,717,262
Other noncurrent assets	82,015,862	97,577,658	120,921,144
Deferred outflows	3,465,943	5,180,453	3,958,261
Total assets and deferred outflows	$ 134,383,090	$ 162,550,098	$ 178,618,906

	2024	2023	2022
Liabilities and deferred inflows:			
Current liabilities	$ 796,807	$ 5,568,565	$ 2,247,758
Noncurrent liabilities	71,133,437	87,125,727	103,472,493
Deferred inflows	502,266	283,515	3,504,677
Total liabilities and deferred inflows	72,432,510	92,977,807	109,224,928
Net position:			
Invested in capital assets	565,477	1,502,192	1,717,262
Restricted	7,077,619	13,057,318	14,126,581
Unrestricted	54,307,484	55,012,781	53,550,135
Total net position	61,950,580	69,572,291	69,393,978
Total liabilities, deferred inflows and net position	$ 134,383,090	$ 162,550,098	$ 178,618,906

Student loans receivable, net decreased by approximately $19,336,000 and $28,102,000 to approximately $93,577,000 and $112,913,000 at June 30, 2024 and 2023, respectively, due primarily to principal payments received from borrowers, claim payments from guarantors and loan consolidations.

Cash and investments decreased by approximately $5,990,000 and increased by $13,937,000 to approximately $30,789,000 and $36,779,000 at June 30, 2024 and 2023, respectively. This was primarily the result of a decrease in loan servicing fees income at June 30, 2024 compared to June 30, 2023, due to the expiration of the Direct Loan Servicing contract with the USDE.

Notes payable decreased by approximately $16,011,000 and $21,202,000 to approximately $60,174,000 and $76,185,000 as of June 30, 2024 and 2023, respectively. In 2024, the decrease was due primarily to principal payments on outstanding notes payable, and a similar comparison from June 30, 2023 to June 30, 2022.

Financial Analysis of the Authority (Cont'd)

Pension liability results from the Authority's participation in the Teacher's Retirement System of Oklahoma. The net pension liability is approximately $10,619,000, $10,612,000, and $5,727,000 million for years ended June 30, 2024, 2023 and 2022, respectively. We have made required contributions since the Authority's inception. Actuarial calculations and assumptions drive the recognized pension liability and related expense recognition based on the Authority's proportion of the net pension liability of the plan. See Note 6—Retirement Plan in the notes to audited financial statements.

Components of the statement of revenues, expenses and changes in net position are as follows for the fiscal years ended June 30:

	2024	2023	2022
Revenues:			
Operating revenues	$ 10,751,985	$ 35,659,508	$ 25,855,305
Nonoperating revenues	1,911,070	1,010,687	335,288
Total revenues	12,663,055	36,670,195	26,190,593
Expenses			
Operating expenses	19,844,960	36,491,882	22,457,341
Nonoperating expenses	439,806	-	-
Increase/(decrease) in net position	$ (7,621,711)	$ 178,313	$ 3,733,252

Additional analysis of the statement of revenues, expenses and changes in net position are as follows for the fiscal years ended June 30:

	2024	2023	2022
Loan interest income, net of consolidation rebate fees	$ 7,372,404	$ 7,283,570	$ 3,876,104
Investment interest income	1,268,041	461,936	24,854
Total interest income	8,640,445	7,745,506	3,900,958
Less interest expense	4,199,869	3,810,517	1,471,169
Net interest margin	$ 4,440,576	$ 3,934,989	$ 2,429,789

Operating revenues are comprised primarily of interest income from borrowers and decreased by approximately $616,000 and $1,111,000 for the years ended June 30, 2024, and June 30, 2023, respectively, due to an overall decrease in total loans outstanding. During fiscal year 2023, all USDE serviced loans were transferred to another servicer as our contract with USDE expired on December 31, 2023. We began earning fees in the 2nd quarter of fiscal year 2024 under a subcontract arrangement with another federal student loan servicer providing contact center support and back office processing services. Loan servicing fee income decreased by approximately $27,366,000 and increased by $6,396,000 for the years ended June 30, 2024, and June 30, 2023, respectively.

Financial Analysis of the Authority (Cont'd)

Nonoperating revenues (excluding investment interest income) typically consist of on-behalf pension contributions which increased by approximately $95,000 to $643,000 and increased by approximately $238,000 to approximately $548,000 for the years ended June 30, 2024 and 2023, respectively. On-behalf pension contributions had a slight increase by approximately $72,000 to approximately $310,000 for the year ended June 30, 2022. See further discussion of on-behalf pension contributions in Note 6 in the notes to financial statements.

Operating expenses (excluding interest expense) for the year ended June 30, 2024, decreased to approximately $15,634,000 due to a decrease in loan servicing fees as a result of the discontinuation of the USDE loan servicing contract at December 31, 2023, and a one-time $4.5 million settlement expense related to the transfer of USDE loans to another servicer in fiscal year 2023. Operating expenses (excluding interest expense) for the year ended June 30, 2023, increased to approximately $33,449,000 due to an increase in loan servicing fees and a $4.5 million settlement expense related to the required transfer of USDE loans to another servicer. Operating expenses (excluding interest expense) for the year ended June 30, 2022, increased to approximately $21,100,000 due to an increase in loan servicing fees and other administrative costs, including higher staffing levels due to further increases in Direct Loans serviced.

Loan interest income for the year ended June 30, 2024, increased from approximately $7,283,000 to $7,372,000 as a result of an increase in special allowance payments, net of rebate fees of approximately $705,000 over June 30, 2023, offset by an approximate $617,000 decrease in interest income from borrowers as a result of the gradual payoffs of FFELP loans. Loan interest income for the year ended June 30, 2023 increased by $3,800,000 to $7,283,000 as a result of an increase in interest benefit income, net of rebate fees of $4,500,000 over June 30, 2022. Loan interest income is primarily affected by loans outstanding and the variable interest rates on student loans, which are reset annually on July 1st by USDE. The variable rates ranged from: 2.00% to 10.00% for the year ended June 30, 2024, 2.84% to 10.00% for the year ended June 30, 2023, and 1.72% to 3.34% for the year ended June 30, 2022. The fixed rates for loans first disbursed on or after July 1, 2006, ranged from 5.6% to 8.5%. See Note 4, Loans and Allowance for Loan Losses, for explanation of the quarterly lenders' yield and its relationship to the loans' stated variable or fixed interest rates. The lender's yield is based on the 1-Month SOFR index for purposes of special allowance calculations, as the LIBOR index ended on June 30, 2023.

Interest expense: The approximate $16,011,000 decrease in notes outstanding during the year ended June 30, 2024 was accompanied by an increase in the weighted average cost of funds to approximately 4.56% as of June 30, 2024, compared to a 4.0% cost of funds at June 30, 2023. The approximate $21,201,000 decrease in notes outstanding during the year ended June 30, 2023, was accompanied by an increase in the weighted average cost of funds to approximately 4.50% as of June 30, 2023, compared to a 1.15% cost of funds at June 30, 2022. The approximate 25,928,000 decrease in bonds and notes outstanding and the weighted average cost of funds of 1.15% during the year ended June 30, 2022 compared to the weighted average cost of funds of 0.99% at June 30, 2021, resulted in a decrease in total interest expense for the year ended June 30, 2022.

Financial Analysis of the Authority (Cont'd)

Net interest margin for the year ended June 30, 2024, of approximately $4,440,000 resulted from an increase in interest expense offset by an increase in both loan and investment interest income and represents a net increase of approximately $506,000 from the prior year. Net interest margin for the year ended June 30, 2023, of approximately $3,934,000 resulted from an increase in interest expense offset by an increase in both loan and investment interest income and represents a net increase of approximately $1,505,000 from the prior year. Net interest margin for the year ended June 30, 2022, of approximately $2,429,000, represents a decrease of approximately $210,000 from the prior year, which is the result of a decrease in loan interest income partially offset by a decrease in interest expense.

Net position decreased by approximately $7,621,000 at June 30, 2024, and increased by approximately $178,000 and $3,733,000 at June 30, 2023 and 2022, respectively, due to the changes in revenues and expenses described above.

Debt Administration

The Authority funded student loan notes receivable by issuing tax-exempt and taxable bonds and notes. The bonds and notes were approved by the State of Oklahoma bond oversight process prior to issuance. Tax-exempt bonds or notes also received an allocation of the State of Oklahoma private activity volume ceiling or "cap." In addition, the issues must comply with federal statutes and with the rules and regulations of the United States Treasury Department and the United States Securities and Exchange Commission.

Detailed information on the Authority's debt is presented in Note 5 to the audited financial statements.

During fiscal year 2022, the Authority issued the 2021 Note Payable, for which the proceeds were used to refund all notes and bonds payable at the time of issuance. All publicly held debt was extinguished as of June 30, 2022.

Economic Outlook

OSLA has developed a private loan program under an agreement with a national provider of financial aid services. Our program is modeled after their successful private loan products, including origination and servicing practices. Our arrangement also provides for continuing support and consulting services. We plan to begin offering loans in October 2024 under the name OKHELP. The loans will be offered by OSLA to Oklahoma students, families and schools to finance higher education costs beyond federal loans and other financial aid, grants and scholarships. We expect to begin realizing revenues in late fiscal year 2025, representing the 2025-2026 academic year, recognizing that most borrowers have already secured necessary financial assistance for the 2024-2025 academic year.

OSLA has entered into an agreement to outsource servicing of our FFEL portfolio to a third-party service provider beginning in January 2025. We expect to see significant savings in general and administrative costs when the outsourcing is completed, while maintaining a high level of customer service to our borrowers.

We also continue to adjust our cost structure in response to moving forward after the direct loan servicing contract expiration.

Oklahoma Student Loan Authority
A Component Unit of the State of Oklahoma

Statements of Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash	$ 210	$ 210
Restricted cash	57,610	60,166
Investments	25,868,176	32,559,635
Student loan notes receivable, current portion	17,274,521	20,311,145
Interest receivable from U.S Department of Education	681,169	843,513
Interest and other receivables	4,454,122	4,515,125
Total current assets	48,335,808	58,289,794
Noncurrent assets		
Restricted investments	4,863,294	4,159,409
Student loan notes receivable, net of allowance for loan losses	76,302,451	92,602,676
Capital assets, net of accumulated depreciation	565,477	1,502,192
Other noncurrent assets	850,117	815,574
Total noncurrent assets	82,581,339	99,079,851
Total assets	130,917,147	157,369,645
Deferred outflows of resources		
Deferred pension plan outflows	2,405,745	3,961,231
Deferred loss on debt refunding outflows	1,060,198	1,219,222
Total deferred outflows of resources	3,465,943	5,180,453
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities		
Accounts payable and other accrued expenses	742,165	5,497,064
Accrued interest payable	54,642	71,501
Total current liabilities	796,807	5,568,565
Noncurrent liabilities		
Notes payable	60,174,201	76,185,212
Net pension liability	10,619,329	10,612,079
Other accrued expenses	339,907	328,436
Total noncurrent liabilities	71,133,437	87,125,727
Total liabilities	71,930,244	92,694,292
Deferred inflows of resources		
Deferred pension plan inflows	502,266	283,515
Net position		
Investment in capital assets	565,477	1,502,192
Restricted	7,077,619	13,057,318
Unrestricted	54,307,484	55,012,781
Total net position	$ 61,950,580	$ 69,572,291

See notes to financial statements.

Oklahoma Student Loan Authority
A Component Unit of the State of Oklahoma

Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Loan interest income:		
From borrowers	$ 5,272,122	$ 5,889,062
Net from U.S. Department of Education	2,100,282	1,394,508
Loan servicing fees	1,039,272	28,375,938
Subcontractor fees	2,340,309	-
Total operating revenues	10,751,985	35,659,508
Operating expenses		
Interest	4,199,869	3,810,517
General and administrative	14,646,939	15,656,900
External loan servicing fees	368,564	15,909,954
Professional fees	629,588	1,114,511
Total operating expenses	19,844,960	36,491,882
Operating (loss)	(9,092,975)	(832,374)
Nonoperating revenues:		
OTRS on-behalf contributions	643,029	548,751
Investment income	1,268,041	461,936
Nonoperating income	1,911,070	1,010,687
Nonoperating expenses:		
Loss on disposition of capital assets	(439,806)	-
Nonoperating expenses	(439,806)	-
(Decrease) Increase in net position	(7,621,711)	178,313
Net position, beginning of year	69,572,291	69,393,978
Net position at year end	$ 61,950,580	$ 69,572,291

See notes to financial statements.

Oklahoma Student Loan Authority
A Component Unit of the State of Oklahoma

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Receipts of interest income from borrowers	$ 5,364,483	$ 5,727,606
Payments of interest from USDE	115,024	258,811
Receipts of loan servicing fees	1,906,530	31,797,124
Receipts of subcontractor fees	2,128,483	-
Receipts of loan principal payments	21,493,317	30,659,284
Acquisition of student loans receivables	(2,067,244)	(2,557,629)
Payments to employees and suppliers	(15,156,270)	(27,793,806)
Net cash provided by operating activities	13,784,323	38,091,390
Cash flows from noncapital financing activities		
Payments on interest on notes payable	(4,216,728)	(3,616,886)
Payments on notes payable	(16,011,011)	(21,201,714)
Net cash used in noncapital financing activities	(20,227,739)	(24,818,600)
Cash flows from investing activities		
Proceeds from sales of investments	92,641,423	111,433,077
Receipts of interest on investments	1,153,424	447,567
Purchases of investments	(87,326,069)	(124,864,193)
Net cash provided (used) in investing activities	6,468,778	(12,983,549)
Cash flows from capital and related financing activities:		
Purchases of capital assets	(27,918)	(316,324)
Net (decrease) in cash	(2,556)	(27,083)
Cash at beginning of the year	60,376	87,459
Cash at end of year	$ 57,820	$ 60,376
Noncash flow information		
OTRS on-behalf contributions	643,029	548,751

See notes to financial statements.

Oklahoma Student Loan Authority
A Component Unit of the State of Oklahoma

Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	(9,092,975)	(832,374)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Interest paid on notes payable	4,216,728	3,492,469
Amortization of deferred loss on debt refunding outflows	159,024	159,024
Depreciation on capital assets	517,858	531,393
Loss on disposal of fixed assets	439,806	-
Provision for loan loss	354,000	-
OTRS on-behalf contributions	643,029	548,751
(Increase) decrease in assets and deferred outflows of resources:		
Student loans receivable, net	19,336,849	27,821,182
Interest and other receivables	61,003	3,259,730
Other Assets	(34,543)	508,823
Deferred pension plan outflows	1,555,486	72,762
Interest receivable from U.S. Department of Education	162,344	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(4,743,428)	3,420,912
Accrued interest payable	(16,859)	34,607
Interest payable to U.S. Department of Education	-	(1,135,697)
Net pension liability	7,250	4,884,948
Deferred pension plan inflows	218,751	(4,675,140)
Net cash provided by operating activities	$ 13,784,323	$ 38,091,390

See notes to financial statements.

1. Reporting Entity and Nature of Program

The Oklahoma Student Loan Authority (the Authority) was created as an express trust under applicable Oklahoma Statutes and a Trust Indenture dated August 2, 1972, with the State of Oklahoma (the State) accepting the beneficial interest therein. The Authority is a component unit of the State and is included in the annual comprehensive financial report of the State.

The purpose of the Authority is to support borrowers with loans offered under the Federal Family Education Loan (FFEL) Program or other loan programs, including private student loans, and to provide student loan servicing support to other loan servicers having contracts with the Department of Education.

The student loans held by the Authority under the Federal Higher Education Act of 1965 (Higher Education Act), as amended, include Federal Stafford Loans (Stafford), Unsubsidized Stafford Loans for Middle Income Borrowers (Unsubsidized Stafford), Federal Supplemental Loans for Students (SLS), Federal Parent Loans for Undergraduate Students (PLUS), and Federal Consolidation Loans (Consolidation).

The FFEL Program loans are guaranteed by the Oklahoma State Regents for Higher Education Guaranteed Student Loan Program (State Guarantee Agency), which is reinsured by the United States Department of Education (USDE), or guaranteed by other guarantors approved by the USDE (Guarantee Agencies). As of June 30, 2024, and 2023, the majority of loans are guaranteed at 97% for loans first disbursed on or after July 1, 2006. The Authority must complete certain due diligence and claim filing requirements for delinquent loans in order to maintain the guarantee.

The Authority also holds private loans through the Supplemental Higher Education Loan Financing (SHELF™) Program. These loans are not guaranteed under the Higher Education Act. The Authority discontinued originations of SHELF loans effective July 1, 2008.

In July 2012, the Authority was awarded a NFP Servicer loan servicing contract by the Department of Education to service loans owned by the Department of Education in its Direct Loan Program under the Higher Education Act. The Authority earned a monthly servicing fee pursuant to the NFP Servicer loan servicing contract based on the number of borrower accounts. During fiscal year 2023, USDE determined that it would not extend the Authority's loan servicing contract which expired December 31, 2023. USDE required the Authority to transfer its entire Direct Loan portfolio to another servicer during the 4th quarter of fiscal 2023, and no USDE loans were serviced starting June 30, 2023.

2. Summary of Significant Accounting Policies

The financial statements of the Authority included herein reflect the combined assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position and changes therein for the Authority. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for accounting principles generally accepted applicable to governmental proprietary activities in the United States of America. The Authority applies all applicable GASB pronouncements.

Basis of accounting: The Authority's financial statements are prepared using the economic resources measurement focus and use the accrual basis of accounting, similar to private business enterprises. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

2. Summary of Significant Accounting Policies (Cont'd)

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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash: Cash consists primarily of demand deposit accounts at financial institutions. The Authority also utilizes bank deposit accounts which periodically sweep cash into uninsured short-term investment securities.

Investments: Investments consist of U.S. government securities-based mutual funds, certificates of deposit, U.S. Treasuries, including bills and notes. Applicable Oklahoma Statutes authorize certain types of investments the Authority can utilize. Non-negotiable certificates of deposit and U.S. Treasuries, including bills and notes, and government securities with original maturities of less than one year are stated at cost. U.S Treasuries and government securities with a maturity of greater than one year are stated at fair value with changes in fair value included in the statements of revenues, expenses, and changes in net position. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The U.S government securities-based mutual funds are stated at the net asset value (NAV) of the fund.

Loans and allowance for loan losses: Loans are stated at cost, net of an allowance for loan losses. The Authority includes in the cost of a loan any premium paid on student loans purchased. Premiums are amortized over the estimated life of the loan as an adjustment to interest income. All of the FFEL Program loans made or acquired by the Authority are guaranteed, and Authority staff completes required due diligence and claim filing to maintain the guarantee, as described in Note 1. There is still risk to the Authority if the loans should lose their guarantee status. The Authority has established cure and recovery procedures to be applied to loans that have lost their guarantee status. If the cure and recovery procedures are not successful within a maximum of three years, the loan will be written off as uncollectible.

The allowance for loan losses was established by the Authority's management to provide for this type of loss, as well as losses on non-guaranteed SHELF™ loans. Student loans are written off when they are deemed uncollectible and charged against the allowance upon such determination. Any subsequent collection or recovery on an account written off as uncollectible is credited to the allowance.

Capital assets: The Authority capitalizes expenditures for equipment, software, system development, and leasehold improvements. Depreciation and amortization are calculated primarily using a straight-line basis over three to ten years. Maintenance costs for equipment and other assets are expensed as incurred.

Net position: The Authority's net position is classified as follows:

Investment in capital assets: This represents the Authority's total investment in capital assets.

Restricted net position: Net position where the use is restricted by a third party or enabling legislation. The Authority's restricted net position is restricted by the debt covenants for the purpose of providing collateral for the outstanding debt obligations and paying debt interest and principal payments that are due (see Note 5).

2. Summary of Significant Accounting Policies (Cont'd)

Unrestricted net position: Net position that does not meet the definition of invested in capital assets or restricted is classified as unrestricted.

Operating revenues and expenses: Balances classified as operating revenues and expenses are those which comprise the Authority's principal operations. Since the Authority's operations are similar to those of a finance company, all revenues and expenses related to servicing the loans are considered operating with the exception of investment interest income and OTRS on-behalf contributions.

Servicing fees earned from the Authority's NFP servicing contract with USDE are recorded in the month such services are provided.

Interest income: Interest is earned from the borrowers on the various types of student loans, from the USDE, and from investments. The USDE makes two types of interest payments to the Authority. One is for the interest on Subsidized Stafford and Consolidation loans when the borrower is not currently required to make principal and interest payments under the terms of the loan. Such interest income from the USDE for the years ended June 30, 2024, and 2023 was approximately $173,000 and $172,000, respectively. The other type of interest payment that may be received from the USDE is a Special Allowance Payment (SAP). The rates for Special Allowance Payments are based on formulas that differ according to the type of loan, the date the loan was first disbursed, the interest rate, and the type of funds used to finance such loans (tax-exempt or taxable). Most loan rates in the Authority's portfolio are based upon the 1-month SOFR index, and also include the average rate established in the auctions of 91-day U.S. Treasury bills during such quarter or the quotes of three-month commercial paper (financial index) in effect for each of the days in such quarter. In the event that the quarterly Special Allowance Rates are less than the stated interest rate for the loans with first disbursement on or after April 1, 2006, lenders are required to rebate to the USDE this excess interest over the quarterly Special Allowance rate. This rebate typically results in negative Special Allowance income in which case the Authority pays the USDE. Net Special Allowance Payments from the USDE for the years ended June 30, 2024, and 2023 was approximately $2,666,000 and $2,104,000, respectively.

Additionally, the Authority pays a consolidation rebate fee to the USDE on a monthly basis. The consolidation rebate fee is based on the outstanding principal and unpaid accrued interest on consolidation loans at month end. Consolidation rebate fees paid to the USDE for the years ended June 30, 2024 and 2023 was approximately $739,000 and $882,000, respectively. Such fees are reported as a reduction to loan interest income from USDE.

Deferred inflows of resources: Deferred inflows of resources are the acquisition of net position by the Authority that are applicable to a future period. At June 30, 2024 and 2023, the Authority had deferred inflows related to pension items of approximately $502,000 and $284,000, respectively. See Note 6 for additional discussion regarding deferred inflows of resources.

Deferred outflows of resources: Deferred outflows are the consumption of net position by the Authority that are applicable to a future period. At June 30, 2024 and 2023, the Authority had deferred outflows of resources related to pension items of approximately $2,406,000 and $3,961,000, respectively. See Note 6 for additional discussion regarding pension related deferred outflows of resources. In addition, during fiscal

2. Summary of Significant Accounting Policies (Cont'd)

year 2022, the Authority issued a new note payable, for which the proceeds were used to refund all existing debt. As of June 30, 2024, and 2023, the results of the refunding transaction led to recording a deferred loss on refunding of approximately $1,060,000 and $1,219,000, respectively. The deferred loss is being amortized over the life of the new note payable which is the shorter of the old and the new debt.

Income taxes: As a State beneficiary trust, the income of the Authority earned in the exercise of its essential function is exempt from state and federal income taxes.

New accounting pronouncement issued not yet adopted: The GASB has issued a new accounting pronouncement which will be effective to the Authority in fiscal years ended after June 30, 2024. A description of the new accounting pronouncement is provided below:

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement clarifies the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023. The Authority is evaluating the impact that adoption of this Statement will have on its financial position, results of operations and cash flows.

3. Investments and Fair Value Measurements

The Authority's investments consist primarily of U.S. government securities-based money market mutual funds in accordance with the Authority's investment policy. Unrestricted investments may also include U.S. bank issued certificates of deposit, U.S. Treasury bills and municipal bonds. Generally, the policy requires investments to be in U.S. government obligations or obligations explicitly guaranteed by the U.S. government to reduce the Authority's related credit risk, custodial credit risk, and interest rate risk.

Credit risk is the risk that an issuer or guarantor of a security may default on its payment obligations. The U.S. government securities-based money market mutual funds, at June 30, 2024 and 2023 were rated AAA by the Standards & Poor's Corporation, and AAA by Moody's Investors Service. Certificates of deposit at June 30, 2024 and June 30, 2023 were rated Three-Star or higher by Bauer Financial or A1/A/A or higher by Moody's/S&P/Fitch.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. From time to time, account balances may exceed limits insured by the Federal Deposit Insurance Corporation. As of June 30, 2024, the bank balance of the Authority's deposits in financial institutions was approximately $609,000 of which approximately $359,000 was uninsured and uncollateralized. As of June 30, 2023, the bank balance of the Authority's deposits in financial institutions was approximately $198,000 and was either fully insured or collateralized.

3. Investments and Fair Value Measurements (Cont'd)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investments that are evidenced by securities are exposed to custodial credit risk if they are uninsured, not registered in the name of the Authority, or are held by a counterparty or the counterparty's trust department but not in the name of the Authority. The Authority's position in U.S. government securities-based mutual funds is not subject to custodial credit risk because these open-ended mutual funds are not evidenced by securities. The Authority's U.S. Treasury bills are held by its agent in the Authority's name. At June 30, 2024 and June 30, 2023, all of the Authority's negotiable certificates of deposit were fully insured.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investments in a single issuer. It is generally considered that an increased risk of loss occurs as more investments are acquired from a single issuer. Concentration of credit risk does not apply to the Authority's position in U.S. government securities-based mutual funds because the nature of mutual funds provide diversification. In order to limit concentration of credit risk of the Authority's other investments, the Authority does not invest more than 5% of its total investments in any one issuer.

Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher. At June 30, 2024, non-negotiable certificates of deposit with a carrying value of $3,247,945 and a weighted average maturity of 0.1 years, U.S. government securities-based mutual funds with a carrying value of $5,847,769 and a weighted average maturity of 0.2 years, and U.S. Treasury bills and notes with a carrying value of $21,635,769 and a weighted average maturity of 1.07 years were subject to interest rate risk. At June 30, 2023, non-negotiable certificates of deposit with a carrying value of $6,151,985 and a weighted average maturity of 0.7 years and U.S. government securities-based mutual funds with a carrying value of $8,492,193 and a weighted average maturity of 0.2 years were subject to interest rate risk, and U.S. Treasury bills and notes with a carrying value of $22,074,866 and a weighted average maturity of 1.07 years were subject to interest rate risk.

Fair value measurements: The Authority follows GASB Statement No. 72, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

3. Investments and Fair Value Measurements (Cont'd)

Level 3: Valuations to which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity in the asset or liability.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All transfers between fair value hierarchy levels are recognized by the Authority at the end of each reporting period. Investments at fair value consist of the following at June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
U.S. Treasury Bills	$ 4,112,498	-	-	$ 4,112,498
U.S. Treasury Notes	10,417,833	-	-	10,417,833
Investments measured at cost and net asset value (NAV):				
Certificates of deposit at cost				3,247,945
U.S government securities				7,105,426
Mutual funds at NAV				5,847,769
Total Investments				$ 30,731,470

	2023			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
U.S. Treasury Bills	$ 742,123	-	-	$ 742,123
U.S. Treasury Notes	13,449,480	-	-	13,449,480
Investments measured at cost and net asset value (NAV):				
Certificates of deposit at cost				6,151,985
U.S government securities				7,883,263
Mutual funds at NAV				8,492,193
Total Investments				$ 36,719,044

Investments measured at fair value are reconciled to the statement of net position as follows at June 30:

	2024	2023
Investments measured at fair value or NAV	$ 20,378,100	$ 22,683,796
Investments measured at cost:		
Certificates of deposits	3,247,945	6,151,985
U.S. government securities	7,105,426	7,883,263
	$ 30,731,470	$ 36,719,044
Investments- Unrestricted	$ 25,868,176	$ 32,559,635
Investments- Restricted	4,863,294	4,159,409
	$ 30,731,470	$ 36,719,044

3. Investments and Fair Value Measurements (Cont'd)

There have been no significant changes in valuation techniques during fiscal years ended June 30, 2024 and 2023. U.S. Treasury bills classified in Level 1 of the fair value hierarchy are valued using unadjusted quotes of the exact security in active markets. The Authority's investments measured at NAV consist solely of mutual funds that invest in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities, and repurchase agreements secured by such obligations or cash. The fund seeks as high a level of current income as is consistent with liquidity and stability of principal. The Authority has no unfunded commitments related to this investment type. Shares are redeemable daily at the NAV at the time of redemption.

4. Loans and Allowance for Loan Losses

The Authority purchases and holds various types of student loans as described in Note 1. The terms of these loans, which vary on an individual basis, depending upon loan type and the date the loan was originated, generally provide for repayment in monthly payments of principal and interest over a period of up to 30 years for Consolidation loans and generally up to ten years for other loans. The repayment period begins after a grace period of six months following graduation or loss of qualified student status for the Stafford and Unsubsidized Stafford loans. The repayment period for Consolidation, SLS, and PLUS loans begins within 60 days from the date the loan is fully disbursed.

Loans consist of the following as of June 30:

	2024	2023
Stafford	$ 14,318,037	$ 17,460,576
Unsubsidized Stafford	17,165,495	20,537,147
PLUS/ SLS	588,594	816,170
Consolidation	62,360,153	74,630,028
SHELF	418,920	836,331
Total gross loans	94,851,199	114,280,252
Unprocessed loan payments	(52,507)	(53,635)
Allowance for loan losses	(1,221,720)	(1,312,796)
Net loans	$ 93,576,972	$ 112,913,821

4. Loans and Allowance for Loan Losses (Cont'd)

An analysis of the change in the allowance for loan losses is as follows for the year ended June 30:

	2024	2023
Balance at beginning of year	$ 1,312,796	$ 1,403,200
Provision for loan losses	354,000	-
Loans charged off	(445,076)	(90,404)
Balance at end of year	$ 1,221,720	$ 1,312,796

The stated interest rates on student loans which are based on USDE regulations ranged from 2.00% to 10.0% for the fiscal years ended June 30, 2024 and 2.84% to 10.00% for the fiscal years ended June 30, 2023, depending upon the type and date of origination of the individual loan and whether the borrower had earned any of the Authority's interest rate reduction incentives. This stated interest rate is paid by the borrowers or by USDE. For loans that had the first disbursement on or after April 1, 2006, the lenders' yield on student loans is based on a quarterly calculation that uses the 1-month SOFR. The lender yield is calculated using these quarterly average rates plus an allowable mark-up that is based on the type and date of the loan's first disbursement. If the quarterly lenders' yield on the loans is less than the stated interest rate, the lender must rebate the excess to USDE. The excess of the loans' stated interest rate over the quarterly lenders' yield is referred to as Negative SAP. The Authority's loan portfolio consisted of approximately 0.05% Negative SAP loans at June 30, 2024 and 3.90% Negative SAP loans at June 30, 2023. The calculated quarterly lenders' yield ranged from 6.81% to 8.89% for the fiscal year ended June 30, 2024 and 2.00% to 10.00% for the fiscal year ended June 30, 2023.

The FFEL Program loans are guaranteed at 98% for loans first disbursed prior to July 1, 2006, and 97% for loans first disbursed on or after July 1, 2006 by the Oklahoma State Regents for Higher Education Guaranteed Student Loan Program (State Guarantee Agency), which is reinsured by the USDE, or guaranteed by other guarantors approved by the USDE (Guarantee Agencies). As of June 30, 2024, approximately $94,432,000 of the Authority's outstanding loans were guaranteed at 98% or 97% of the outstanding balance, as described above.

In order for the FFEL Program student loans to be or remain guaranteed, certain due-diligence requirements in loan servicing must be met. As of June 30, 2024, and 2023, approximately $882,000 and $359,000, respectively, of loans were no longer considered to be guaranteed.

The Authority is also required to pay to the USDE certain lender origination and consolidation loan rebate fees. The amount of the lender fees includes a certain percentage of the gross loan amount on all FFEL Program loans originated after October 1, 1993, and a certain percentage of the carrying value of the Consolidation loans.

Student loans receivable of approximately $76,300,000 and $92,600,000 as of June 30, 2024, and 2023, were pledged as collateral for a note payable issued by the Authority.

5. Note Payable

The Authority periodically issues notes and bonds for the purpose of funding student loans. All notes and bonds payable are primarily secured by student loans, related accrued interest, and by the amounts on deposit in accounts established under the respective bond resolution or financing agreement as maintained by the corporate trustees.

In October 2021, the Authority issued the Series 2021 Note to perform a current refunding and to consolidate the five outstanding bonds and notes payable into one, enabling the release of collateralized student loans from the refunded bonds and notes that were in a significantly overcollateralized position, and provide for a replacement benchmark interest rate SOFR, as the monthly LIBOR rate is no longer available as of June 30, 2023. The Authority reduced the total debt service payments by approximately $962,000 and achieved an economic gain of approximately $838,000 (difference between net present value of the debt service payments on the old and the new debt).

The Authority is required to establish and maintain accounts in connection with the Series 2021 Note sufficient to satisfy the covenants under the financing and security agreement for the Series 2021 Note.

The following schedules summarize the note payable outstanding as of June 30, 2024, and 2023:

	2024								
	Years Issued	Original Amount	Interest Rate Basis	Interest Rate at Year-end	Final Maturity	Beginning balance	Additions	Reductions	Ending balance
Series 2021 Note	2021	117,220,000	M SOFR + 0.75%	6.1%	2036	$ 76,185,212	$ -	$ 16,011,011	$ 60,174,201
Total debt outstanding						$ 76,185,212	$ -	$ 16,011,011	$ 60,174,201

	2023								
	Years Issued	Original Amount	Interest Rate Basis	Interest Rate at Year-end	Final Maturity	Beginning balance	Additions	Reductions	Ending balance
Series 2021 Note	2021	117,220,000	M LIBOR + 0.75%	5.8%	2036	$ 97,386,926	$ -	$ 21,201,714	$ 76,185,212
Total debt outstanding						$ 97,386,926	$ -	$ 21,201,714	$ 76,185,212

The Authority's outstanding note payable from a direct borrowing is secured with pledges of collateral from the student loans receivable and payments received on those loans. The outstanding agreement contains provisions that, in an event of default including failure to make punctual payment of any principal or interest when it becomes due, an event of bankruptcy, or violation of any covenant or condition contained in the note agreement, the timing of repayment of outstanding amounts may become due immediately.

5. Note Payable (Cont'd)

Contractual maturities on the note payable, assuming interest rates on variable rate debt remains at June 30, 2024 levels, are as follows:

	Note Payable from Direct Borrowings		
	Principal	Interest	Total
Years ending June 30:			
2025	$ -	$ 3,667,756	$ 3,667,756
2026	-	3,667,756	3,667,756
2027	-	3,667,756	3,667,756
2028	-	3,667,756	3,667,756
2029	-	3,667,756	3,667,756
2030-2034	-	18,338,780	18,338,780
2035-2036	60,174,201	8,252,451	68,426,652
	$ 60,174,201	$ 44,930,011	$ 105,104,212

6. Retirement Plan

Plan description: The Authority contributes to the Teachers Retirement System of Oklahoma (OTRS), a cost-sharing multiple-employer public employee retirement system which is self-administered. OTRS provides retirement, disability, and death benefits to Plan members and beneficiaries. The benefit provisions are established and may be amended by the State legislature. Title 70 of the Oklahoma Statutes, Sections 17-101 through 116.9, as amended, assigns the authority for management and operation of the Plan to the Board of Trustees of OTRS. OTRS issues a publicly available annual financial report that includes financial statements and required supplementary information for OTRS. That annual report may be obtained at www.ok.gov/TRS/ or by writing to the TRS, Post Office Box 53524, Oklahoma City, Oklahoma 73152.

Benefits provided: OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service (seven for members who joined on or after November 1, 2017). Members who joined OTRS on June 30, 1992, or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30,1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

6. Retirement Plan (Cont'd)

Final compensation for members who joined OTRS prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995, to $40,000 or $25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefits the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

Upon the death of a retired member, OTRS will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2.0% of final average compensation for the applicable years of credited service.

Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the Plan, or by the Internal Revenue Code (IRC). Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code section 403(b).

Contributions: Employees of the Authority, as OTRS members, are required to contribute to the Plan at a rate set by State Statute (employees' contributions). The contribution rate for OTRS members is based on 7% of their covered salary. The Authority made the system members' required contribution on behalf of its employees in 2024 and 2023.

The Authority itself is required to contribute a statutory percentage of participating employees' regular annual compensation for administration of the plan (employer's contributions). The contribution rate for the Authority is 9.50%. The Authority's total payments to OTRS for the employer's contributions were approximately $674,000 and $764,000 for the years ended June 30, 2024 and 2023, respectively, and was equal to the employer's required contribution. In addition, the State of Oklahoma also contributes 5% of State revenues from sales, use and individual income taxes to OTRS. The amounts contributed on-behalf of the Authority and recognized in the Authority's Statement of Revenue, Expenses and Changes in Net Position as nonoperating revenue in 2024 and 2023 was approximately $643,000 and $549,000, respectively. These on-behalf payments do not meet the definition of a special funding situation.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2024 and 2023, the Authority reported a liability of approximately $10,619,000 and $10,612,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023.

6. Retirement Plan (Cont'd)

The Authority's proportion of the net pension liability was based on the Authority's contributions to OTRS relative to total contributions to OTRS by all participating employers for the year ended June 30, 2023. Based upon this information, at June 30, 2024 and June 30, 2023, the Authority's proportion was 0.137797490% and 0. 129267750%, respectively.

For the years ended June 30, 2024 and 2023, the Authority recognized pension expense of approximately $3,098,000 and $1,595,000, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2024		June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 431,409	$ -	$ 579,600	$ -
Differences between expected and actual experience	173,251	(206,754)	297,239	(106,910)
Net difference between projected and actual investment earnings on pension plan investments	822,989	-	1,453,978	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	304,287	(295,512)	866,569	(176,605)
Total deferred amounts to be recognized in pension expense in future periods	1,731,936	(502,266)	3,197,386	(283,515)
Authority contributions subsequent to the measurement date	673,809		763,845	
Total deferred amounts related to pension	$2,405,745	$ (502,266)	$3,961,231	$ (283,515)

Deferred pension outflows resulting from the Authority's Employer contributions subsequent to the measurement date, totaling approximately $674,000 and $764,000 at June 30, 2024 and 2023, respectively, will be recognized as a reduction of the net pension liability in subsequent years. Deferred outflows related to the difference between projected and actual investment earnings are amortized over five years. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions consist of amounts originating in current and prior years and will be recognized in pension expense using the average expected remaining service life of active and inactive members of the Plan. The average expected remaining service life of the Plan is determined by taking the calculated total future service years of the Plan and is estimated at 5.40 years at June 30, 2024 and was estimated at 5.23 years at June 30, 2023.

6. Retirement Plan (Cont'd)

Deferred outflows of resources and deferred inflows of resources at June 30, 2024, will be recognized in pension expense as follows:

	Deferred Outflows (Inflows)
2025	$ 610,121
2026	(203,498)
2027	870,558
2028	(45,150)
2029	(2,361)
	$ 1,229,670

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2023, using the following actuarial assumptions:

• Actuarial cost method	Entry age normal
• Inflation	2.25%
• Salary increases	Composed of 2.25% wage inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
• Investment rate of return	7.00%
• Retirement age	Experience-based table of rates based on age, service, and gender. Adopted by the OTRS Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019.
• Mortality rates after retirement	Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
• Mortality rates for active	Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

6. Retirement Plan (Cont'd)

The long-term expected rate of return on pension plan investments was determined using building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.30%	4.90%
International Equity	16.70%	5.50%
Domestic Fixed Income	22.00%	1.30%
Real Estate*	10.00%	3.50%
Private Equity	8.00%	7.60%
Private Debt	5.00%	4.60%
Total	100.00%	

*The Real Estate total expected return is a combination of Core Real Estate (25% leverage) and Non-Core Real Estate (100% leverage).

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 5.0% of sales, use and individual income taxes, as established by statute. Based on these assumptions, OTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the Authority calculated using the discount rate of 7.0%, as well as what the Authority's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 15,337,987	$ 10,619,329	$ 6,712,996

6. Retirement Plan (Cont'd)

	2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 14,941,871	$ 10,612,079	$ 7,052,482

7. Capital Assets

	2024			
	Beginning Balance	Additions	Disposals	Ending Balance
Furniture and equipment	$ 5,017,370	$ 16,005	$ 3,452,916	$ 1,580,459
Computer software	3,219,654	11,913	3,118,679	112,888
Leasehold improvements	512,381		428,303	84,078
	8,749,405	27,918	6,999,898	1,777,425
Accumulated depreciation	7,247,213	517,858	6,553,123	1,211,948
Net Capital Assets	$ 1,502,192	$ (489,940)	$ 446,775	$ 565,477

	2023			
	Beginning Balance	Additions	Disposals	Ending Balance
Furniture and equipment	$ 4,878,187	$ 139,183	$ -	$ 5,017,370
Computer software	3,042,513	177,141	-	3,219,654
Leasehold improvements	520,276	-	7,895	512,381
	8,440,976	316,324	7,895	8,749,405
Accumulated depreciation	6,723,715	531,393	7,895	7,247,213
Net Capital Assets	$ 1,717,261	$ (215,069)	$ -	$ 1,502,192

8. Commitments and Contingencies

The Authority conducts certain programs subject to audit by various federal and state agencies. Amounts challenged as a result of audits, if any, may result in refunds to these governmental agencies.

9. Risk Management

The Authority participates in the Oklahoma Risk Management Division's (a division of the Office of Management and Enterprise Services) insurance pool, which covers all governmental tort, property, vehicle and directors and officers liability claims against the Authority. The Authority pays a yearly premium to the Office of Management and Enterprise Services to participate in the insurance pool. Premiums paid are not subject to retroactive adjustment.

10. Subsequent Events

OSLA has developed a private loan program under an agreement with a national provider of financial aid services. Our program is modeled after their successful private loan products, including origination and servicing practices. Our arrangement also provides for continuing support and consulting services. We plan to begin offering loans in October 2024 under the name OKHELP. The loans will be offered by OSLA to Oklahoma students, families and schools to finance higher education costs beyond federal loans and other financial aid, grants and scholarships. We expect to begin realizing revenues in late fiscal year 2025, representing the 2025-2026 academic year, recognizing that most borrowers have already secured necessary financial assistance for the 2024-2025 academic year.

OSLA has entered into an agreement to outsource servicing of our FFEL portfolio to a third-party service provider beginning in January 2025. We expect to see significant savings in general and administrative costs when the outsourcing is completed, while maintaining a high level of customer service to our borrowers.

Required Supplementary Information

OKLAHOMA STUDENT LOAN AUTHORITY
(A COMPONENT UNIT OF THE STATE OF OKLAHOMA)

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Oklahoma Teacher's Retirement System (OTRS)
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Authority's proportion of the net pension liability	0.13779749%	0.12926775%	0.1121027%	0.11540884%	0.10169906%	0.10334683%	0.09868767%	0.09932093%	0.10123064%
Authority's proportionate share of the net pension liability	10,619,329	10,612,079	5,727,131	10,952,567	6,730,444	6,246,398	6,548,331	8,322,242	6,176,715
Authority's covered payroll	7,092,726	7,768,421	5,933,632	5,961,621	5,091,758	4,723,200	4,359,537	4,450,453	4,352,484
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	149.72%	136.61%	96.52%	183.72%	132.18%	132.25%	150.21%	187.00%	141.91%
Plan fiduciary net position as a percentage of the total pension liability	72.57%	70.05%	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%

Notes to Schedule:

* GASB Statement No. 68 was adopted in the fiscal year ended June 30, 2015. Information prior to adoption of GASB Statement No. 68 is not available

Note 1. Change in benefit terms: There were no significant changes to benefit provisions or other matters that affected the comparability of the information presented above.

Note. 2. Change of assumptions: For the year ended June 30, 2023 and 2022, salary increases are composed of 2.25% wage inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

For the year ended June 30, 2023 and 2022, the retirement age was determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2019. This table was adopted by the OTRS Board in July 2020.

For the year ended June 30, 2023 and 2022, the mortality rates after retirement for males and females were determined using the 2020 GRS Southwest Region Teacher Mortality Table with generational mortality improvements in accordance with the Ultimate MP scales projected from the year 2020. Mortality for active members were determined using the Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

For the year ended June 30, 2023 and 2022, investment return was 7.00% per year, net of investment-related expenses, composed of an assumed 2.25% inflation rate and a 4.75% real rate of return.

OKLAHOMA STUDENT LOAN AUTHORITY
(A COMPONENT UNIT OF THE STATE OF OKLAHOMA)

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Oklahoma Teacher's Retirement System (OTRS)
Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contribution	673,809	763,846	652,666	563,114	562,313
Contribution in relation to the contractually required contribution	(673,809)	(763,846)	(652,666)	(563,114)	(562,313)
Contribution deficiency (excess)	-	-	-	-	-
Authority's covered payroll	7,092,726	7,768,421	6,707,366	5,933,632	5,961,621
Contributions as a percentage of covered payroll	9.50%	9.50%	9.50%	9.50%	9.50%

	2019	2018	2017	2016	2015
Contractually required contribution	483,717	448,704	414,156	422,732	413,486
Contribution in relation to the contractually required contribution	(483,717)	(448,704)	(414,156)	(422,732)	(413,486)
Contribution deficiency (excess)	-	-	-	-	-
Authority's covered payroll	5,091,758	4,723,200	4,359,537	4,450,453	4,352,484
Contributions as a percentage of covered payroll	9.50%	9.50%	9.50%	9.50%	9.50%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry are normal
Amortization method	Level percentage of payroll
Remaining method	20 years
Asset valuation method	5-year smooth market
Inflation	2.25%
Salary increase	Composed of 2.25% inflation, plus 0.75% Productivity rate, plus step-rate promotional Increase for members with less than 25 years of service.
Investment rate of return	7%
Retirement age	Experience based table of rates based on age, Service and gender.
Mortality	2020 GRS Southwest Region Teacher Mortality Table for males and females.

INDEPENDENT AUDITOR'S 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*

To the Members of the Board of Directors
Oklahoma Student Loan Authority
A Component Unit of the State of Oklahoma

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 Oklahoma Student Loan Authority (the Authority), a component unit of the State of Oklahoma as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 Authority's 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.

Arledge & Associates PC

Oklahoma City, Oklahoma
October 28, 2024

Arledge
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Oklahoma Student Loan Authority
A Component Unit of the State of Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oklahoma Student Loan Authority's (the Authority), a component unit of the State of Oklahoma, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as indicated in the table of contents of the accompanying report as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October XX, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Arledge & Associates P.C.

Oklahoma City, Oklahoma
October 28, 2024

OKLAHOMA STUDENT LOAN AUTHORITY
A COMPONENT UNIT OF THE STATE OF OKLAHOMA
Schedule of Expenditures of Federal Awards

Award Information	Federal Assistance Listing Number (ALN)	Name of Grant - Grant ID No.		Federal Expenditures
U.S. Department of Education				
Federal Family Education Loans (Lenders)	84.032L	Federal Family Education Loan Program -- beginning balance of outstanding guaranteed loans	$	113,084,667
Federal Family Education Loans (Lenders)	84.032L	Federal Family Education Loan Program--Interest Subsidies		173,334
Total Expenditures of Federal Awards			$	113,258,001

The accompanying notes are an integral part of the schedules.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2024

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Oklahoma Student Loan Authority (the Authority) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C—NATURE OF PROGRAM

The purpose of the Authority is to provide loan funds to qualified persons at participating postsecondary educational institutions. The student loans held by the Authority under the Federal Higher Education Act of 1965, as amended, include Federal Stafford (Stafford) Loans, Unsubsidized Stafford Loans for Middle Income Borrowers (Unsubsidized Stafford), Federal Supplemental Loans for Students (SLS), Federal PLUS Loans for Parents (PLUS), Federal PLUS Loans for Graduate or Professional Students (GRAD), and Federal Consolidation Loans (Consolidation).

The FFEL Program loans are guaranteed at 98% for loans first disbursed prior to July 1, 2006 and 97% for loans first disbursed on or after July 1, 2006 by the Oklahoma State Regents for Higher Education Guaranteed Student Loan Program (State Guarantee Agency), which is reinsured by the United States Department of Education (the USDE), or guaranteed by other guarantors approved by the USDE (Guarantee Agencies). As of June 30, 2024, approximately $93,328,000 of the Authority's outstanding loans were guaranteed at 98% or 97% of the outstanding balance, as described above.

NOTE D—INDIRECT COSTS

In accordance with Uniform Guidance Subpart E Section 200.414, recipients of federal awards are allowed a 10% *de minimis* administrative cost rate. For the year ended June 30, 2024, the FFEL Program did not provide for additional administrative costs. Therefore, the Authority did not elect to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd)
June 30, 2024

NOTE E—RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may differ from amounts requested by the Authority for the FFEL Program due to the U.S. government agency's discretionary authority to reduce interest subsidies, special allowance payments, or a combination of both by an amount equal to loan origination fees or lender's fees. Additionally, the amount of special allowance payments is determined by a U.S. government agency using the information provided by the Authority; consequently, the amounts are not calculated by the Authority.

NOTE F—FEDERAL EXPENDITURES

Due to the nature of the federal awards for the fiscal year ended June 30, 2024, no specific expenditures were made by the FFEL Program; receipts represent subsidies from a U.S. government agency. Such programs are described in the notes to the basic financial statements. The accompanying schedule of expenditures of federal awards includes the beginning balance of loans outstanding under the FFEL Program since the Authority has continuing compliance requirements with respect to those loans, and also presents the total interest subsidies received from the USDE during the year related to the FFEL Program and spent for debt service. All federal awards received directly from federal agencies are included on the schedule.

NOTE G—SUBSEQUENT EVENTS

The Authority has evaluated the effects of all subsequent events through the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA. The Authority is not aware of any subsequent events that would require recognition or disclosure in the SEFA.

OKLAHOMA STUDENT LOAN AUTHORITY
A COMPONENT UNIT OF THE STATE OF OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP:	*Unmodified*	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiency(ies) identified?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiency(ies) identified?	_____ yes	__X__ none reported
Type of auditor's report issued on compliance for major federal programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	__X__ no

Identification of major federal programs:

Program	Federal AL Number
Federal Family Education Loans (Lenders)	84.032L

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000	
Auditee qualified as low-risk auditee?	__X__ yes	_____ no

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards:*

A. Internal Control Findings

There are no findings requiring reporting under this section

B. Compliance Findings

There are no findings requiring reporting under this section

Section III—Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control Findings

There are no findings requiring reporting under this section.

B. Compliance Findings

There are no findings requiring reporting under this section.

OKLAHOMA STUDENT LOAN AUTHORITY
A COMPONENT UNIT OF THE STATE OF OKLAHOMA

SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

June 30, 2024

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards:*

A. Internal Control Findings

None noted in prior year audit.

B. Compliance Findings

None noted in prior year audit.

Section III—Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control Findings

None noted in prior year audit.

B. Compliance Findings

None noted in prior year audit.