

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

**FINANCIAL REPORT**

**For the Years Ended June 30, 2025 and 2024**

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

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## 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, 2025, 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, 2025, 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.

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

As discussed in Note 9 to the financial statements, the 2024 financial statements have been restated to reflected on a retrospective basis at the beginning of the earliest period presented in the financial statements the implementation *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

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

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

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- Teachers Retirement System of Oklahoma ("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, 2025, 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.

*Arlidge & Associates PC*

Oklahoma City, Oklahoma  
October 28, 2025



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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2025 AND 2024**

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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 <sup>TM</sup>.”

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.

In December 2024, the Authority transitioned certain loan servicing operations to a third-party vendor, for the management and servicing of the FFEL portfolio. The third-party servicer is responsible for ongoing due diligence, claim filing, and application of cure and recovery procedures for loans that have lost their guarantee status. The Authority continues to monitor the performance of the vendor and retains overall responsibility for the administration and oversight of its loan programs.

In October 2024, the Authority launched the Oklahoma Higher Education Loan Program (OKHELP), a private student loan program designed to provide education loans to Oklahoma students, families, and schools for higher education costs not covered by federal aid.

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, 2025, 2024 and 2023. Please read it in conjunction with the Authority’s financial statements and the notes to the financial statements, which follow this section.

**Financial Highlights**

	2025	2024	2023
Total assets	\$ 117,655,088	\$ 133,260,877	\$ 157,369,645
Student loans receivable, net	83,300,823	93,576,972	112,913,820
Total operating revenue	8,321,879	10,751,985	35,659,508
Net interest margin (interest income less interest expense)	4,051,420	4,440,576	3,934,989
Total operating expenses	12,173,959	19,844,960	36,491,882
Total nonoperating revenue	1,723,863	1,911,070	1,010,687
Total nonoperating expenses	968	439,806	-
Net position	59,821,395	61,950,580	69,572,291

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2025 AND 2024**

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**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.

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2025 AND 2024**

**Financial Analysis of the Authority**

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

	2025	2024	2023
<b>Assets and deferred outflows:</b>			
Current assets	\$ 42,298,666	\$ 48,335,808	\$ 58,289,795
Capital assets, net	350,985	565,477	1,502,192
Other noncurrent assets	75,005,437	84,359,592	97,577,658
Deferred outflows	2,248,566	3,465,943	5,180,453
Total assets and deferred outflows	<u>\$ 119,903,654</u>	<u>\$ 136,726,820</u>	<u>\$ 162,550,098</u>
<b>Liabilities and deferred inflows:</b>			
Current liabilities	\$ 1,051,724	\$ 1,367,858	\$ 5,568,565
Noncurrent liabilities	48,169,167	72,906,309	87,125,727
Deferred inflows	861,367	502,266	283,515
Total liabilities and deferred inflows	<u>50,082,258</u>	<u>74,776,433</u>	<u>92,977,807</u>
<b>Net position:</b>			
Invested in capital assets	350,985	565,477	1,502,192
Restricted	5,814,225	7,077,619	13,057,318
Unrestricted	53,656,186	54,307,484	55,012,781
Total net position	<u>59,821,396</u>	<u>61,950,580</u>	<u>69,572,291</u>
Total liabilities, deferred inflows and net position	<u>\$ 109,903,654</u>	<u>\$ 136,727,013</u>	<u>\$ 162,550,098</u>

**Student loans receivable, net** decreased by approximately \$10,276,000 and \$19,336,000 to approximately \$83,300,000 and \$93,577,000 at June 30, 2025 and 2024, respectively, due primarily to principal payments received from borrowers, claim payments from guarantors and loan consolidations.

**Cash and investments** decreased by approximately \$4,155,000 and \$5,990,000 to approximately \$26,633,000 and \$30,789,000 at June 30, 2025 and 2024, respectively. This was primarily the result of a decrease in loan servicing fees income at June 30, 2025 compared to June 30, 2024, due to the expiration of the Direct Loan Servicing contract with the USDE.

**Notes payable** decreased by approximately \$11,044,000 and \$16,011,000 to approximately \$49,131,000 and \$60,174,000 as of June 30, 2025 and 2024, respectively. In 2025, the decrease was due primarily to principal payments on outstanding notes payable, and a similar comparison from June 30, 2024, to June 30, 2023.

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2025 AND 2024**

**Financial Analysis of the Authority (Cont’d)**

**GASB Statement No. 101, Compensated Absences:** Effective for the fiscal year ended June 30, 2025, the Authority implemented GASB Statement No. 101, Compensated Absences. The adoption of this standard did not have a material effect on the financial statements, and therefore, no restatement of prior periods was made relating to the implementation.

**GASB Statement No. 87, Leases:** The Authority accounts for leases in accordance with GASB Statement No. 87. At lease commencement, lease liability and a right-to-use lease asset are recognized for all leases with terms greater than 12 months. Lease liabilities are measured at the present value of expected future payments, and right-to-use assets are amortized over the lease term. See Note 9—Leases in the notes to audited financial statements.

**Pension Liability:** Pension liability results from the Authority’s participation in the Teacher’s Retirement System of Oklahoma. The net pension liability is approximately \$7,281,000, \$10,619,000, and \$10,612,000 for years ended June 30, 2025, 2024 and 2023, 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:

	2025	2024	2023
Revenues:			
Operating revenues	\$ 8,321,879	\$ 10,751,985	\$ 35,659,508
Nonoperating revenues	1,723,863	1,911,070	1,010,687
Total revenues	10,045,742	12,663,055	36,670,195
Expenses			
Operating expenses	12,173,959	19,844,960	36,491,882
Nonoperating expenses	968	439,806	-
Increase/(decrease) in net position	\$ (2,129,185)	\$ (7,621,711)	\$ 178,313

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

	2025	2024	2023
Loan interest income, net of consolidation rebate fees	\$ 5,765,035	\$ 7,372,404	\$ 7,283,570
Investment interest income	1,215,636	1,268,041	461,936
Total interest income	6,980,671	8,640,445	7,745,506
Less interest expense	2,929,251	4,199,869	3,810,517
Net interest margin	\$ 4,051,420	\$ 4,440,576	\$ 3,934,989

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2025 AND 2024**

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**Financial Analysis of the Authority (Cont'd)**

**Operating revenues** are comprised primarily of interest income from borrowers and decreased by approximately \$870,000 and \$616,000 for the years ended June 30, 2025, and June 30, 2024, respectively, due to an overall decrease in total loans outstanding. Loan servicing fee income decreased by approximately \$1,039,000 and decreased by \$27,366,000 for the years ended June 30, 2025, and June 30, 2024, respectively. 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.

**Nonoperating revenues (excluding investment interest income)** typically consist of on-behalf pension contributions which decreased by approximately \$134,000 to \$508,000 and increased by approximately \$95,000 to approximately \$643,000 for the years ended June 30, 2025 and 2024, respectively. On-behalf pension contributions had a slight increase by approximately \$238,000 to approximately \$548,000 for the year ended June 30, 2023. See further discussion of on-behalf pension contributions in Note 7 in the notes to financial statements.

**Operating expenses (excluding interest expense)** for the year ended June 30, 2025, decreased to approximately \$9,244,000 due to a decrease in loan servicing fees. 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.

**Loan interest income** for the year ended June 30, 2025, decreased from approximately \$7,372,000 to \$5,765,000 as a result of a \$870,000 decrease in interest income from borrowers, net of rebate fees of approximately \$736,000 over June 30, 2024. 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 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: 2.875% to 9.00% for the year ended June 30, 2025, 2.00% to 10.00% for the year ended June 30, 2024, and 2.84% to 10.00% for the year ended June 30, 2023. The fixed rates for loans first disbursed on or after July 1, 2006, ranged from 5.6% to 8.5%. See Note 4, FFEL 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 \$11,044,000 decrease in notes outstanding during the year ended June 30, 2025 was accompanied by an increase in the weighted average cost of funds to approximately 5.36% as of June 30, 2025, compared to a 4.56% cost of funds at June 30, 2024. 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.

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2025 AND 2024**

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**Financial Analysis of the Authority (Cont'd)**

**Net interest margin** for the year ended June 30, 2025, of approximately \$4,051,000 resulted from a decrease in interest expense and a decrease in both loan and investment interest income and represents a net decrease of approximately \$389,000 from the prior year. 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 position** decreased by approximately \$2,129,000 at June 30, 2025, and decreased by approximately \$7,692,000 and increased by approximately \$178,000 at June 30, 2024 and 2023, respectively, due to the changes in revenues and expenses described above.

**Debt Administration**

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

**Economic Outlook**

In September 2025, the Company provided notice of termination to the Missouri Higher Education Loan Authority ("MOHELA") regarding the contract for call center and back-office processing support to MOHELA federal loan servicing. Contract activities ended in late October, resulting in most employees who worked on the contract accepting positions with MOHELA. The projected loss of revenue due to the termination is expected to be offset by related eliminated personnel costs.

In September 2025, the Authority solicited competitive bids for the sale of its FFEL portfolio. The Authority is currently evaluating the bids received and expects to present a recommendation to the board of trustees in the October meeting. If approved, the sale is expected to close before the end of 2025, generate significant net proceeds and provide additional capital that may be used to further expand the Authority's OK Help private loan program.

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

**Statements of Net Position**  
**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ -	\$ 210
Restricted cash	59,977	57,610
Investments	22,630,807	25,868,176
Student loan notes receivable, current portion	14,693,019	17,274,521
Interest receivable from U.S Department of Education	405,253	681,169
Interest and other receivables	4,506,598	4,454,122
Interest receivable from OKHelp	3,012	-
<b>Total current assets</b>	<u>42,298,666</u>	<u>48,335,808</u>
Noncurrent assets		
Restricted investments	3,942,391	4,863,294
Student loan notes receivable, net of allowance for loan losses	68,607,804	76,302,451
OKHelp student loan notes receivable	191,624	-
Capital assets, net of accumulated depreciation	350,985	565,477
Other noncurrent assets	490,746	850,117
Right-to-use lease asset, net of accumulated amortization	1,772,872	2,343,730
<b>Total noncurrent assets</b>	<u>75,356,422</u>	<u>84,925,069</u>
<b>Total assets</b>	<u>117,655,088</u>	<u>133,260,877</u>
Deferred outflows of resources		
Deferred pension plan outflows	1,347,392	2,405,745
Deferred loss on debt refunding outflows	901,174	1,060,198
<b>Total deferred outflows of resources</b>	<u>2,248,566</u>	<u>3,465,943</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
Current liabilities		
Accounts payable and other accrued expenses	523,621	742,165
Accrued interest payable	39,020	54,642
Lease liabilities - current portion	489,083	570,858
<b>Total current liabilities</b>	<u>1,051,724</u>	<u>1,367,665</u>
Noncurrent liabilities		
Notes payable	49,130,510	60,174,201
Net pension liability	7,281,824	10,619,329
Other accrued expenses	473,044	339,907
Lease liabilities - noncurrent portion	1,283,789	1,772,872
<b>Total noncurrent liabilities</b>	<u>58,169,167</u>	<u>72,906,309</u>
<b>Total liabilities</b>	<u>59,220,891</u>	<u>74,273,974</u>
Deferred inflows of resources		
Deferred pension plan inflows	861,367	502,266
Net position		
Investment in capital assets	350,985	565,477
Restricted	5,814,225	7,077,619
Unrestricted	53,656,186	54,307,484
<b>Total net position (restated)</b>	<u>\$ 59,821,396</u>	<u>\$ 61,950,580</u>

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**

	<u>2025</u>	<u>2024</u>
Operating revenues		
Loan interest income:		
From borrowers	\$ 4,401,502	\$ 5,272,122
Net from U.S. Department of Education	1,363,533	2,100,282
Loan servicing fees	-	1,039,272
Subcontractor fees	<u>2,556,844</u>	<u>2,340,309</u>
<b>Total operating revenues</b>	<u>8,321,879</u>	<u>10,751,985</u>
 Operating expenses		
Interest	2,929,251	4,199,869
General and administrative	8,492,730	14,646,939
External loan servicing fees	69,729	368,564
Professional fees	<u>682,248</u>	<u>629,588</u>
<b>Total operating expenses</b>	<u>12,173,958</u>	<u>19,844,960</u>
 <b>Operating loss</b>	 (3,852,079)	 (9,092,975)
 Nonoperating revenues:		
OTRS on-behalf contributions	508,227	643,029
Investment income	<u>1,215,636</u>	<u>1,268,041</u>
<b>Nonoperating income</b>	<u>1,723,863</u>	<u>1,911,070</u>
 Nonoperating expenses:		
Loss on disposition of capital assets	<u>(968)</u>	<u>(439,806)</u>
<b>Nonoperating expenses</b>	<u>(968)</u>	<u>(439,806)</u>
 <b>(Decrease) Increase in net position</b>	 (2,129,184)	 (7,621,711)
 Net position, beginning of year (restated)	 61,950,580	 69,572,291
 Net position at year end	 <u>\$ 59,821,396</u>	 <u>\$ 61,950,580</u>

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, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Receipts of interest income from borrowers	\$ 4,388,951	\$ 5,364,483
Payments of interest from USDE	115,186	115,024
Receipts of loan servicing fees	111,767	1,906,530
Receipts of subcontractor fees	2,399,259	2,128,483
Receipts of loan principal payments	12,427,797	21,493,317
Acquisition of student loans receivables	(2,343,272)	(2,067,244)
Payments to employees and suppliers	(7,888,221)	(14,556,526)
Payments on lease liabilities	(18,438)	(23,674)
<b>Net cash provided by operating activities</b>	<u>9,193,029</u>	<u>14,360,393</u>
<b>Cash flows from noncapital financing activities</b>		
Payments on interest on notes payable	(2,944,873)	(4,216,728)
Payments on notes payable	(11,043,691)	(16,011,011)
<b>Net cash used in noncapital financing activities</b>	<u>(13,988,564)</u>	<u>(20,227,739)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	74,794,182	92,641,423
Receipts of interest on investments	1,271,105	1,153,424
Purchases of investments	(70,666,593)	(87,326,069)
<b>Net cash provided in investing activities</b>	<u>5,398,694</u>	<u>6,468,778</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(30,144)	(27,918)
Principal paid on lease liabilities	(570,858)	(576,070)
<b>Net cash used in capital and related financing activities</b>	<u>(601,002)</u>	<u>(603,988)</u>
<b>Net (decrease) in cash</b>	2,157	(2,556)
Cash at beginning of the year	57,820	60,376
Cash at end of year	<u>\$ 59,977</u>	<u>\$ 57,820</u>
Noncash flow information		
OTRS on-behalf contributions	508,227	643,029

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, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Reconciliation of operating (loss) to net cash provided		
by operating activities:		
Operating (loss)	\$ (3,852,079)	\$ (9,092,975)
Adjustments to reconcile operating (loss) income to net cash provided		
by operating activities:		
Interest paid on notes payable	2,944,873	4,216,728
Amortization of deferred loss on debt refunding outflows	159,024	159,024
Depreciation on capital assets	220,795	517,858
Loss on disposal of fixed assets	968	439,806
Provision for loan loss	(326,055)	354,000
OTRS on-behalf contributions	508,227	643,029
Principal payments on lease liabilities	570,858	576,070
(Increase) decrease in assets and deferred outflows of resources:		
Student loans receivable, net	10,602,204	19,336,849
Student loans receivable, net OKHelp	(191,624)	-
Interest and other receivables	(55,357)	61,003
Other assets	359,371	(34,543)
Deferred pension plan outflows	1,058,353	1,555,486
Interest receivable from U.S. Department of Education	275,916	162,344
Interest receivable from OKHelp program	(3,012)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and other accrued expenses	(85,407)	(4,743,428)
Accrued interest payable	(15,622)	(16,859)
Net pension liability	(3,337,505)	7,250
Deferred pension plan inflows	359,101	218,751
	<u>359,101</u>	<u>218,751</u>
<b>Net cash provided by operating activities</b>	<b>\$ 9,193,029</b>	<b>\$ 14,360,393</b>

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2025, and 2024, the majority of loans are guaranteed at 98% and 97%, respectively, 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.

In December 2024, the Authority transitioned certain loan servicing operations to a third-party vendor, for the management and servicing of the FFEL portfolio. The third-party servicer is responsible for ongoing due diligence, claim filing, and application of cure and recovery procedures for loans that have lost their guarantee status. The Authority continues to monitor the performance of the vendor and retains overall responsibility for the administration and oversight of its loan programs.

In October 2024, the Authority launched the Oklahoma Higher Education Loan Program (OKHELP), a private student loan program designed to provide education loans to Oklahoma students, families, and schools for higher education costs not covered by federal aid. The OKHELP program is funded from the Authority's investment portfolio and utilizes third-party vendors for loan origination and servicing. As of June 30, 2025, OKHELP loans are presented as a separate class of financing receivables on the statement of net position.

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

**NOTES TO FINANCIAL STATEMENTS**

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**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, 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.

**FFEL 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, with premiums amortized over the estimated life of the loan as an adjustment to interest income. All FFEL Program loans made or acquired by the Authority are guaranteed, and required due diligence and claim filing are performed 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.

In December 2024, the Authority transitioned its loan servicing operations to a third-party service provider. The third-party servicer is responsible for ongoing due diligence, claim filing, and application of cure and recovery procedures for loans that have lost their guarantee status. The Authority continues to monitor the servicer's performance and retains responsibility for the allowance for loan losses and the write-off of uncollectible loans.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**OKHELP Loans and allowance for loan losses:** OKHELP loans are private education loans funded from the Authority's investment portfolio and are managed by third-party vendors for origination and servicing. Loans are stated at cost, net of an allowance for loan losses. As of June 30, 2025, no allowance for loan losses has been recorded, as there have been no defaults and the portfolio is newly established. The adequacy of the allowance will be reviewed at least quarterly and adjusted as necessary based on portfolio performance and economic conditions.

**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 6).

***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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**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, 2025, and 2024 was approximately \$143,000 and \$173,000, 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, 2025, and 2024 were approximately \$1,879,000 and \$2,666,000, 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, 2025, and 2024 were approximately \$633,000 and \$739,000, 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, 2025, and 2024, the Authority had deferred inflows related to pension items of approximately \$861,000 and \$502,000, respectively. See Note 7 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, 2025, and 2024, the Authority had deferred outflows of resources related to pension items of approximately \$1,347,000 and \$2,406,000, respectively. See Note 7 for additional discussion regarding pension related deferred outflows of resources. In addition, during fiscal year 2022, the Authority issued a new note payable, for which the proceeds were used to refund all existing debt. The results of the refunding transaction led to recording a deferred loss on refunding that is amortized over the life of the new note payable which is the shorter of the old and the new debt. As of June 30, 2025, and 2024, the unamortized deferred outflow balances are approximately \$901,000 and \$1,060,000, respectively.

**Adoption of New Accounting Standard – GASB Statement No. 101, Compensated Absences:** The GASB issued Statement No. 101, Compensated Absences, in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. Effective for the fiscal year ended June 30, 2025, the Authority implemented GASB Statement No. 101, Compensated Absences. The adoption of this standard did not have a material effect on the financial statements, and therefore, no restatement of prior periods was made relating to the implementation.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**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.

**Leases:** The Authority accounts for leases in accordance with GASB Statement No. 87, Leases. At lease commencement, lease liability and a right-to-use lease asset are recognized for all leases with terms greater than 12 months. Lease liabilities are measured at the present value of expected future payments, and right-to-use assets are amortized over the lease term.

**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, 2025, and 2024 were rated AAA by the Standards & Poor's Corporation, and AAA by Moody's Investors Service. Certificates of deposit at June 30, 2025, and June 30, 2024, 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, 2025, the bank balance of the Authority's deposits in financial institutions was approximately \$147,000 and was either fully insured or collateralized. As of June 30, 2024, the bank balance of the Authority's deposits in financial institutions was approximately \$609,000, of which \$359,000 was uninsured or 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, 2025, and June 30, 2024, 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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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, 2025, non-negotiable certificates of deposit with a carrying value of \$4,998,808 and a weighted average maturity of 0.3 years, U.S. government securities-based mutual funds with a carrying value of \$5,011,682 and a weighted average maturity of 0.2 years, and U.S. Treasury bills and notes with a carrying value of \$16,562,708 and a weighted average maturity of 0.8 years were subject to interest rate risk. 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 and U.S. government securities-based mutual funds with a carrying value of \$5,847,769 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 \$21,635,769 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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

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:

	<b>June 30, 2025</b>			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
U.S. Treasury Notes	\$ 747,780	-	-	\$ 747,780
Investments measured at cost and net asset value (NAV):				
Certificates of deposit at cost				4,998,808
U.S. government securities				15,814,928
Mutual funds at NAV				5,011,682
Total investments				<u>\$ 26,573,198</u>
	<b>June 30, 2024</b>			
	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				<u>\$ 30,731,470</u>

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

	<b>2025</b>	<b>2024</b>
Investments measured at cost and net asset value (NAV):	\$ 5,759,462	\$ 20,378,100
Investment measured at cost:		
Certificates of deposit at cost	4,998,808	3,247,945
U.S. government securities	15,814,928	7,105,426
	<u>\$ 26,573,198</u>	<u>\$ 30,731,470</u>
Investments - Unrestricted	\$ 22,630,807	\$ 25,868,176
Investments - Restricted	3,942,391	4,863,294
	<u>\$ 26,573,198</u>	<u>\$ 30,731,470</u>

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

**NOTES TO FINANCIAL STATEMENTS**

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

There have been no significant changes in valuation techniques during fiscal years ended June 30, 2025, and 2024. 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. FFEL 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:

	<u>2025</u>	<u>2024</u>
Stafford	\$ 12,616,730	\$ 14,318,037
Unsubsidized Stafford	15,288,670	17,165,495
PLUS/ SLS	480,535	588,594
Consolidation	54,307,931	62,360,153
SHELF	241,821	418,920
Total gross loans	<u>82,935,687</u>	<u>94,851,199</u>
Unprocessed loan payments	(59,975)	(52,507)
Allowance for loan losses	(248,673)	(1,221,720)
Borrower payments in transit	673,784	-
Net loans	<u>\$ 83,300,823</u>	<u>\$ 93,576,972</u>

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

**NOTES TO FINANCIAL STATEMENTS**

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**4. FFEL 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:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 1,221,720	\$ 1,312,796
Provision for loan losses	(326,056)	354,000
Loans charged off	<u>(646,991)</u>	<u>(445,076)</u>
Balance at end of year	<u>\$ 248,673</u>	<u>\$ 1,221,720</u>

The stated interest rates on student loans which are based on USDE regulations ranged from 2.875% to 9.00% for the fiscal years ended June 30, 2025 and 2.00% to 10.00% for the fiscal years ended June 30, 2024, 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 12.44% Negative SAP loans at June 30, 2025 and 0.05% Negative SAP loans at June 30, 2024. The calculated quarterly lenders' yield ranged from 5.76% to 7.84% for the fiscal year ended June 30, 2025 and 6.81% to 8.89% for the fiscal year ended June 30, 2024.

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, 2025, approximately \$82,694,000 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, 2025, and 2024, approximately \$33,000 and \$882,000, 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 \$68,800,000 and \$76,300,000 as of June 30, 2025, and 2024, were pledged as collateral for a note payable issued by the Authority.

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

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

In December 2024, the Authority transitioned the servicing of its FFEL loan portfolio from internal management to a third-party servicing company. The Authority continues to monitor the performance of the third-party servicer and maintains oversight of loan servicing activities as part of its internal control and risk management processes.

**5. OKHELP Loans and Allowance for Loan Losses**

In October 2024, OSLA launched OKHELP, a private student loan program designed to provide education loans to Oklahoma students, families, and schools for higher education costs not covered by federal aid. The program is funded from OSLA's investment portfolio and is managed through third-party vendors for origination and servicing.

As of June 30, 2025, the OKHELP loan receivable balance was \$191,624, and the related loan interest receivable was \$3,012. These amounts are presented as a separate class of financing receivables on the statement of net position, reflecting the private education loans originated for eligible borrowers in Oklahoma.

Given the current size of the OKHELP portfolio and the absence of any defaulted loans as of year-end, management has determined that no provision for loan losses is necessary at this time. The adequacy of the allowance for loan losses will be reviewed at least quarterly, and a provision will be established if warranted by portfolio growth, performance history, or changes in economic conditions.

All OKHELP loan origination and servicing activities are outsourced to third-party vendors. The Authority does not directly originate or service these loans but receives regular reports from its vendors for reconciliation and monitoring. The Authority maintains oversight of third-party controls as part of its internal control and risk management processes.

The OKHELP program is funded from OSLA's investment income, resulting in a reallocation of earnings to support loan originations and a corresponding increase in loan receivables. The Authority's long-term plan is for the OKHELP loan portfolio to reach a sufficient size and performance history over the next three to five years, at which point the Authority may seek to issue a bond to further support the program's expansion.

**6. 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**6. Note Payable (Cont'd)**

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, 2025, and 2024:

2025										
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%	5.1%	2036	\$60,174,201	\$ -	\$11,043,691	\$49,130,510	
					<hr/>					
Total debt outstanding						\$60,174,201	\$ -	\$11,043,691	\$49,130,510	
<hr/>										
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	
					<hr/>					
Total debt outstanding						\$76,185,212	\$ -	\$16,011,011	\$60,174,201	

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.

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

**NOTES TO FINANCIAL STATEMENTS**

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**6. Note Payable (Cont'd)**

Contractual maturities on the note payable, assuming interest rates on variable rate debt remains at June 30, 2025 levels, are as follows:

	Note Payable from Direct Borrowings		
	Principal	Interest	Total
Years ending June 30:			
2026	\$ -	\$ 2,493,236	\$ 2,493,236
2027	-	2,493,236	2,493,236
2028	-	2,493,236	2,493,236
2029	-	2,493,236	2,493,236
2030	-	2,493,236	2,493,236
2031-2036	49,130,510	15,556,699	64,687,209
	<u>\$49,130,510</u>	<u>\$28,022,879</u>	<u>\$77,153,389</u>

**7. 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/](http://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.

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

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**7. 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 five highest 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 2025 and 2024.

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 \$543,000 and \$674,000 for the years ended June 30, 2025, and 2024, 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 2025 and 2024 was approximately \$508,000 and \$643,000, 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, 2025, and 2024, the Authority reported a liability of approximately \$7,282,000 and \$10,619,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

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

**NOTES TO FINANCIAL STATEMENTS**

**7. 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, 2024. Based upon this information, at June 30, 2025, and June 30, 2024, the Authority's proportion was 0.110545150% and 0.137797490%, respectively.

For the years ended June 30, 2025, and 2024, the Authority recognized pension benefits of approximately \$869,000 and pension expense of \$3,098,000, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 79,867	\$ (312,374)	\$ 431,409	\$ -
Differences between expected and actual experience	514,874	(112,517)	173,251	(206,754)
Net difference between projected and actual investment earnings on pension plan investments	-	(248,949)	822,989	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	209,716	(187,527)	304,287	(295,512)
Total deferred amounts to be recognized in pension expense in future periods	804,457	(861,367)	1,731,936	(502,266)
Authority contributions subsequent to the measurement date	542,935		673,809	
Total deferred amounts related to pension	<u>\$1,347,392</u>	<u>\$ (861,367)</u>	<u>\$ 2,405,745</u>	<u>\$ (502,266)</u>

Deferred pension outflows resulting from the Authority's Employer contributions subsequent to the measurement date, totaling approximately \$543,000 and \$674,000 at June 30, 2025, and 2024, 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 5.34 years at June 30, 2025, and was estimated at 5.40 years at June 30, 2024.

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

**NOTES TO FINANCIAL STATEMENTS**

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**7. Retirement Plan (Cont'd)**

Deferred outflows of resources and deferred inflows of resources at June 30, 2025, will be recognized in pension expense as follows:

	<u>Deferred Outflows (Inflows)</u>
2026	\$ (309,917)
2027	548,562
2028	(174,776)
2029	(140,225)
2030	19,447
	<u>\$ (56,910)</u>

**Actuarial assumptions:** The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2024, 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 increase 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: 2020 GRS Southwest Region Teacher Mortality Table: Generational mortality improvements in accordance with the Ultimate MP scales are projected for the year 2020. 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 latest MP scales with immediate convergence.

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

**7. 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, 2025, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.30%	4.50%
International Equity	16.70%	4.50%
Domestic Fixed Income	22.00%	2.40%
Real Estate*	10.00%	4.40%
Private Equity	8.00%	6.90%
Private Debt	5.00%	5.60%
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:

	2025		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 11,121,677	\$ 7,281,824	\$ 4,083,135

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

**7. Retirement Plan (Cont'd)**

	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

**8. Capital Assets**

	2025			
	Beginning Balance	Additions	Disposals	Ending Balance
Furniture and equipment	\$ 1,580,459	\$ 30,144	\$ 23,932	\$ 1,586,671
Computer software	112,888	-	-	112,888
Leasehold improvements	84,078	-	-	84,078
	1,777,425	30,144	23,932	1,783,637
Accumulated depreciation	1,211,948	220,704	-	1,432,652
Net Capital Assets	\$ 565,477	\$ (190,560)	\$ 23,932	\$ 350,985

	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

**9. Leases**

As of June 30, 2025, OSLA implemented GASB Statement No. 87, Leases. As a result, the prior year financial statements balances have been restated to recognize a right-to-use lease asset, accumulated amortization, and a corresponding lease liability as of June 30, 2024. The implementation in 2024 resulted in a reclassification of previously recorded rent expense to amortization and interest expense, with no cumulative effect adjustment to beginning net position.

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

**NOTES TO FINANCIAL STATEMENTS**

**9. Leases (Cont'd)**

The following tables reflect the amounts as previously reported on the financial statements issued October 28, 2024, the adjustment for GASB No. 87 implementation, and the amount as restated on the financial statements dated October 28, 2025:

Line Item	June 30, 2024 Previously Reported	GASB No. 87 Adjustment	June 30, 2024 As Restated
<b>Statements of Net Position</b>			
Right-to-use lease asset, net of accumulated amortization	\$ -	\$ 2,343,730	\$ 2,343,730
Total noncurrent assets	82,581,339	2,343,730	84,925,069
Total assets	130,917,147	2,343,730	133,260,877
Lease liabilities - current portion	-	570,858	570,858
Total current liabilities	796,807	570,858	1,367,665
Lease liabilities - noncurrent portion	-	1,772,872	1,772,872
Total noncurrent liabilities	71,133,437	1,772,872	72,906,309
Total liabilities	9,552,725	25,671	9,578,396
<b>Statements of Cash Flows</b>			
Payments to employees and suppliers	(15,156,270)	599,744	(14,556,526)
Payments on lease liabilities	-	(23,674)	(23,674)
Net cash provided by operating activities	13,784,323	576,070	14,360,393
Principal paid on lease liabilities	-	(576,070)	(576,070)
Net cash used in capital and related financing activities	(27,918)	(576,070)	(603,988)
Principal payments on lease liabilities	-	576,070	576,070
Net cash provided by operating activities	13,784,323	576,070	14,360,393

The OSLA leases office space under a non-cancelable lease agreement, which is accounted for as a right-to-use lease in accordance with GASB Statement No. 87, Leases. Lease assets are amortized on a straight-line basis over the lease term, and lease liabilities are measured at the present value of future lease payments, discounted at the Authority's incremental borrowing rate.

As of June 30, 2025, the gross right-to-use lease asset was \$2,919,800, with accumulated amortization of \$1,146,928, resulting in a net right-to-use lease asset of \$1,772,872. The total lease liability as of June 30, 2025, was \$1,772,872, of which \$489,083 is due within one year and \$1,283,789 is due in more than one year. For the years ended June 30, 2025, and 2024, amortization expense was \$570,858 and \$576,070, respectively, and interest expense was \$18,438 and \$23,674, respectively.

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

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**9. Leases (Cont'd)**

Future principal and interest expense payment are shown in the following table:

Period	Principal	Interest	Total Payments
2026	\$ 489,083	\$ 13,787	\$ 502,870
2027	493,454	9,416	502,870
2028	497,863	5,006	502,870
2029*	292,472	868	293,341
	\$ 1,772,872	\$ 29,078	\$ 1,801,950

\*2029 includes only 7 months of payments (July 2028–January 2029), as the lease ends in January 2029.

**10. 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.

**11. 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.

**12. Subsequent Events**

The Authority has evaluated subsequent events through October 28, 2025, the date these financial statements were available to be issued. The following significant events occurred after the fiscal year-end:

In September 2025, the Company provided notice of termination to the Missouri Higher Education Loan Authority (“MOHELA”) regarding the contract for call center and back-office processing support to MOHELA federal loan servicing. Contract activities ended in late October, resulting in most employees who worked on the contract accepting positions with MOHELA. The projected loss of revenue due to the termination is expected to be offset by related eliminated personnel costs.

In September 2025, the Authority solicited competitive bids for the sale of its FFEL portfolio. The Authority is currently evaluating the bids received and expects to present a recommendation to the board of trustees in the October meeting. If approved, the sale is expected to close before the end of 2025, generate significant net proceeds and provide additional capital that may be used to further expand the Authority’s OK Help private loan program.

**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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Authority's proportion of the net pension liability	0.11054515%	0.13779749%	0.12926775%	0.1121027%	0.11540884%	0.10169906%	0.10334683%	0.09868767%	0.09932093%
Authority's proportionate share of the net pension liability	7,281,824	10,619,329	10,612,079	5,727,131	10,952,567	6,730,444	6,246,398	6,548,331	8,322,242
Authority's covered payroll	5,715,105	7,092,726	7,768,421	5,933,632	5,961,621	5,091,758	4,723,200	4,359,537	4,450,453
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	127.41%	149.72%	136.61%	96.52%	183.72%	132.18%	123.25%	150.21%	187.00%
Plan fiduciary net position as a percentage of the total pension liability	77.33%	72.57%	70.05%	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%

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, 2024, and 2023, salary increases are composed of 2.50% wage inflation, plus 0.50% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

For the year ended June 30, 2024, and 2023, 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, 2024, and 2023, 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

**OKLAHOMA STUDENT LOAN AUTHORITY  
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**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**

	2025	2024	2023	2022	2021
Contractually required contribution	\$ 542,935	\$ 673,809	\$ 763,846	\$ 652,666	\$ 563,114
Contribution in relation to the contractually required contribution	(542,935)	(673,809)	(763,846)	(652,666)	(563,114)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 5,715,105	\$ 7,092,726	\$ 7,768,421	\$ 6,707,366	\$ 5,933,632
Contributions as a percentage of covered payroll	9.50%	9.50%	9.50%	9.50%	9.50%
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 562,313	\$ 483,717	\$ 448,704	\$ 414,156	\$ 422,732
Contribution in relation to the contractually required contribution	(562,313)	(483,717)	(448,704)	(414,156)	(422,732)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 5,961,621	\$ 5,091,758	\$ 4,723,200	\$ 4,359,537	\$ 4,450,453
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, 2025, 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, 2025.

Our report on the financial statements includes an emphasis-of-matter paragraph describing a restatement of the prior period financial statements as discussed in Note 9 to the financial statements.

**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*.

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## 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, 2025

