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

## FINANCIAL REPORT

## For the Years Ended June 30, 2026 and 2025

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

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Arledge
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Trustees
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 (OSLA), a component unit of the State of Oklahoma as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise OSLA'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 financial position of OSLA as of June 30, 2026 and 2025, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 OSLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2026, OSLA adopted new accounting guidance, *GASB Statement No. 103, Financial Reporting Model Improvements*, which resulted in a change in accounting principle. Accordingly, certain 2025 amounts have been reclassified to conform to the current-year presentation. 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 OSLA'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 OSLA'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 OSLA'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 OSLA's proportionate share of the net pension liability–Teachers' Retirement System of Oklahoma (OTRS), and the schedule of OSLA'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 30, 2026 on our consideration of OSLA'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 OSLA'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 OSLA's internal control over financial reporting and compliance.

Arledge & Associates PC

Oklahoma City, Oklahoma
October 30, 2026

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**YEARS ENDED JUNE 30, 2026 AND 2025**

This discussion and analysis of the Oklahoma Student Loan Authority's (OSLA) financial performance provides an overview of OSLA's financial activities for the fiscal years ended June 30, 2026 and 2025. It should be read in conjunction with the financial statements and notes to financial statements that follow.

## Overview of the Financial Statements

OSLA reports as a special-purpose government engaged only in business-type activities. Its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting and consist of the following:

- The statements of net position present OSLA's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at year-end.
- The statements of revenues, expenses, and changes in net position present the results of operations for the year. Revenues and expenses are classified as operating or nonoperating. Noncapital subsidies, which consist of on-behalf pension contributions made by the State of Oklahoma, are reported separately. Unusual or infrequent items are reported as the last item before the change in net position.
- The statements of cash flows present cash receipts and payments by operating, noncapital financing, capital and related financing, and investing activities.
- The notes to financial statements provide information essential to understanding the financial statements. Required supplementary information presents OSLA's proportionate share of the net pension liability and its contributions to the Teachers' Retirement System of Oklahoma.

During 2026, OSLA implemented GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets. 2025 amounts were reclassified to conform to the current-year presentation (see Note 2).

## Financial Highlights

### Condensed Statements of Net Position – June 30

| | 2026 | 2025 |
|---|---|---|
| Investments | $ 63,862,424 | $ 26,573,198 |
| Student loan notes receivable | 1,680,746 | 83,492,447 |
| Capital assets, net (including right-to-use lease asset) | 1,031,883 | 2,123,857 |
| Other assets | 741,551 | 5,465,586 |
| **Total assets** | 67,316,604 | 117,655,088 |
| Deferred outflows of resources | 681,718 | 2,248,566 |
| Long-term liabilities | 5,823,348 | 58,658,250 |
| Other liabilities | 357,613 | 562,641 |
| **Total liabilities** | 6,180,961 | 59,220,891 |
| Deferred inflows of resources | 842,029 | 861,367 |
| Net investment in capital assets | 176,965 | 350,985 |
| Restricted | - | 5,814,225 |
| Unrestricted | 60,798,367 | 53,656,186 |
| **Total net position** | $ 60,975,332 | $ 59,821,396 |

**Condensed Statements of Revenues, Expenses, and Changes in Net Position – Years Ended June 30**

| | 2026 | 2025 |
|---|---|---|
| Loan interest income | $ 1,964,705 | $ 5,765,035 |
| Subcontractor fees | 605,646 | 2,556,844 |
| **Total operating revenues** | 2,570,351 | 8,321,879 |
| General and administrative | 3,560,546 | 8,315,268 |
| External loan servicing fees and professional fees | 609,160 | 751,977 |
| **Total operating expenses** | 4,169,706 | 9,067,245 |
| Operating loss | (1,599,355) | (745,366) |
| Noncapital subsidies | 405,160 | 508,227 |
| **Operating loss and noncapital subsidies** | (1,194,195) | (237,139) |
| Investment income | 2,143,418 | 1,215,636 |
| Interest expense and refunding amortization | (1,741,110) | (3,106,713) |
| Gain (loss) on disposition of capital assets | 73,633 | (968) |
| **Loss before unusual or infrequent items** | (718,254) | (2,129,184) |
| Gain on sale of FFEL and SHELF loan portfolios | 1,872,190 | - |
| **Increase (decrease) in net position** | 1,153,936 | (2,129,184) |
| Net position, beginning of year | 59,821,396 | 61,950,580 |
| **Net position, end of year** | $ 60,975,332 | $ 59,821,396 |
| Memo: Total revenues (excluding unusual or infrequent items) | 5,192,562 | 10,045,742 |
| Memo: Total expenses | 5,910,816 | 12,174,926 |

## Detailed Analyses

Sale of the loan portfolios. The most significant event of fiscal year 2026 was the November 6, 2025 sale of OSLA's FFEL and SHELF loan portfolios for total cash consideration of $85.0 million. OSLA sold the portfolios to focus its resources on growing the OKHELP private loan program. The sale produced a gain of $1.9 million, which is reported as an unusual or infrequent item. A portion of the proceeds, together with restricted account balances, was used to repay the remaining $45.6 million balance of the note payable, which had been secured by the loans. The remaining proceeds were invested. As a result, student loan notes receivable decreased by $81.8 million and the note payable was eliminated, while investments increased by $37.3 million. Total assets and total liabilities decreased by $50.3 million and $53.0 million, respectively.

Operating revenues. Operating revenues decreased $5.8 million, or 69.1%. Loan interest income decreased $3.8 million, or 65.9%, because OSLA held the FFEL and SHELF portfolios for only about four months of the year. Subcontractor fees decreased $2.0 million, or 76.3%, because OSLA terminated its call center support subcontract with a Federal Direct Loan servicer effective October 31, 2025. Beginning in fiscal year 2027, OKHELP loans will be OSLA's only source of student loan interest income.

Operating expenses. Operating expenses decreased $4.9 million, or 54.0%. Personnel costs make up the largest part of general and administrative expenses, which decreased $4.8 million, or 57.2%. The decrease resulted from staffing reductions following the portfolio sale and the end of the subcontract. Headcount declined from 57 at the beginning of the year to 16 at year-end. General and administrative expenses also reflect a lower pension expense: OSLA recognized a pension benefit of approximately $1.3 million in 2026, compared to pension expense of $0.9 million in 2025.

Nonoperating revenues and expenses. Investment income increased $0.9 million, or 76.3%, because the portfolio sale proceeds were invested for the remainder of the year. Interest expense on the note payable decreased $2.1 million, or 71.7%, because the note was repaid at the sale closing. The remaining $0.9 million deferred loss on refunding related to the note was recognized in full when the note was extinguished. This charge, together with interest expense, accounts for the $1.7 million of financing costs reported in 2026.

Net position. Total net position increased $1.2 million, or 1.9%, to $61.0 million. Restricted net position decreased from $5.8 million to $0 because the debt covenant restrictions ended when the note was repaid. Net investment in capital assets decreased $174,020, or 49.6%, from $350,985 to $176,965, because depreciation of $188,408 exceeded capital asset additions of $14,388. Unrestricted net position increased $7.1 million, reflecting the release of the restrictions and the results of operations for the year.

## Significant Capital Asset and Long-Term Financing Activity

Capital assets. Capital asset additions in 2026 were not significant. Disposals consisted primarily of furniture, equipment, and leasehold improvements that were no longer needed after the portfolio sale and the reduction of OSLA's leased office space. In fiscal year 2026, OSLA amended its office lease to reduce its leased space and extend the term through May 2031. In connection with the amendment, OSLA paid a $160,000 early termination fee and remeasured the lease. The right-to-use lease asset and lease liability each decreased to $0.9 million. There are no significant capital asset commitments for fiscal year 2027. Additional information is presented in Notes 8 and 9.

Long-term financing. OSLA made scheduled principal payments of $3.5 million on its note payable before repaying the remaining $45.6 million at the sale closing. OSLA had no notes or bonds payable outstanding at June 30, 2026. The net pension liability decreased $2.6 million, to $4.7 million, based on the June 30, 2025 measurement date. Additional information is presented in Notes 6 and 7.

## Currently Known Facts, Decisions, or Conditions

The portfolio sale and the end of the subcontract will continue to affect OSLA's finances in fiscal year 2027. Investment income and OKHELP loan interest income will be OSLA's primary revenue sources. Investment income is expected to increase because the sale proceeds will be invested for a full year. OKHELP loan interest income is expected to grow gradually as the portfolio expands. Interest expense on the note payable has been eliminated, and personnel and occupancy costs are expected to remain lower as a result of the staffing reductions and the reduced leased space.

Management expects the invested sale proceeds to be sufficient to fund growth of the OKHELP portfolio for the next several years. Once the portfolio reaches sufficient size and performance history, which management expects to occur within three to five years, OSLA may seek long-term financing, potentially through tax-exempt bonds.

Requests for information. This report is designed to provide a general overview of OSLA's finances. Questions concerning this report or requests for additional information should be directed to the Oklahoma Student Loan Authority, 525 Central Park Dr #202, Oklahoma City, OK 73105.

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

**Statements of Net Position**
**June 30, 2026 and 2025**

| | 2026 | 2025 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | $ - | $ - |
| Restricted cash | - | 59,977 |
| Investments | 63,862,424 | 22,630,807 |
| FFEL and SHELF student loan notes receivable, current portion | - | 14,693,019 |
| OKHelp student loan notes receivable, current portion | 74,200 | - |
| Interest receivable from USDE | - | 405,253 |
| Interest and other receivables | 305,219 | 4,506,598 |
| Interest receivable from OKHelp | 48,526 | 3,012 |
| **Total current assets** | 64,290,369 | 42,298,666 |
| Noncurrent assets | | |
| Restricted investments | - | 3,942,391 |
| FFEL and SHELF student loan notes receivable, net of allowance for loan losses | - | 68,607,804 |
| OKHelp student loan notes receivable, net of allowance for loan losses | 1,606,546 | 191,624 |
| Capital assets, net of accumulated depreciation | 176,965 | 350,985 |
| Other noncurrent assets | 387,806 | 490,746 |
| Right-to-use lease asset, net of accumulated amortization | 854,918 | 1,772,872 |
| **Total noncurrent assets** | 3,026,235 | 75,356,422 |
| **Total assets** | 67,316,604 | 117,655,088 |
| Deferred outflows of resources | | |
| Deferred pension plan outflows | 681,718 | 1,347,392 |
| Deferred loss on debt refunding outflows | - | 901,174 |
| **Total deferred outflows of resources** | 681,718 | 2,248,566 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | | |
| Current liabilities | | |
| Accounts payable and other accrued expenses | 357,613 | 523,621 |
| Accrued interest payable | - | 39,020 |
| Lease liabilities - current portion | 159,465 | 489,083 |
| **Total current liabilities** | 517,078 | 1,051,724 |
| Noncurrent liabilities | | |
| Notes payable | - | 49,130,510 |
| Net pension liability | 4,692,320 | 7,281,824 |
| Other accrued expenses | 276,110 | 473,044 |
| Lease liabilities - noncurrent portion | 695,453 | 1,283,789 |
| **Total noncurrent liabilities** | 5,663,883 | 58,169,167 |
| **Total liabilities** | 6,180,961 | 59,220,891 |
| Deferred inflows of resources | | |
| Deferred pension plan inflows | 842,029 | 861,367 |
| Net position | | |
| Net investment in capital assets | 176,965 | 350,985 |
| Restricted for debt service | - | 5,814,225 |
| Unrestricted | 60,798,367 | 53,656,186 |
| **Total net position** | $ 60,975,332 | $ 59,821,396 |

See notes to financial statements.

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

**Statements of Revenues, Expenses, and Changes in Net Position**
**Years Ended June 30, 2026 and 2025**

| | 2026 | 2025 |
|---|---|---|
| Operating revenues | | |
| Loan interest income: | | |
| From borrowers | $ 1,621,140 | $ 4,401,502 |
| Net from USDE | 343,565 | 1,363,533 |
| Subcontractor fees | 605,646 | 2,556,844 |
| **Total operating revenues** | 2,570,351 | 8,321,879 |
| Operating expenses | | |
| General and administrative | 3,560,546 | 8,315,268 |
| External loan servicing fees | 128,956 | 69,729 |
| Professional fees | 480,204 | 682,248 |
| **Total operating expenses** | 4,169,706 | 9,067,245 |
| **Operating income (loss)** | (1,599,355) | (745,366) |
| Noncapital subsidies | | |
| OTRS on-behalf contributions | 405,160 | 508,227 |
| **Total noncapital subsidies** | 405,160 | 508,227 |
| **Operating income (loss) and noncapital subsidies** | (1,194,195) | (237,139) |
| Other nonoperating revenues (expenses) | | |
| Interest expense | (830,433) | (2,929,251) |
| Interest on lease liabilities | (9,503) | (18,438) |
| Investment income | 2,143,418 | 1,215,636 |
| Gain (loss) on disposition of capital assets | 73,633 | (968) |
| Amortization of deferred loss on debt refunding | (901,174) | (159,024) |
| **Total other nonoperating revenues (expenses)** | 475,941 | (1,892,045) |
| **Income (loss) before unusual or infrequent items** | (718,254) | (2,129,184) |
| Unusual or infrequent items | | |
| Gain on sale of FFEL and SHELF portfolios | 1,872,190 | - |
| **Total unusual or infrequent items** | 1,872,190 | - |
| **Increase (decrease) in net position** | 1,153,936 | (2,129,184) |
| Net position, beginning of year | 59,821,396 | 61,950,580 |
| Net position, end of year | $ 60,975,332 | $ 59,821,396 |

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, 2026 and 2025**

| | 2026 | 2025 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts of interest income from borrowers | $ 5,432,042 | $ 4,388,951 |
| Receipts of interest from USDE | 32,639 | 115,186 |
| Receipts of loan servicing fees | - | 111,767 |
| Receipts of subcontractor fees | 975,057 | 2,399,259 |
| Receipts of loan principal payments | 223,892 | 12,427,797 |
| Proceeds from sale of FFEL and SHELF loan portfolios | 85,029,168 | - |
| Acquisition of student loans receivable | (1,569,169) | (2,343,272) |
| Payments to employees and suppliers | (4,473,324) | (7,888,221) |
| **Net cash provided by operating activities** | 85,650,305 | 9,211,467 |
| **Cash flows from noncapital financing activities** | | |
| Interest paid on notes payable | (869,453) | (2,944,873) |
| Payments on notes payable | (49,130,510) | (11,043,691) |
| **Net cash used in noncapital financing activities** | (49,999,963) | (13,988,564) |
| **Cash flows from investing activities** | | |
| Proceeds from sales of investments | 217,247,436 | 74,794,182 |
| Receipts of interest on investments | 2,079,802 | 1,271,105 |
| Purchases of investments | (254,497,494) | (70,666,593) |
| **Net cash provided (used) in investing activities** | (35,170,256) | 5,398,694 |
| **Cash flows from capital and related financing activities** | | |
| Purchases of capital assets | (14,388) | (30,144) |
| Proceeds from disposal of capital assets | 73,633 | - |
| Payment related to lease modification/termination | (160,000) | - |
| Principal paid on lease liabilities | (429,805) | (570,858) |
| Interest paid on lease liabilities | (9,503) | (18,438) |
| **Net cash used in capital and related financing activities** | (540,063) | (619,440) |
| **Net increase (decrease) in cash** | (59,977) | 2,157 |
| Cash and restricted cash, beginning of year | 59,977 | 57,820 |
| Cash and restricted cash, end of year | $ - | $ 59,977 |
| Noncash investing, capital, and financing activities | | |
| OTRS on-behalf contributions | 405,160 | 508,227 |
| Reduction of right-to-use lease asset and lease liability from lease remeasurement | 488,149 | - |

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, 2026 and 2025**

| | 2026 | 2025 |
|---|---|---|
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | $ (1,599,355) | $ (745,366) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation on capital assets | 188,408 | 220,795 |
| Payment related to lease modification/termination | 160,000 | - |
| Proceeds from sale of FFEL portfolio in excess of carrying value | 1,872,190 | - |
| Loss on disposal of capital assets | - | 968 |
| Provision for loan losses | 36,027 | (326,055) |
| OTRS on-behalf contributions | 405,160 | 508,227 |
| Amortization of right-to-use lease asset | 429,805 | 570,858 |
| (Increase) decrease in assets and deferred outflows of resources: | | |
| Student loans receivable, net FFEL and SHELF | 83,310,696 | 10,602,204 |
| Student loans receivable, net OKHelp | (1,535,022) | (191,624) |
| Interest and other receivables | 4,225,827 | (55,357) |
| Other assets | 102,940 | 359,371 |
| Deferred pension plan outflows | 665,674 | 1,058,353 |
| Interest receivable from USDE | 405,253 | 275,916 |
| Interest receivable from OKHELP program | (45,514) | (3,012) |
| Increase (decrease) in liabilities and deferred inflows of resources: | | |
| Accounts payable and other accrued expenses | (362,942) | (85,407) |
| Net pension liability | (2,589,504) | (3,337,505) |
| Deferred pension plan inflows | (19,338) | 359,101 |
| **Net cash provided by operating activities** | $ 85,650,305 | $ 9,211,467 |

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### 1. Reporting Entity and Nature of Program

The Oklahoma Student Loan Authority ("OSLA") 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. OSLA is a discretely presented component unit of the State and is included in the State's annual comprehensive financial report.

OSLA's purpose is to assist Oklahoma students and families in financing higher education. Historically, OSLA held student loans under the Federal Family Education Loan (FFEL) Program authorized by the Higher Education Act of 1965, as amended. These loans were guaranteed by the Oklahoma State Regents for Higher Education Guaranteed Student Loan Program or other guarantors and were reinsured by the USDE. OSLA also held private loans under its Supplemental Higher Education Loan Financing (SHELF™) Program.

On November 6, 2025, OSLA sold its FFEL and SHELF loan portfolios on a servicing-released basis and used a portion of the proceeds to repay its note payable (see Notes 6 and 12). Following the sale, servicing and related administrative responsibilities for the transferred loans were transitioned to the purchaser. OSLA does not service or control the transferred loans.

OSLA also provided student loan servicing support to another servicer under a subcontract agreement. That agreement was terminated effective October 31, 2025. In connection with the sale and the termination of the subcontract, OSLA eliminated the related positions and reduced its workforce.

OSLA's continuing program is the Oklahoma Higher Education Loan Program (OKHELP), launched in October 2024. OKHELP provides private education loans to Oklahoma students and families for higher education costs not covered by federal aid. The program is funded from OSLA's investment portfolio, and origination and servicing are performed by third-party vendors (see Note 5). Investment income is a primary source of funding for OSLA's continuing operations.

### 2. Summary of Significant Accounting Policies

The financial statements of OSLA included herein reflect the combined assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and changes therein for OSLA. 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. OSLA applies all applicable GASB pronouncements.

**Basis of accounting:** OSLA'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.

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

**Cash:** Cash consists primarily of demand deposit accounts at financial institutions. OSLA 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. Treasury notes and bonds, government securities, and municipal bonds. Certificates of deposit are reported using cost-based measures, including amortized cost. Premiums and discounts are amortized over the remaining term to maturity and included in investment income. Short-term U.S. Treasury obligations and government securities with remaining maturities of one year or less at the time of purchase are reported at amortized cost. Municipal bonds and U.S. Treasury obligations and government securities with maturities greater than one year are reported at fair value, with changes in fair value reported as investment income. U.S. government securities-based mutual funds are reported at fair value based on net asset value per share. See Note 3 for OSLA's investment policy, composition of investments, and related risk disclosures.

**FFEL and SHELF Loans and allowance for loan losses**: Loans were historically stated at cost, net of an allowance for loan losses. OSLA included 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 OSLA were guaranteed, and required due diligence and claim filing were performed to maintain the guarantee, as described in Note 1. There remained risk to OSLA if loans lost their guaranteed status. OSLA established cure and recovery procedures to be applied to loans that lost their guaranteed status. If cure and recovery procedures were not successful within a maximum of three years, the loan was written off as uncollectible. These policies applied to loans held by OSLA prior to the sale described below and, if applicable, to any FFEL loans retained by OSLA.

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

On November 6, 2025, OSLA completed the sale of its FFEL and SHELF loan portfolios (see Note 12). As a result, OSLA no longer held these loans or the related allowance for loan losses as of June 30, 2026. Accordingly, the policies described above regarding guarantees, servicing, due diligence, claim filing, cure and recovery procedures, allowance evaluation, and write-offs apply only to FFEL loans held by OSLA prior to the November 6, 2025 sale and to any loans retained by OSLA, if applicable.

**OKHELP Loans and allowance for loan losses:** OKHELP loans are private education loans funded from OSLA's investment portfolio and are managed by third-party vendors for origination and servicing. Loans are stated at cost, net of an allowance for credit losses. As of June 30, 2026, management recorded an allowance for credit losses of $45,900 based on its quarterly review and expected credit loss methodology. Management evaluates the allowance using portfolio performance, available repayment and loss history, relevant industry performance data, borrower and underwriting characteristics, and current economic conditions. The allowance is reviewed at least quarterly and adjusted, as necessary.

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

**Capital assets**: OSLA capitalizes expenditures for furniture and equipment, computer software, and leasehold improvements. Depreciation and amortization are calculated using the straight-line method over estimated useful lives of three to ten years. Right-to-use lease assets are amortized on a straight-line basis over the lease term (see Note 9). Maintenance costs are expensed as incurred.

**Net position:** OSLA's net position is classified as follows:

**Net investment in capital assets**: Capital assets, including right-to-use lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of borrowings and lease liabilities attributable to the acquisition of those assets.

**Restricted net position:** Net position whose use is restricted by external parties, such as creditors, or by enabling legislation. At June 30, 2025, net position was restricted under OSLA's note payable agreement for collateral and debt service. Following repayment of the note payable in fiscal year 2026, OSLA had no restricted net position at June 30, 2026 (see Note 6).

**Unrestricted net position:** Net position that does not meet the definition of net investment in capital assets or restricted net position.

**Operating revenues and expenses:** Operating revenues and expenses are all revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are subsidies received and provided, revenues and expenses related to financing, resources from the disposal of capital assets, and investment income and expenses. Because lending is OSLA's principal ongoing operation, interest income on student loans is reported as operating revenue. Interest expense on notes payable and lease liabilities and amortization of the deferred loss on refunding are reported as nonoperating. OTRS on-behalf contributions are reported as noncapital subsidies.

**Interest income:** Interest is earned from borrowers on the various types of student loans, from the USDE, and from investments. The USDE made two types of interest payments to OSLA related to its FFEL portfolio. One was for interest on Subsidized Stafford and Consolidation loans when the borrower was 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, 2026, and 2025 was approximately $30,000 and $143,000, respectively. The other type of interest payment received from the USDE was a Special Allowance Payment (SAP). The rates for SAP 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 OSLA's portfolio were based upon the 1-month SOFR index and also included 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 were less than the stated interest rate for loans with first disbursement on or after April 1, 2006, lenders were required to rebate to the USDE the excess interest over the quarterly Special Allowance rate. This rebate typically resulted in negative Special Allowance income, in which case OSLA paid the USDE. Net Special Allowance Payments from the USDE for the years ended June 30, 2026, and 2025 were approximately $508,000 and $1,879,000, respectively. Interest income from the USDE is reported in the statements of revenues, expenses, and changes in net position net of consolidation loan rebate fees and lender fees paid to the USDE (see Note 4). Following the sale of OSLA's FFEL portfolio on November 6, 2025, OSLA no longer receives these USDE payments.

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

**Deferred inflows of resources:** Deferred inflows of resources are the acquisition of net position by OSLA that are applicable to a future period. At June 30, 2026, and 2025, OSLA had deferred inflows related to pension items of approximately $842,000 and $861,000, 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 OSLA that are applicable to a future period. At June 30, 2026 and 2025, OSLA had deferred outflows of resources related to pension items of approximately $682,000 and $1,347,000, respectively. See Note 7 for additional discussion regarding pension-related deferred outflows of resources. In addition, during fiscal year 2022, OSLA 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 was being amortized over the life of the new note payable, which was the shorter of the old and the new debt. As of June 30, 2026, and 2025, the unamortized deferred outflow balances are approximately $0 and $901,000, respectively. In connection with the FFEL portfolio sale and payoff of the related note payable, the remaining deferred loss on refunding related to that debt was fully amortized and written off during 2026. As a result, there was no remaining unamortized deferred outflow balance related to the refunding as of June 30, 2026.

**Adoption of New Accounting Standards –** During 2026, OSLA implemented GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets. In accordance with GASB Statement No. 103:

- Interest expense on the note payable and lease liabilities, and amortization of the deferred loss on debt refunding, are reported as nonoperating expenses.
- OTRS on-behalf contributions are reported as noncapital subsidies.
- The gain on sale of the FFEL portfolio is reported as an unusual or infrequent item (Note 12).

2025 amounts were reclassified to conform. The reclassifications reduced 2025 operating expenses by $3,106,713 and the 2025 operating loss from $(3,852,079) to $(745,366). OTRS on-behalf contributions of $508,227, previously reported as nonoperating revenues, are now reported as noncapital subsidies and had no effect on 2025 operating revenues or operating loss. They had no effect on net position or cash flows. GASB Statement No. 104 affected only the capital asset disclosures in Note 8.

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

**Leases:** OSLA 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

OSLA's investment policy generally requires investments to be in U.S. government obligations or obligations explicitly guaranteed by the U.S. government to reduce OSLA's related credit risk, custodial credit risk, and interest rate risk. The policy also permits unrestricted investments in U.S. government securities-based money market mutual funds, U.S. bank-issued non-negotiable certificates of deposit, U.S. Treasury notes and bonds, and municipal bonds. There were no changes to the investment policy during fiscal year 2026.

The composition of OSLA's investments changed during fiscal year 2026. At June 30, 2026, OSLA's investments consisted primarily of non-negotiable certificates of deposit and municipal bonds, which represented approximately 65% and 20% of total investments, respectively. The remaining investments were held in U.S. government securities-based money market mutual funds and U.S. Treasury notes and bonds. At June 30, 2025, OSLA's investments consisted primarily of U.S. Treasury and other U.S. government securities.

Credit risk is the risk that an issuer or guarantor may default on payment obligations. At June 30, 2026 and 2025, OSLA’s U.S. government securities-based money market mutual funds were rated AAAm by Standard & Poor’s and Aaa-mf by Moody’s Investors Service. At June 30, 2026 and June 30, 2025, certificates of deposit were rated Three-Star or higher by Bauer Financial or A1/A/A or higher by Moody’s/S&P/Fitch. Municipal bonds are subject to credit risk based on the credit quality of the issuer or guarantor. At June 30, 2026, OSLA’s municipal bond investments were rated AA or better by nationally recognized statistical rating organizations.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, OSLA’s deposits may not be returned. OSLA does not have a formal policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized.

As of June 30, 2026, the bank balance of OSLA’s deposits was approximately $69,000 and was either fully insured or collateralized. As of June 30, 2025, the bank balance of OSLA’s deposits was approximately $147,000 and was either fully insured or collateralized.

Custodial credit risk for investments is the risk that, if the counterparty fails, OSLA may not recover the value of its investments or collateral securities held by an outside party. Investments evidenced by securities are exposed to custodial credit risk if they are uninsured, not registered in OSLA’s name, or held by a counterparty or the counterparty’s trust department or agent but not in OSLA’s name. OSLA’s position in U.S. government securities-based mutual funds is not subject to custodial credit risk because the open-ended mutual funds are not evidenced by securities. U.S. Treasury notes and bonds are held by OSLA’s agent in OSLA’s name. At June 30, 2026 and 2025, all non-negotiable certificates of deposit were fully insured.

Concentration of credit risk is the risk of loss attributed to the magnitude of OSLA’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 OSLA’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 OSLA’s other investments, OSLA does not invest more than 5% of its total investments in any one issuer.

### 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, 2026, non-negotiable certificates of deposit with a carrying value of $41,461,472 and a weighted average maturity of 1.17 years, U.S. government securities-based mutual funds with a carrying value of $7,014,460 and a weighted average maturity of 0.14 years, and U.S. Treasury notes and bonds with a carrying value of $2,499,424 and a weighted average maturity of 0.15 years, and municipal bonds with a carrying value of $12,887,068 and a weighted average maturity of 1.94 years were subject to interest rate risk. At June 30, 2025, non-negotiable certificates of deposit with a carrying value of $4,998,808 and a weighted average maturity of 0.60 years and U.S. government securities-based mutual funds with a carrying value of $5,011,682 and a weighted average maturity of 0.20 years were subject to interest rate risk, and U.S. Treasury bills and notes with a carrying value of $16,562,708 and a weighted average maturity of 0.80 years were subject to interest rate risk.

**Fair value measurements:** OSLA 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 OSLA has the ability to access.

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

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

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

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

| | 2026 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments by fair value level: | | | | |
| Municipal bonds | $ - | 12,887,068 | - | $ 12,887,068 |
| Investments measured at cost and net asset value (NAV): | | | | |
| Certificates of deposit at cost | | | | 41,461,472 |
| U.S. government securities | | | | 2,499,424 |
| Mutual funds at NAV | | | | 7,014,460 |
| Total investments | | | | $ 63,862,424 |

| | 2025 | | | |
|---|---|---|---|---|
| | 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 | | | | $ 26,573,198 |

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

| | 2026 | 2025 |
|---|---|---|
| Investments measured at fair value and net asset value (NAV): | $ 19,901,528 | $ 5,759,462 |
| Investment measured at cost: | | |
| Certificates of deposit at cost | 41,461,472 | 4,998,808 |
| U.S. government securities | 2,499,424 | 15,814,928 |
| | $ 63,862,424 | $ 26,573,198 |
| Investments - Unrestricted | $ 63,862,424 | $ 22,630,807 |
| Investments - Restricted | - | 3,942,391 |
| | $ 63,862,424 | $ 26,573,198 |

There have been no significant changes in valuation techniques for OSLA's investments measured at fair value during the years ended June 30, 2026 and 2025. Non-negotiable certificates of deposit and qualifying short-term U.S. government securities are reported at cost or amortized cost and are therefore not included in the fair value hierarchy. At June 30, 2026, OSLA's investments measured at fair value consisted of municipal bonds, which were classified as Level 2 investments and valued using observable market inputs other than unadjusted quoted prices for identical assets in active markets. At June 30, 2025, OSLA's investments measured at fair value consisted of U.S. Treasury notes, which were classified as Level 1 investments and valued using unadjusted quoted prices for identical securities in active markets.

OSLA's investments measured at net asset value consist solely of mutual funds that invest in cash, U.S. Treasury notes and bonds, 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 funds seek a high level of current income consistent with liquidity and stability of principal. OSLA has no unfunded commitments related to these investments, and shares are redeemable daily at net asset value at the time of redemption.

## 4. FFEL/SHELF Loans and Allowance for Loan Losses

OSLA purchased and held various types of student loans as described in Note 1. The terms of these loans, which varied on an individual basis depending upon loan type and the date the loan was originated, generally provided 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 began after a grace period of six months following graduation or loss of qualified student status for Stafford and Unsubsidized Stafford loans. The repayment period for Consolidation, SLS, and PLUS loans generally began within 60 days from the date the loan was fully disbursed. OSLA sold its FFEL and SHELF loan portfolio on November 6, 2025, and no FFEL or SHELF balances remained as of June 30, 2026.

Loans consist of the following as of June 30:

| | 2026 | 2025 |
|---|---|---|
| Stafford | $ - | $ 12,616,730 |
| Unsubsidized Stafford | - | 15,288,670 |
| PLUS/ SLS | - | 480,535 |
| Consolidation | - | 54,307,931 |
| SHELF | - | 241,821 |
| Total gross loans | - | 82,935,687 |
| Unprocessed loan payments | - | (59,975) |
| Allowance for loan losses | - | (248,673) |
| Servicer timing differences | - | 673,784 |
| Net loans | $ - | $ 83,300,823 |

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

| | 2026 | 2025 |
|---|---|---|
| Balance at beginning of year | $ 248,673 | $ 1,221,720 |
| Allowance released upon sale of loan portfolio | (170,120) | - |
| Provision for loan losses | (9,873) | (326,055) |
| Loans charged off | (68,680) | (646,992) |
| Balance at end of year | $ - | $ 248,673 |

The stated interest rates on student loans, which were based on USDE regulations, ranged from 2.875% to 9.00% for the fiscal year ended June 30, 2025, depending upon the type and date of origination of the individual loan and whether the borrower had earned any of OSLA's interest rate reduction incentives. This stated interest rate was 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 was based on a quarterly calculation that used the 1-month SOFR. The lender yield was calculated using these quarterly average rates plus an allowable mark-up based on the type and date of the loan's first disbursement. If the quarterly

## 4. FFEL/SHELF Loans and Allowance for Loan Losses (Cont'd)

lenders' yield on the loans was less than the stated interest rate, the lender was required to rebate the excess to USDE. The excess of the loans stated interest rate over the quarterly lenders' yield was referred to as Negative SAP. OSLA's loan portfolio consisted of approximately 12.44% Negative SAP loans at June 30, 2025. The calculated quarterly lenders' yield ranged from 5.76% to 7.84% for the fiscal year ended June 30, 2025. No comparable percentages are presented for the fiscal year ended June 30, 2026, as OSLA sold its FFEL portfolio on November 6, 2025, and no FFEL loans remained outstanding as of June 30, 2026. Following the sale, OSLA no longer holds these loans or receives related USDE lender payments.

The FFEL Program loans were 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 was 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 OSLA's outstanding loans were guaranteed at 98% or 97% the outstanding balance, as described above. No FFEL Program loans remained outstanding as of June 30, 2026 following the sale of the portfolio.

In order for FFEL Program student loans to be or remain guaranteed, certain due-diligence requirements in loan servicing must be met. As of June 30, 2025, approximately $33,000 of loans were no longer considered to be guaranteed. No FFEL Program loans remained outstanding as of June 30, 2026 following the sale of the portfolio.

OSLA was also required to pay to the USDE certain lender origination and consolidation loan rebate fees. The amount of the lender fees included 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. These fees are reported as a reduction of interest income from the USDE (see Note 2).

Following the sale of the FFEL portfolio on November 6, 2025, OSLA is no longer subject to these fees related to the sold portfolio.

Student loans receivable of approximately $68,800,000 as of June 30, 2025 were pledged as collateral for a note payable issued by OSLA. No student loans receivable was pledged as collateral as of June 30, 2026, following the sale of the FFEL portfolio.

## 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.

## 5. OKHELP Loans and Allowance for Loan Losses (Cont'd)

Loans consist of the following as of June 30:

| | 2026 | 2025 |
|---|---|---|
| Graduate | $ 27,000 | $ 124,359 |
| Graduate immediate repayment | 206,521 | - |
| Parent | 52,800 | 7,168 |
| Undergraduate | 1,161,626 | - |
| Undergraduate immediate repayment | 270,396 | 39,517 |
| Total gross loans | $ 1,718,343 | $ 171,044 |
| Allowance for loan losses | (45,900) | - |
| Servicer timing differences | 8,303 | 20,580 |
| Net loans | $ 1,680,746 | $ 191,624 |

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

| | 2026 | 2025 |
|---|---|---|
| Balance at beginning of year | $ - | $ - |
| Provision for loan losses | 45,900 | - |
| Balance at end of year | $ 45,900 | $ - |

OKHELP loans are private education loans funded from OSLA's investment portfolio and are managed by third-party vendors for origination and servicing. Loans are stated at cost, net of an allowance for credit losses. As of June 30, 2026, management recorded a $45,900 allowance for credit losses based on its evaluation of the current OKHELP portfolio, including portfolio size and growth, the absence of defaulted loans as of year-end, limited portfolio-specific repayment and loss history, relevant industry performance data, borrower and underwriting characteristics, performance history, and current economic conditions. The allowance is reviewed at least quarterly and adjusted, as necessary. No allowance was recorded as of June 30, 2025.

As of June 30, 2026, and June 30, 2025, the related loan interest receivable was $48,526 and $3,012, respectively. These amounts are presented separately on the statement of net position, reflecting the private education loans originated for eligible borrowers in Oklahoma.

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

## 5. OKHELP Loans and Allowance for Loan Losses (Cont'd)

The OKHELP program is funded from OSLA's investment portfolio, resulting in a decrease in investment balances and a corresponding increase in loan receivables. OSLA'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 OSLA may seek to issue a bond to further support the program's expansion.

## 6. Note Payable

OSLA periodically issued notes and bonds to fund student loans. While outstanding, these obligations were primarily secured by student loans, related accrued interest, and amounts on deposit in accounts established under the related financing agreements.

In October 2021, OSLA issued the Series 2021 Note to perform a current refunding and consolidate its five outstanding bonds and notes payable into one obligation. The refunding enabled the release of collateralized student loans from the refunded obligations, which were significantly overcollateralized, and replaced the LIBOR benchmark interest rate with SOFR. OSLA reduced total debt service payments by approximately $962,000 and achieved an economic gain of approximately $838,000 (the difference between the net present value of the debt service payments on the old and the new debt).

The Series 2021 Note, which was secured by the FFEL and SHELF loan portfolios, had an outstanding balance of $49,130,510 at June 30, 2025. In connection with the sale of those portfolios on November 6, 2025 (see Note 12), OSLA received the sale proceeds and repaid the remaining balance of the note.

Principal repayments during fiscal year 2026 were as follows:

| Source of repayment | Amount |
|---|---|
| Regularly scheduled principal payments, July 1 – November 6, 2025 | $3,542,457 |
| Repayment at closing from sale proceeds received by OSLA | 40,846,286 |
| Restricted sweep and rebate accounts released at closing | 4,741,767 |
| Total principal repaid during fiscal year 2026 | $49,130,510 |

The following schedules summarize note payable activity for the years ended June 30, 2026 and 2025:

| | 2026 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Years Issued | Original Amount | Interest Rate Basis | Interest Rate at Payoff | Final Maturity | Beginning balance | Additions | Reductions | Ending balance |
| Series 2021 Note | 2021 | 117,220,000 | M SOFR + 0.75% | 5.1% | Paid off 11/2025 | $ 49,130,510 | $ - | $ 49,130,510 | $ - |
| Total debt outstanding | | | | | | $ 49,130,510 | $ - | $ 49,130,510 | $ - |

| | 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 |
| Total debt outstanding | | | | | | $ 60,174,201 | $ - | $ 11,043,691 | $ 49,130,510 |

## 6. Note Payable (Cont'd)

Upon payoff, the lender released its lien on the student loans and other collateral pledged under the financing agreement and released all cash balances held under the agreement to OSLA. As a result, the note was fully extinguished, and no collateral, obligations, covenants, or default provisions remained in effect under the agreement as of June 30, 2026.

## 7. Retirement Plan

**Plan description:** OSLA 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 OSLA for management and operation of the Plan to the Board of Trustees of OTRS. OTRS issues a publicly available annual financial report that includes financial statements and required supplementary information for OTRS. That annual report may be obtained at www.ok.gov/TRS/ or by writing to the TRS, Post Office Box 53524, Oklahoma City, Oklahoma 73152.

**Benefits provided:** OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. OSLA 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.

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.

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

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 OSLA, 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. OSLA made the system members' required contribution on behalf of its employees in 2026 and 2025.

OSLA 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 OSLA is 9.50%. OSLA's total payments to OTRS for the employer's contributions were approximately $244,000 and $543,000 for the years ended June 30, 2026 and 2025, 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 OSLA and recognized in OSLA's Statements of Revenues, Expenses and Changes in Net Position as noncapital subsidies (nonoperating) in 2026 and 2025 was approximately $405,000 and $508,000, 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, 2026 and 2025, OSLA reported a liability of approximately $4,692,000 and $7,282,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025.

OSLA's proportion of the net pension liability was based on OSLA's contributions to OTRS relative to total contributions to OTRS by all participating employers for the year ended June 30, 2025. Based upon this information, at June 30, 2026 and June 30, 2025, OSLA's proportion was 0.08881636% and 0.110545150%, respectively.

For the years ended June 30, 2026 and 2025, OSLA recognized pension benefits of approximately $1,294,000 and pension expense of $869,000, respectively. At June 30, 2026 and 2025, OSLA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## 7. Retirement Plan (Cont'd)

| | June 30, 2026 | | June 30, 2025 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes of assumptions | $ - | $ (193,146) | $ 79,867 | $ (312,374) |
| Differences between expected and actual experience | 303,548 | (49,731) | 514,874 | (112,517) |
| Net difference between projected and actual investment earnings on pension plan investments | - | (515,552) | - | (248,949) |
| Changes in proportion and differences between OSLA contributions and proportionate share of contributions | 134,024 | (83,600) | 209,716 | (187,527) |
| Total deferred amounts to be recognized in pension expense in future periods | 437,572 | (842,029) | 804,457 | (861,367) |
| Authority contributions subsequent to the measurement date | 244,146 | - | 542,935 | - |
| Total deferred amounts related to pension | $ 681,718 | $ (842,029) | $ 1,347,392 | $ (861,367) |

Deferred pension outflows resulting from OSLA's Employer contributions subsequent to the measurement date, totaling approximately $244,000 and $543,000 at June 30, 2026 and 2025, 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's members is calculated by dividing the total expected future service years of all members by the total number of members. It was 5.49 years at June 30, 2026, and 5.34 years at June 30, 2025.

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

Deferred outflows of resources and deferred inflows of resources at June 30, 2026, will be recognized in pension expense as follows:

| | Deferred Outflows (Inflows) |
|---|---|
| 2027 | $ 281,016 |
| 2028 | (288,941) |
| 2029 | (260,960) |
| 2030 | (136,992) |
| 2031 | 1,420 |
| | $ (404,457) |

**Actuarial assumptions:** The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2025, using the following actuarial assumptions:

- Actuarial cost method — Entry age normal
- Inflation — 2.50%
- Salary increases — Composed of 2.50% wage inflation, plus 0.50% 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 May 2024 in conjunction with the five-year experience study for the period ended June 30, 2023.
- 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.

## 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% | 4.30% |
| International Equity | 16.70% | 4.00% |
| Domestic Fixed Income | 22.00% | 2.60% |
| Real Estate* | 10.00% | 4.20% |
| Private Equity | 8.00% | 7.60% |
| Private Debt | 5.00% | 4.40% |
| 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 OSLA calculated using the discount rate of 7.0%, as well as what OSLA'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:

| | 2026 | | |
|---|---|---|---|
| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
| Net Pension Liability | $ 7,874,805 | $ 4,692,320 | $ 2,041,448 |

| | 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 |

## 8. Capital Assets

| | 2026 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Disposals | Adjustments | Ending Balance |
| **Capital assets being depreciated:** | | | | | |
| Furniture and equipment | $ 1,653,774 | $ 14,388 | $ 144,926 | $ 3,284 | $ 1,526,520 |
| Leasehold improvements | 84,078 | - | 84,078 | - | - |
| **Intangible assets being amortized:** | | | | | |
| Computer software | 45,785 | - | - | 8,851 | 54,636 |
| **Total owned capital assets** | 1,783,637 | 14,388 | 229,004 | 12,135 | 1,581,156 |
| Less accumulated depreciation and amortization | 1,432,652 | 188,408 | 229,004 | 12,135 | 1,404,191 |
| **Owned capital assets, net** | 350,985 | (174,020) | - | - | 176,965 |
| **Lease assets being amortized:** | | | | | |
| Right-to-use lease asset - office space | 2,919,800 | - | 1,635,077 | - | 1,284,723 |
| Less accumulated amortization – lease asset | 1,146,928 | 429,805 | 1,146,928 | - | 429,805 |
| **Lease assets, net** | 1,772,872 | (429,805) | 488,149 | - | 854,918 |
| **Total capital assets, net** | $ 2,123,857 | $ (603,825) | $ 488,149 | $ - | $ 1,031,883 |

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Disposals | Adjustments | Ending Balance |
| **Capital assets being depreciated:** | | | | | |
| Furniture and equipment | $ 1,647,562 | $ 30,144 | $ 23,932 | $ - | $ 1,653,774 |
| Leasehold improvements | 84,078 | - | - | - | 84,078 |
| **Intangible assets being amortized:** | | | | | |
| Computer software | 45,785 | - | - | - | 45,785 |
| **Total owned capital assets** | 1,777,425 | 30,144 | 23,932 | - | 1,783,637 |
| Less accumulated depreciation and amortization | 1,211,948 | 220,704 | - | - | 1,432,652 |
| **Owned capital assets, net** | 565,477 | (190,560) | 23,932 | - | 350,985 |
| **Lease assets being amortized:** | | | | | |
| Right-to-use lease asset - office space | 2,919,800 | - | - | - | 2,919,800 |
| Less accumulated amortization – lease asset | 576,070 | 570,858 | - | - | 1,146,928 |
| **Lease assets, net** | 2,343,730 | (570,858) | - | - | 1,772,872 |
| **Total capital assets, net** | $ 2,909,207 | $ (761,418) | $ 23,932 | $ - | $ 2,123,857 |

## 9. Leases

OSLA leases office space under a noncancelable lease agreement accounted for in accordance with GASB Statement No. 87, Leases. During fiscal year 2026, the lease was amended to reduce the leased space and extend the lease term through May 2031. In connection with the amendment, OSLA paid an early termination fee of $160,000, which was recognized as expense, and remeasured the lease liability and right-to-use lease asset based on the amended terms.

At June 30, 2026, the right-to-use lease asset was $1,284,723, less accumulated amortization of $429,805, for a net balance of $854,918. The lease liability was $854,918, of which $159,465 is due within one year. During 2026, the lease liability decreased from $1,772,872 to $854,918 as a result of principal payments of $429,805 and a $488,149 reduction from the remeasurement of the lease upon amendment.

## 9. Leases (Cont'd)

Future principal and interest requirements for the lease liability as of June 30, 2026 are as follows:

| Period | Principal | Interest | Total Payments |
|---|---|---|---|
| 2027 | $ 159,465 | $ 6,961 | $ 166,426 |
| 2028 | 165,068 | 5,519 | 170,587 |
| 2029 | 170,825 | 4,026 | 174,851 |
| 2030 | 176,741 | 2,482 | 179,223 |
| 2031 | 182,819 | 884 | 183,703 |
| | $ 854,918 | $ 19,872 | $ 874,790 |

## 10. Commitments and Contingencies

OSLA 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

OSLA 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 OSLA. OSLA 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. Sale of FFEL and SHELF Loan Portfolios

OSLA historically held student loans under the Federal Family Education Loan (FFEL) Program and private loans under its SHELF Program (collectively, the Loan Portfolio). The Loan Portfolio and its related cash flows made up a substantial part of OSLA's student loan operations.

**Sale transaction.** During fiscal year 2026, OSLA's Board authorized management to solicit bids for the Loan Portfolio through a competitive process. OSLA contacted 11 potential bidders. Eight signed nondisclosure agreements and received access to a data room, and five submitted bids. The Board subsequently approved the sale to the highest bidder (the Purchaser).

The sale closed on November 6, 2025 (the Loan Purchase Date). The Loan Portfolio was sold on a servicing-released basis, so OSLA does not service or control the transferred loans after closing. Total cash consideration under the amended purchase agreement was $85,029,168. This amount includes customary post-closing adjustments and the Purchaser's later purchase of loans that were in claim status at closing. At closing, OSLA derecognized the carrying amount of the Loan Portfolio and released the related allowance for loan losses of $170,120 (see Note 4). The gain on sale was computed as follows:

**12. Sale of FFEL and SHELF Loan Portfolios (Cont'd)**

| | As of Loan Purchase Date |
|---|---|
| Total cash consideration | 85,029,168 |
| Less carrying amount of loan portfolio at closing: | |
| Student loans receivable | 83,191,984 |
| Less allowance for loan losses | (170,120) |
| Net carrying amount | (83,021,864) |
| Less sale transaction costs | (135,114) |
| Gain on sale of FFEL and SHELF loan portfolios | 1,872,190 |

The gain is reported as an unusual or infrequent item in the statement of revenues, expenses, and changes in net position for the year ended June 30, 2026. The sale related to OSLA's FFEL and SHELF lending activity and was within the control of management.

**Extinguishment of related financing.** A portion of the sale proceeds was used to repay and extinguish OSLA's note payable (see Note 6).

**Use of remaining proceeds.** OSLA invested the proceeds left after repaying the financing in line with its investment policy (see Note 3).

**Post-closing obligations.** OSLA has limited remaining administrative obligations. For six months after the Loan Purchase Date, it must forward any misdirected borrower payments to the Purchaser or its designated servicer. It must also allocate certain federal payments between itself and the Purchaser based on the number of days each owned the loans. OSLA does not expect these obligations to have a material effect on its financial position.

**Effect on operations.** As a result of the sale, the Loan Portfolio, the related financing obligation, and the related interest income, interest expense, and servicing activity no longer appear in OSLA's financial statements after November 6, 2025. Investment income on the reinvested proceeds is now a primary source of funding for OSLA's continuing programs.

**13. Subsequent Events**

OSLA has evaluated subsequent events through October 30, 2026, the date the financial statements were issued, and determined that no events occurred that require recognition or disclosure in the financial statements.

## Required Supplementary Information

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

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

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Measurement date | June 30, 2025 | 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 |
| OLSA's proportion of the net pension liability | 0.08881636% | 0.11054515% | 0.13779749% | 0.12926775% | 0.1121027% | 0.11540884% | 0.10169906% | 0.10334683% | 0.09868767% | 0.09932093% |
| OSLA's proportionate share of the net pension liability | 4,692,320 | 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 |
| OSLA's covered payroll | 2,569,958 | 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 |
| OSLA's proportionate share of the net pension liability as a percentage of its covered payroll | 182.58% | 127.41% | 149.72% | 136.61% | 96.52% | 183.72% | 132.18% | 132.25% | 150.21% | 187.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.36% | 77.33% | 72.57% | 70.05% | 80.80% | 63.47% | 71.56% | 72.74% | 69.32% | 62.24% |

**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, 2025, and 2024, 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, 2025, the retirement age was determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2023. This table was adopted by the OTRS Board in May 2024.

For the year ended June 30, 2025, and 2024, the mortality rates after retirement for males and females were determined using the 2020 GRS Southwest Region Teacher Mortality Table with generational mortality improvements in accordance with the Ultimate MP scales projected from the year 2020. Mortality for active members were determined using the Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

For the year ended June 30, 2025, and 2024, investment return was 7.00% per year, net of investment-related expenses, composed of an assumed 2.50% inflation rate and a 4.50% real rate of return.

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

**Required Supplementary Information**
**Schedule of OSLA's Contributions**
**Teachers' Retirement System of Oklahoma (OTRS)**
**Last 10 Fiscal Years**

| | 2026 | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 244,146 | $ 542,935 | $ 673,809 | $ 763,846 | $ 652,666 |
| Contribution in relation to the contractually required contribution | (244,146) | (542,935) | (673,809) | (763,846) | (652,666) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| OSLA's covered payroll | $ 2,569,958 | $ 5,715,105 | $ 7,092,726 | $ 7,768,421 | $ 6,707,366 |
| Contributions as a percentage of covered payroll | 9.50% | 9.50% | 9.50% | 9.50% | 9.50% |

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

**Methods and assumptions used to determine contribution rates:**

| | |
|---|---|
| Actuarial cost method | Entry age normal. |
| Amortization method | Level percentage of payroll |
| Remaining Amortization period | 16 years |
| Asset valuation method | 5-year smoothed fair |
| Inflation | 2.50% |
| Salary increase | Composed of 2.50% inflation, plus 0.50% Productivity 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. |
| Mortality | 2020 GRS Southwest Region Teacher Mortality Table for males and females. |

Arledge
certified public accountants

# 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 Trustees
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 ("OSLA"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise OSLA's basic financial statements, and have issued our report thereon dated October 30, 2026.

Our report on the financial statements includes an emphasis-of-matter paragraph describing a change in accounting principle, discussed in Note 2 to the financial statements, resulting from OSLA's adoption of *GASB Statement No. 103, Financial Reporting Model Improvements*.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OSLA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the OSLA's internal control. Accordingly, we do not express an opinion on the effectiveness of the OSLA'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 OSLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

Arledge & Associates PC

Oklahoma City, Oklahoma
October 30, 2026