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

Audited Financial Report
June 30, 2021 and 2020

Contents

RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying statements of net position of the Oklahoma Student Loan Authority (the Authority), a component unit of the State of Oklahoma, as of June 30, 2021 and 2020; and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma Student Loan Authority as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 of the financial statements, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the State of Oklahoma, as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters
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 the net pension liability, and the schedule of the Authority's contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

RSM US LLP

Oklahoma City, Oklahoma
October 26, 2021

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 services Direct Loans for the U.S. Department of Education as described below. The Authority performs loan servicing functions under the registered trade name "OSLA Student Loan Servicing ™."

The Student Aid and Fiscal Responsibility Act of 2009 (SAFRA), Title II of the Reconciliation Act, became law on March 20, 2010. Beginning July 1, 2010, eligible lenders, including the Authority and its Network of eligible lenders, were no longer allowed to originate FFEL Program student loans. Beginning July 1, 2010, all federal student loans were solely originated by the federal government pursuant to its Direct Loan Program.

In the years prior to July 1, 2010, the Authority originated loans and performed servicing of FFEL Program loans for as many as 45 other eligible lenders as members of the OSLA Network. Upon the elimination of the new loan originations in the FFEL Program, the Authority continued working with members of the OSLA Network to service their loans or liquidate their loans by sales to the United States Department of Education (USDE). In 2016, the Authority purchased the remaining loans owned by the OSLA Network using proceeds from the 2016-1 financing.

SAFRA required the Secretary of the Department of Education to contract with eligible and qualified Not-For-Profit (NFP) student loan servicers to service loans owned by the USDE. The Authority satisfied all USDE requirements for a prime loan servicing contract and was awarded an NFP contract in July 2012. USDE has implemented various modifications to the NFP servicer program and, as of June 30, 2021, OSLA is servicing approximately 907,000 borrowers. USDE's modifications include extensions of OSLA's prime loan servicing contract through 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, 2021 and 2020. Please read it in conjunction with the Authority's financial statements and the notes to the financial statements, which follow this section.

Financial Highlights

	2021	2020	2019
Total assets	$ 198,284,456	$ 222,770,263	$ 256,794,981
Student loans receivable, net	169,714,908	197,049,832	231,619,077
Total operating revenue	20,587,437	21,248,400	21,508,748
Net interest margin			
(interest income less interest expense)	2,640,352	3,218,952	4,116,257
Total operating expenses	18,293,655	21,210,581	19,478,169
Total nonoperating revenue	479,548	657,007	708,914
Net position	65,660,726	62,887,396	62,192,570

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 our loan servicing contract with USDE. 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:

	2021	2020	2019
Assets and deferred outflows:			
Current assets	$ 56,627,690	$ 58,656,145	$ 64,463,542
Capital assets	347,684	406,448	591,186
Other noncurrent assets	141,309,082	163,707,670	191,740,253
Deferred outflows	4,250,609	1,559,052	1,417,846
Total assets and deferred outflows	$ 202,535,065	$ 224,329,315	$ 258,212,827

	2021	2020	2019
Liabilities and deferred inflows:			
Current liabilities	$ 1,800,823	$ 1,829,340	$ 1,414,894
Noncurrent liabilities	134,653,284	158,993,767	193,719,015
Deferred inflows	420,232	618,812	886,348
Total liabilities and deferred inflows	136,874,339	161,441,919	196,020,257
Net position:			
Invested in capital assets	347,684	406,448	591,186
Restricted	49,439,165	48,515,656	46,672,584
Unrestricted	15,873,877	13,965,292	14,928,800
Total net position	65,660,726	62,887,396	62,192,570
Total liabilities, deferred inflows and net position	$ 202,535,065	$ 224,329,315	$ 258,212,827

Student loans receivable, net decreased by approximately $27,335,000 and $34,569,000 to approximately $169,715,000 and $197,050,000 at June 30, 2021 and 2020, respectively, due primarily to principal payments received from borrowers, claim payments from guarantors and loan consolidations.

Cash and investments increased by approximately $2,411,000 to approximately $20,543,000 at June 30, 2021. This was primarily the result of lower operating expenses due to the Coronavirus Aid, Relief and Economic Security (CARES) Act payment pause at June 30, 2021, such as lower staffing levels and communication costs with borrowers, compared to June 30, 2020, and increased by approximately $683,000 to approximately $18,132,000 at June 30, 2020, due primarily to timing of certain payments to/from USDE compared to the prior year.

Notes and bonds payable decreased by approximately $28,537,000 and $35,159,000 to approximately $123,315,000 and $151,852,000 at June 30, 2021 and 2020, respectively, due primarily to principal payments on outstanding notes and bonds payable.

Financial Analysis of the Authority (Continued)
Pension liability results from the Authority's participation in the Teacher's Retirement System of Oklahoma. 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:

	2021	2020	2019
Revenues:			
Operating revenues	$ 20,587,437	$ 21,248,400	$ 21,508,748
Nonoperating revenues	479,548	657,007	708,914
Total revenues	21,066,985	21,905,407	22,217,662
Expenses:			
Operating expenses	18,293,655	21,210,581	19,478,169
Increase/(decrease) in net position	$ 2,773,330	$ 694,826	$ 2,739,493

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

	2021	2020	2019
Loan interest income, net of consolidation rebate fees	$ 4,130,122	$ 7,389,006	$ 10,346,252
Investment interest income	97,983	307,466	380,093
Total interest income	4,228,105	7,696,472	10,726,345
Less interest expense	1,587,753	4,477,520	6,610,088
Net interest margin	$ 2,640,352	$ 3,218,952	$ 4,116,257

Loan interest income for the year ended June 30, 2021 decreased by $3,259,000 due to decreases in student loans receivable from gradual payoffs of FFELP loans and a significant increase in net payments to USDE. Loan interest income for the year ended June 30, 2020 decreased by $2,957,000 due to decreases in student loans receivable from gradual payoffs of FFELP loans and a significant increase in net payments to USDE. Loan interest income is primarily affected by loans outstanding and the variable interest rates on student loans, which are reset annually on July 1st. The variable rates ranged from: 1.83% to 3.42% for the year ended June 30, 2021, 4.06% to 5.61% for the year ended June 30, 2020, and 3.63% to 5.18% for the year ended June 30, 2019. 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 LIBOR index for purposes of special allowance calculations.

Financial Analysis of the Authority (Continued)
The Authority services loans for USDE and earns a monthly fee based on the number of borrowers serviced and the loan status for the borrowers. Additional loans are allocated to all servicers with USDE servicing contracts based on performance metrics measured during the year. Loan servicing fees earned pursuant to the USDE contracts has increased in each of the three years ending June 30, 2021 due to an increase in the number of borrowers served.

Interest expense: The Authority funded the origination or acquisition of student loans by periodically issuing bonds and notes. The approximate $28,537,000 decrease in bonds and notes outstanding during the year ended June 30, 2021 was accompanied by a decrease in the weighted average cost of funds to 0.99% as of June 30, 2021, compared to a 1.78% cost of funds at June 30, 2020, and led to a decrease in interest expense for the year ended June 30, 2021. The approximate $35,159,000 decrease in bonds and notes outstanding during the year ended June 30, 2020 was accompanied by a decrease in the weighted average cost of funds to 1.78% as of June 30, 2020, compared to a 3.40% cost of funds at June 30, 2019, and led to a decrease in interest expense for the year ended June 30, 2020. The approximate $46,670,000 decrease in bonds and notes outstanding during the year ended June 30, 2019, was more than offset by an increase in the weighted average cost of funds to 3.40% as of June 30, 2019, compared to a 2.88% cost of funds at June 30, 2018, and led to an increase in interest expense for the year ended June 30, 2019.

Net interest margin for the year ended June 30, 2021, of approximately $2,640,000, represents a decrease of approximately $579,000 from the prior year, which is the result of a significant decrease in loan interest income partially offset by a decrease in interest expense. Net interest margin for the year ended June 30, 2020, of approximately $3,219,000, represents a decrease of approximately $897,000 from the prior year, which is the result of a significant decrease in loan interest income partially offset by a decrease in interest expense. Net interest margin for the year ended June 30, 2019, of approximately $4,116,000 resulted from an increase in interest expense coupled with a decrease in interest income and represents a decrease of approximately $430,000 from the prior year.

Other operating revenues is comprised primarily of loan servicing fees and increased by approximately $2,598,000 and $2,697,000 for the years ended June 30, 2021 and June 30, 2020, respectively, due to increases in the number of borrowers serviced under the Authority's loan servicing agreement with the Department of Education, offset in part by lower fees earned from its FFEL portfolio due to decreases in the number of borrowers serviced in both years.

Operating expenses (excluding interest expense) for the year ended June 30, 2021, decreased slightly to approximately $16,706,000 due to an increase in loan servicing fees offset by lower administrative costs including lower staffing levels due to the CARES Act payment pause. Operating expenses (excluding interest expense) for the year ended June 30, 2020, increased by 30% to approximately $16,733,000 due to an increase in loan servicing fees and other administrative costs including higher staffing levels due to further increases in Direct Loans serviced. The 2020 increase is larger due to the effect of the recovery of allowance for loan losses in 2019. Operating expenses (excluding interest expense) for the year ended June 30, 2019, decreased by 3.43% to approximately $12,868,000 predominantly due to recovery of allowance for loan losses offset by an increase in loan servicing fees and other administrative costs due to further increases in Direct Loans serviced. We believe our current staffing and related support functions are at the proper levels to achieve highly rated service levels to both our Direct Loan and FFELP borrowers. The Authority prepares an annual operating budget that is used as a management tool for monitoring operating expenses. There were no significant variances between the budget and actual operating expenses for any of the three years ended June 30, 2021.

Financial Analysis of the Authority (Continued)

Nonoperating revenues (excluding investment interest income) typically consist of on-behalf pension contributions which increased by approximately $32,000 to approximately $382,000 for the year ended June 30, 2021 and increased by approximately $21,000 to approximately $350,000 for the year ended June 30, 2020, reflecting comparable activity for on-behalf pension costs during those periods. See further discussion of on-behalf pension contributions in Note 6 in the notes to financial statements.

Net position increased by approximately $2,773,000 and $695,000 at June 30, 2021 and 2020, 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.

$97,190,000, $118,729,000 and $145,091,000 of the Authority's debt was publicly held at June 30, 2021, 2020 and 2019, respectively, and had long-term credit ratings assigned by Standard and Poor's (S&P) and Fitch at June 30, 2021, based on the type of security which is reflected in the table below.

Credit Ratings	2021 Principal Amount	2020 Principal Amount	2019 Principal Amount	Type of Security
AAA S&P/ AAA Fitch	$ 97,190,000	$ 118,729,000	$ 145,091,000	Senior Lien or Insured

In March 2021, S & P Global Ratings affirmed its AAA(sf) ratings on Series 2010A-2A, 2010A-2B and 2013-1, reflecting S&P's view of the improving credit enhancement levels, collateral profiles and available liquidity, and full turbo payment structures.

In April 2021, S &P Global Ratings affirmed its AAA(sf) ratings on Series 2011-1, reflecting S & P's view that the transaction's increasing credit enhancement levels are sufficient to support the current ratings, and that the transaction has sufficient liquidity to cover interest payments to the bonds over the next several months, despite the impact of the COVID-19 pandemic.

In July 2021, Fitch affirmed its AAA(sf) ratings on Series 2010A-2A, 2010A-2B, 2011-1 and 2013-1, citing cash flow model results that were in line with current ratings.

Economic Outlook

As described above, the Authority earns loan servicing fees from its contract with USDE based on the number of Direct Loans serviced. The Authority received allocations of additional Direct Loans in fiscal year 2021 and received notice of its allocation for the first half of fiscal year 2022. The Authority expects to continue to receive periodic allocations of loans from its contract with the Department of Education which will continue to increase loan servicing fees earned by the Authority to offset future expected decreases in interest income from borrowers related to the gradual payoff of FFEL Program loans owned by the Authority.

NextGen Federal Student Aid (Next Gen FSA) is an initiative intended to improve how students, borrowers and parents work with programs administered by Federal Student Aid. Components of Next Gen FSA may affect the student loan servicing that the Authority performs under its contract with USDE.

The interest rate basis for outstanding bonds and notes payable is indexed to monthly or quarterly LIBOR and resulted in significantly reduced weighted average cost of funds in fiscal year 2021. The low rates are projected to last into fiscal 2022 and will continue to result in lower cost of funds and faster pay down of bonds and notes due to a lower portion of collections on student loans required for interest. Lower rates also affect student loans with variable rates that are also LIBOR indexed, resulting in reduced interest income from borrowers in addition to the effects of the gradual payoff of FFEL Program loans owned by the Authority.

In March 2020, the CARES Act was enacted due to the economic impacts of COVID-19. One of the provisions in the Act was to suspend payment requirements and reduce interest rates to 0% on federally held student loans through September 30, 2020. These provisions have been extended, most recently in August 2021, through January 31, 2022. FFEL loans held by the Authority are not subject to the 0% interest and suspended payment benefits, and borrowers continue to make payments.

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

Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	$ 210	$ 210
Restricted cash	79,225	105,508
Investments	14,261,282	11,057,601
Restricted investments	6,202,147	6,968,265
Loans, net of allowance for loan losses	28,845,631	33,830,334
Interest and other receivables	7,239,195	6,694,227
Total current assets	56,627,690	58,656,145
Noncurrent assets:		
Loans, net of allowance for loan losses	140,869,277	163,219,498
Capital assets, net of accumulated depreciation	347,684	406,448
Other noncurrent assets	439,805	488,172
Total noncurrent assets	141,656,766	164,114,118
Total assets	198,284,456	222,770,263
Deferred outflows of resources:		
Deferred pension plan outflows	4,250,609	1,559,052
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable and other accrued expenses	1,091,848	1,047,975
Interest payable to U.S. Department of Education	632,640	672,932
Accrued interest payable	76,335	108,433
Total current liabilities	1,800,823	1,829,340
Noncurrent liabilities:		
Notes payable	26,573,820	33,669,026
Bonds payable, net	96,741,461	118,182,861
Net pension liability	10,952,567	6,730,444
Other accrued expenses	385,436	411,436
Total noncurrent liabilities	134,653,284	158,993,767
Total liabilities	136,454,107	160,823,107
Deferred inflows of resources:		
Deferred pension plan inflows	420,232	618,812
Net position:		
Investment in capital assets	347,684	406,448
Restricted	49,439,165	48,515,656
Unrestricted	15,873,877	13,965,292
Total net position	$ 65,660,726	$ 62,887,396

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, 2021 and 2020

	2021	2020
Operating revenues:		
Loan interest income:		
From borrowers	**$ 8,078,575**	$ 10,006,363
Net to U.S. Department of Education	**(3,948,453)**	(2,617,357)
Loan servicing fees	**16,457,315**	13,859,394
Total operating revenue	**20,587,437**	21,248,400
Operating expenses:		
Interest	**1,587,753**	4,477,520
General administration	**11,641,292**	12,397,523
External loan servicing fees	**4,243,056**	3,496,812
Professional fees	**821,554**	838,726
Total operating expenses	**18,293,655**	21,210,581
Operating income	**2,293,782**	37,819
Nonoperating revenues:		
OTRS on-behalf contributions	**381,565**	349,541
Investment interest income	**97,983**	307,466
Net nonoperating income	**479,548**	657,007
Increase in net position	**2,773,330**	694,826
Net position, beginning of year	**62,887,396**	62,192,570
Net position at end of year	**$ 65,660,726**	$ 62,887,396

See notes to financial statements.

Oklahoma Student Loan Authority
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Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts of interest income from borrowers	$ 8,145,081	$ 10,341,775
Payments of interest to USDE	(3,988,745)	(1,777,667)
Receipts of loan servicing fees	15,839,872	13,394,558
Receipts of loan principal payments	31,328,849	39,295,020
Acquisition of student loans receivable	(3,987,932)	(4,723,959)
Payments to employees and suppliers	(14,653,205)	(16,155,665)
Net cash provided by operating activities	32,683,920	40,374,062
Cash flows from noncapital financing activities:		
Payments for interest on notes and bonds payable	(1,522,251)	(4,743,996)
Payments on notes payable	(7,095,206)	(8,763,460)
Payments on bonds payable	(21,539,000)	(26,362,000)
Net cash used in noncapital financing activities	(30,156,457)	(39,869,456)
Cash flows from investing activities:		
Proceeds from sales of investments	56,469,534	67,076,005
Receipts of interest on investments	97,956	319,278
Purchases of investments	(58,907,097)	(67,734,462)
Net cash used in investing activities	(2,339,607)	(339,179)
Cash flows from capital and related financing activities:		
Purchases of capital assets	(214,139)	(141,088)
Net increase (decrease) in cash	(26,283)	24,339
Cash at beginning of year	105,718	81,379
Cash at end of year	$ 79,435	$ 105,718

(Continued)

Oklahoma Student Loan Authority
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Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 2,293,782**	$ 37,819
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest paid on bonds and notes payable	**1,522,251**	4,743,996
Accretion of discounts on bonds payable	**97,600**	118,096
Additions to discounts on bonds payable	**-**	(151,929)
Depreciation on capital assets	**272,903**	325,826
Amortization of premiums on loan acquisition costs	**19,776**	26,429
OTRS on-behalf contributions	**381,565**	349,541
(Increase) decrease in assets and deferred outflows of resources:		
Student loans receivable	**27,321,141**	34,544,630
Interest and other receivables	**(550,937)**	(129,424)
Other assets	**48,367**	(97,430)
Deferred pension plan outflows	**(2,691,557)**	(141,206)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and other accrued expenses	**17,876**	(75,843)
Accrued interest payable	**(32,098)**	(232,643)
Interest payable to U.S. Department of Education	**(40,292)**	839,690
Net pension liability	**4,222,123**	484,046
Deferred pension plan inflows	**(198,580)**	(267,536)
Net cash provided by operating activities	**$ 32,683,920**	$ 40,374,062

See notes to financial statements.

Note 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 comprehensive annual financial report of the State. The Authority's financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the State of Oklahoma, as of June 30, 2021 and 2020, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The purpose of the Authority is (1) to service borrowers with loans offered under the Federal Family Education Loan (FFEL) Program and (2) to service federal loans as part of its Not-For-Profit (NFP) contract 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, 2021 and 2020, 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 earns a monthly servicing fee pursuant to the NFP Servicer loan servicing contract based on the number of borrower accounts. As of June 30, 2021, the Authority was servicing approximately 907,000 borrowers with an aggregate principal balance of approximately $17,658,455,000 compared to approximately 765,000 borrowers with an aggregate principal balance of approximately $14,028,671,000 at June 30, 2020. The Department issued contract modifications to the Authority to exercise their Optional Ordering Period. The period of performance for the Authority's contract has been extended through December 31, 2023.

Note 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.

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, and U.S. Treasury bills. Applicable Oklahoma Statutes authorize certain types of investments the Authority can utilize. As of June 30, 2021 and 2020, the Authority believes it is in compliance with these investment requirements.

Negotiable certificates of deposit and U.S. Treasury bills with original maturities 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. Negotiable certificates of deposit and U.S. Treasury bills with original maturities of less than one year are stated at amortized cost. 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. Loan origination costs are recorded as an expense when the loan is made. Due to changes in legislation, the Authority stopped originating student loans after June 30, 2010.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

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. Accumulated depreciation and amortization on capital assets at June 30, 2021 and 2020 was approximately $6,445,000 and $6,216,000, respectively. Depreciation expense for the years ended June 30, 2021 and June 30, 2020 was approximately $273,000 and $326,000, respectively. 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 bond and note 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).

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, 2021 and 2020 was approximately $331,000 and $494,000, 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 LIBOR 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 to the USDE for the years ended June 30, 2021 and 2020 was approximately $2,997,000 and $1,643,000, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2021 and 2020 was approximately $1,282,000 and $1,468,000, 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, 2021 and 2020, the Authority had deferred inflows related to pension items of approximately $420,000 and $619,000, 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, 2021 and 2020, the Authority had deferred outflows of resources related to pension items of approximately $4,251,000 and $1,559,000, respectively. See Note 6 for additional discussion regarding deferred outflows of resources.

Arbitrage rebate: The proceeds from the Authority's tax-exempt debt issuances are subject to arbitrage rebate laws under the Internal Revenue Code. This arbitrage rebate limits the earnings on investment of tax-exempt proceeds in non-purpose investments. The Authority calculates and makes provisions for any estimated cumulative rebatable arbitrage that must be remitted to the Internal Revenue Service (IRS) for the excess earnings on non-purpose investments. There was no arbitrage liability due to the IRS at June 30, 2021 or June 30, 2020.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

New accounting pronouncements adopted in fiscal year 2021: The Authority adopted new accounting pronouncements during the year ended June 30, 2021 as follows:

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of a fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Adoption of this standard did not have a material impact on the Authority's financial statements or disclosures.

New accounting pronouncements issued not yet adopted: The GASB has issued new accounting pronouncements which will be effective to the Authority in fiscal years ended after June 30, 2021. A description of the new accounting pronouncement is provided below:

- GASB Statement No. 87, *Leases*, issued June 2017, establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the Authority must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Authority does not believe that adoption of this standard will have a material impact on its financial statements or disclosures.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, addresses accounting and financial reporting implications that result from the replacement of the London Interbank Offered Rate (LIBOR) as a result of global reference rate reform which is expected to cause LIBOR to cease to exist in its current form at the end of 2021. The requirements of this statement are effective over multiple dates with specific sections being effective for reporting periods beginning after June 15, 2021 and December 31, 2021. Earlier application is encouraged. The Authority does not believe that adoption of this standard will have a material impact on its financial statements or disclosures.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, issued May 2020, which defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asse) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, this statement is based on the standards established in GASB Statement No. 87. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority is currently evaluating the impact of the adoption of this statement.

Note 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, 2021 and 2020 were rated AAA by the Standards & Poor's Corporation, and Aaa by Moody's Investors Service. Certificates of deposit at June 30, 2021 and June 30, 2020 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, 2021, the bank balance of the Authority's deposits in financial institutions was approximately $187,000 and was either fully insured or collateralized. However, as of June 30, 2020, the bank balance of the Authority's deposits in financial institutions was approximately $340,000 of which approximately $90,000 was uninsured and uncollateralized.

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, 2021 and June 30, 2020, 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, 2021, negotiable certificates of deposit with a carrying value of $4,500,000 and a weighted average maturity of 0.6 years, U.S. government securities-based mutual funds with a carrying value of approximately $7,215,000 and a weighted average maturity of 0.1 years, and U.S. Treasury bills with a carrying value of approximately $8,748,000 and a weighted average maturity of 0.5 years were subject to interest rate risk. At June 30, 2020, negotiable certificates of deposit with a carrying value of $10,000,000 and a weighted average maturity of 0.5 years and U.S. government securities-based mutual funds with a carrying value of approximately $8,026,000 and a weighted average maturity of 0.1 years were subject to interest rate risk.

Note 3. Investments and Fair Value Measurements (Continued)

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.

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:

	2021			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Certificates of deposit	$ -	$ 4,250,000	$ -	$ 4,250,000
U.S. Treasury Bills	7,248,028	-	-	7,248,028
Investments measured at net asset value (NAV):				
U.S. government securities-based mutual funds				7,215,561
Total investments measured at fair value or NAV				$ 18,713,589

	2020			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Certificates of deposit	$ -	$ 7,000,000	$ -	$ 7,000,000
Investments measured at net asset value (NAV):				
U.S. government securities-based mutual funds				8,025,866
Total investments measured at fair value or NAV				$ 15,025,866

Note 3. Investments and Fair Value Measurements (Continued)

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

	2021	2020
Investments measured at fair value or NAV	$ 18,713,589	$ 15,025,866
Investments measured at amortized cost:		
U.S. Treasury bills	1,499,840	-
Certificates of deposit	250,000	3,000,000
Total investments	$ 20,463,429	$ 18,025,866

There have been no significant changes in valuation techniques during fiscal years ended June 30, 2021 and 2020. 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. Negotiable certificates of deposit classified in Level 2 of the fair value hierarchy are valued using quoted prices for similar assets or liabilities in active markets. Investments measured at NAV for fair value are not subject to level classification. 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 Authority has no unfunded commitments related to this investment type. Shares are redeemable daily at the NAV at the time of redemption.

Note 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 installments 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.

During the year ended June 30, 2016, the Authority paid a premium of approximately $253,000 on the acquisition of student loans. Unamortized premiums at June 30, 2021 and June 30, 2020 were approximately $62,000 and $82,000, respectively, and are being amortized over the estimated remaining life of loans purchased of five years at the time of purchase.

Note 4. Loans and Allowance for Loan Losses (Continued)

Loans consist of the following as of June 30:

	2021	2020
Stafford	$ 26,147,252	$ 31,048,303
Unsubsidized Stafford	30,633,703	36,165,409
PLUS/ SLS	1,312,651	1,627,921
Consolidation	112,169,387	128,806,253
SHELF™	965,384	1,046,256
Total gross loans	171,228,377	198,694,142
Premium on purchased loans	61,829	81,605
Unprocessed loan payments	(68,820)	(94,699)
Allowance for loan losses	(1,506,478)	(1,631,216)
Net loans	$ 169,714,908	$ 197,049,832

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

	2021	2020
Balance at beginning of year	$ 1,631,216	$ 1,827,251
Loans charged off	(124,738)	(196,035)
Balance at end of year	$ 1,506,478	$ 1,631,216

The stated interest rates on student loans which are based on USDE regulations ranged from 1.83% to 10.0% for the fiscal years ended June 30, 2021 and 2020, 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 LIBOR. 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 83.40% Negative SAP loans at June 30, 2021 and 87.02% Negative SAP loans at June 30, 2020. The calculated quarterly lenders' yield ranged from 1.44% to 3.52% for the fiscal year ended June 30, 2021 and 1.71% to 3.74% for the fiscal year ended June 30, 2020.

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, 2021, approximately $169,934,000 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, 2021 and 2020, approximately $329,000 and $298,000, respectively, of loans were no longer considered to be guaranteed.

Note 4. Loans and Allowance for Loan Losses (Continued)

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 $134,420,000 and $156,185,000 as of June 30, 2021 and 2020, were pledged as collateral for notes and bonds payable issued by the Authority.

Note 5. Notes and Bonds 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. The Authority is in compliance with all significant financing agreement requirements and bond covenants.

The following schedules summarize the notes and bonds payable outstanding as of June 30, 2021 and 2020:

	2021								
	Year Issued	Original Amount	Interest Rate Basis	Interest Rate at Year-end	Final Maturity	Beginning balance	Additions	Reductions	Ending balance
Notes payable from direct borrowings:									
Senior Notes, 2016 Bank Note	2016	17,725,000	M LIBOR + 0.75%	0.8%	2026	$ 5,528,284	$ -	$ 1,339,709	$ 4,188,575
Senior Notes, 2017 Bank Note	2017	52,450,000	M LIBOR + 0.65%	0.7%	2032	28,140,742	-	5,755,497	22,385,245
Total notes payable						33,669,026	-	7,095,206	26,573,820
Bonds payable:									
2010 Indenture of Trust Tax-Exempt LIBOR Floating Rate Bonds:									
Series 2010A-2A	2010	51,225,000	Q LIBOR + 1.20%	1.3%	2037	25,200,000	-	4,430,000	20,770,000
Series 2010A-2B	2010	44,230,000	Q LIBOR + 1.00%	1.1%	2037	21,765,000	-	3,825,000	17,940,000
2011 Indenture of Trust Taxable LIBOR Floating Rate Bonds:									
Series 2011-1	2011	205,200,000	Q LIBOR + 1.15%	1.3%	2040	34,060,000	-	5,955,000	28,105,000
2013 Indenture of Trust Taxable LIBOR Floating Rate Bonds:									
Series 2013-1	2013	211,820,000	M LIBOR + 0.50%	0.6%	2032	37,704,000	-	7,329,000	30,375,000
Total bonds payable						118,729,000	-	21,539,000	97,190,000
Discount on bonds outstanding						(546,139)	-	97,600	(448,539)
Total debt outstanding						$ 151,851,887	$ -	$ 28,731,806	$ 123,315,281

Note 5. Notes and Bonds Payable (Continued)

	2020								
	Year Issued	Original Amount	Interest Rate Basis	Interest Rate at Year-end	Final Maturity	Beginning balance	Additions	Reductions	Ending balance
Notes payable from direct borrowings:									
Senior Notes, 2016 Bank Note	2016	17,725,000	M LIBOR + 0.75%	0.9%	2026	$ 7,318,744	$ -	$ 1,790,460	$ 5,528,284
Senior Notes, 2017 Bank Note	2017	52,450,000	M LIBOR + 0.65%	0.8%	2032	35,113,743	-	6,973,001	28,140,742
Total notes payable						42,432,487	-	8,763,461	33,669,026
Bonds payable:									
2010 Indenture of Trust Tax-Exempt LIBOR Floating Rate Bonds:									
Series 2010A-2A	2010	51,225,000	Q LIBOR + 1.20%	1.6%	2037	30,530,000	-	5,330,000	25,200,000
Series 2010A-2B	2010	44,230,000	Q LIBOR + 1.00%	1.4%	2037	26,365,000	-	4,600,000	21,765,000
2011 Indenture of Trust Taxable LIBOR Floating Rate Bonds:									
Series 2011-1	2011	205,200,000	Q LIBOR + 1.15%	1.5%	2040	41,205,000	-	7,145,000	34,060,000
2013 Indenture of Trust Taxable LIBOR Floating Rate Bonds:									
Series 2013-1	2013	211,820,000	M LIBOR + 0.50%	0.7%	2032	46,991,000	-	9,287,000	37,704,000
Total bonds payable						145,091,000	-	26,362,000	118,729,000
Discount on bonds outstanding						(512,306)	(151,929)	118,096	(546,139)
Total debt outstanding						$ 187,011,181	$ (151,929)	$ 35,243,557	$ 151,851,887

The Series 2010A-2B and 2013-1 bonds were sold with original issue discounts. The unaccreted balance at June 30, 2021 and 2020 was approximately $449,000 and $546,000, respectively, and is classified in the statement of net position as an offset to bonds payable. The Authority's outstanding notes payable from direct borrowings and bonds payable are secured with collateral of student loans receivable and payments received on those loans. The outstanding notes payable from direct borrowings and bonds payable contain 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 bond or note agreements, the timing of repayment of outstanding amounts may become due immediately.

Contractual maturities on bonds and notes payables, assuming interest rates on variable rate debt remains at June 30, 2021 levels, are as follows:

	Bonds Payable		Notes Payable from Direct Borrowings		
	Principal	Interest	Principal	Interest	Total
Years ending June 30:					
2022	$ -	$ 1,021,469	$ -	$ 202,164	$ 1,223,633
2023	-	1,021,469	-	202,164	1,223,633
2024	-	1,021,469	-	202,164	1,223,633
2025	-	1,021,469	-	202,164	1,223,633
2026	-	1,021,469	4,188,575	201,655	5,411,699
2027-2031	-	5,107,343	-	833,850	5,941,193
2032-2036	30,375,000	4,327,060	22,385,245	136,977	57,224,282
2037-2041	66,815,000	1,978,864	-	-	68,793,864
	$ 97,190,000	$ 16,520,612	$ 26,573,820	$ 1,981,138	$142,265,570

Note 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. 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.

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 benefit 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 2021 and 2020.

Note 6. Retirement Plan (Continued)

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 9.5%. The Authority's total payments to OTRS for the employees' and employer's contributions were approximately $1,004,000 and $1,007,000 for the years ended June 30, 2021 and 2020, respectively, and was equal to the required contributions plus the employees' share. 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 both revenues and compensation and employee benefit expense in 2021 and 2020 was approximately $382,000 and $350,000, 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, 2021 and 2020, the Authority reported a liability of approximately $10,953,000 and $6,730,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2020. Based upon this information, at June 30, 2021 and June 30, 2020, the Authority's proportion was 0.115408840% and 0.101699060%, respectively.

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of approximately $2,040,000 and $908,000, respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption	$ 1,343,195	$ (158,238)	$ 353,362	$ (227,138)
Differences between expected and actual experience	533,192	(185,502)	345,499	(288,419)
Net difference between projected and actual investment earnings on pension plan investments	944,115	-	45,646	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	866,993	(76,492)	252,232	(103,255)
Total deferred amounts to be recognized in pension expense in future periods	3,687,495	(420,232)	996,739	(618,812)
Authority contributions subsequent to the measurement date	563,114	-	562,313	-
Total deferred amounts related to pension	$ 4,250,609	$ (420,232)	$ 1,559,052	$ (618,812)

Note 6. Retirement Plan (Continued)

Deferred pension outflows resulting from the Authority's Employer contributions subsequent to the measurement date, totaling approximately $563,000 and $562,000 at June 30, 2021 and 2020, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2022 and 2021, respectively. 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 5.30 years at June 30, 2021 and was estimated at 5.33 years at June 30, 2020.

Deferred outflows of resources and deferred inflows of resources at June 30, 2021, will be recognized in pension expense as follows:

	Deferred Outflows (Inflows)
2022	$ 631,422
2023	770,843
2024	936,385
2025	779,458
2026	149,155
	$ 3,267,263

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2020, using the following actuarial assumptions:

- Actuarial cost method — Entry age normal
- Amortization method — Level percentage of payroll
- Remaining amortization period — 20 years
- Asset valuation method — 5-year smooth market
- 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%

Note 6. Retirement Plan (Continued)

- 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 members — Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

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 weighting 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, 2021, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.50%	7.50%
International Equity	19.00%	8.50%
Domestic Fixed Income	22.00%	2.50%
Real Estate*	9.00%	4.50%
Alternative Assets	6.50%	6.20%
Total	100.00%	

*The Real Estate total expected return is a combination of US Direct Real Estate (unleveraged) and US Value added Real Estate (unleveraged)

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.

Note 6. Retirement Plan (Continued)

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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$ 14,617,958	$ 10,952,567	$ 7,918,195

Note 7. 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.

Proceeds from the Authority's tax-exempt debt that are invested in student loans are subject to the federal government yield adjustment payment rebate law which limits the earnings rate on funds received by an organization which issues tax-exempt debt. Any excess student loan interest over the allowable debt yield and spread would be rebated to the student loan borrowers as interest rate reductions or loan principal forgiveness or rebated to the Internal Revenue Service at the maturity of the related debt. The Authority's management actively monitors and manages this spread and will take necessary action to maintain student loan yields within the allowable spread over the life of the respective debt issuances. In recent years, the excess interest estimate has not required any action to maintain such yields.

The Authority leases certain facilities and equipment under noncancelable operating leases that expire at various dates through January 2021. Rent expense for the years ended June 30, 2021 and 2020 was approximately $532,000 and $531,000, respectively. The following is a schedule of future minimum rental payments under operating leases as of June 30, 2021:

Years ending June 30:	
2022	$ 559,677
2023	586,628
2024	342,200

As part of the NFP servicer contract (Note 1), the Authority entered into a hosted service license agreement to use software products designed to service USDE loans. The initial term of the agreement is the later of the expiration or termination of a contract with the Department of Education as a NFP servicer or five years from the effective date. The agreement calls for minimum annual usage fees of $450,000 during the term of the agreement. For the years ended June 30, 2021 and 2020, annual expenses related to this contract were approximately $4,071,000 and $3,291,000, respectively, which were included in external loan servicing fees.

Note 7. Commitments and Contingencies (Continued)

On January 30, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic. The coronavirus pandemic has continued through the date of issuance of this report. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be on the Authority. To date, the Authority has not experienced a significant impact as a result of the pandemic. However, given the uncertainty related to the duration and ultimate economic impacts of the COVID-19 outbreak, it is possible that the Authority could experience a negative impact from such things as a higher rate of defaulted loans, potential legislation that might result in a reduction of revenue for the Authority, or decreases in long-term rates of return that might adversely affect the Authority's pension liability or investment income.

Note 8. Risk Management

The Authority participates in the Oklahoma Risk Management Division's (a division of the Department of Central 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 Department of Central Services to participate in the insurance pool. Premiums paid are not subject to retroactive adjustment.

Note 9. Subsequent Event

On October 13, 2021, the Authority issued the $117,220,000 Oklahoma Student Loan Bonds and Notes Series 2021 (the Series 2021 Note). The proceeds of the Series 2021 Note repaid in full the 2010-A, 2011-1, and 2013-01 Indentures, and the 2016 and 2017 Senior Notes; loan origination fees and costs, and a prepayment on the Series 2021 Note on the date of issuance. The Series 2021 Note is secured by a pledge of eligible loans receivable with an aggregate principal balance and accrued interest value equal to at least 115% of the original principal amount of the Series 2021 Note. The Series 2021 Note has a final maturity date of September 25, 2036. The interest rate is the one-month LIBOR plus 0.75%.

Required Supplementary Information

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*

	2021	2020	2019	2018	2017	2016	2015
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Authority's proportion of the net pension liability	0.11540884%	0.10169906%	0.10334683%	0.09868767%	0.09932093%	0.10123064%	0.10368155%
Authority's proportionate share of the net pension liability	10,952,567	6,730,444	6,246,398	6,548,331	8,322,242	6,176,715	5,577,929
Authority's covered payroll	5,961,621	5,091,758	4,723,200	4,359,537	4,450,453	4,352,484	4,431,379
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.72%	132.18%	132.25%	150.21%	187.00%	141.91%	125.87%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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: The assumptions for salary increases changed for the year ended June 30, 2016, the year ended June 30, 2017, and the year ended June 30, 2021. For the year ended June 30, 2015, salary increases were composed of 3.00% 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, 2016, salary increases are composed of 3.75% wage inflation, including 3.00% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of services. For the years ended June 30, 2017 through June 30, 2020, salary increases are composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service. For the year ended June 30, 2021, 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, 2015, the retirement age was determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2009. This table was adopted by the OTRS Board in September 2010. For the year ended June 30, 2016, the retirement age was determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2014. This table was adopted by the OTRS Board in May 2015. There were no changes in the retirement age assumptions for the years ended June 30, 2017 through 2020. For the year ended June 30, 2021, 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, 2015, mortality rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females. For the year ended June 30, 2016, the mortality rates for active employees were determined using the RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%. The mortality rates for males after retirement were determined using the RP-2000 Combined Healthy Mortality Table for Males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the tables base year of 2012 were used. There were no changes in the mortality rate assumptions for the years ended June 30, 2017 through 2020. For the year ended June 30, 2021, 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 are 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 years ended June 30, 2015 and June 30, 2016, investment return was 8.00% per year, net of investment-related expenses and compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return. For the year ended June 30, 2017, investment return was 7.50% per year, net of investment-related expenses and compounded annually, composed of an assumed 2.50% inflation rate and a 5.00% net real rate of return. There were no changes in the assumptions for investment return for the years ended June 30, 2018 through 2020. For the year ended June 30, 2021, 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 Contributions
Oklahoma Teacher's Retirement System (OTRS)
Last 10 Fiscal Years

	2021	2020	2019	2018	2017
Contractually required contribution	$ 563,114	$ 562,313	$ 483,717	$ 448,704	$ 414,156
Contributions in relation to the contractually required contribution	(563,114)	(562,313)	(483,717)	(448,704)	(414,156)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 5,933,632	$ 5,961,621	$ 5,091,758	$ 4,723,200	$ 4,359,537
Contributions as a percentage of covered payroll	9.50%	9.50%	9.50%	9.50%	9.50%

	2016	2015	2014	2013	2012
Contractually required contribution	$ 422,793	$ 413,486	$ 420,981	$ 384,832	$ 331,252
Contributions in relation to the contractually required contribution	(422,793)	(413,486)	(420,981)	(384,832)	(331,252)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 4,450,453	$ 4,352,484	$ 4,431,379	$ 4,050,863	$ 3,486,863
Contributions as a percentage of covered payroll	9.50%	9.50%	9.50%	9.50%	9.50%

Notes to Schedule:

Note 1 - The statutorily required employer contributions for the Authority were as follows:

July 1, 2011 to present	9.50%