



# Rhode Island Student Loan Authority (A Related Organization to the State of Rhode Island)

FINANCIAL STATEMENTS

with

FEDERAL REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND  
THE UNIFORM GUIDANCE

June 30, 2024 and 2023

With Independent Auditor's Report





## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Rhode Island Student Loan Authority

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Rhode Island Student Loan Authority (the Authority), a related organization of the State of Rhode Island, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2024 and 2023, and the respective changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

#### *Basis for Opinion*

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 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 U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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***

U.S. GAAP requires that management's discussion and analysis on pages 4 to 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 U.S. GAAS, which consisted of inquiries with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

Board of Directors  
Rhode Island Student Loan Authority

financial statements, and other knowledge we obtained during our audit of the 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 September 25, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
September 25, 2024

# RHODE ISLAND STUDENT LOAN AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

The Management's Discussion and Analysis of the financial position of the Rhode Island Student Loan Authority (RISLA or the Authority) is intended to provide an introduction and analytical overview of the financial statements of the Authority on a comparative basis for the fiscal years ended June 30, 2024 and 2023. This unaudited management discussion and analysis should be read in conjunction with the entire audited financial statement including the notes section.

The Rhode Island Student Loan Authority is a public instrumentality of the State and was established in May 1981 by an act of the Rhode Island General Assembly pursuant to Title 16, Section 16-62. The Authority was created for the purpose of providing a system of financial assistance for students to enable them to attain a post-secondary education by attending public or private institutions. To achieve these objectives, the Authority acts as a lender and issues student loans to borrowers which are funded by the issuance of tax-exempt and taxable bonds and other debt obligations. The bonds and other debt, which is issued under various resolutions, are special obligations of the Authority and are payable solely from the revenues and investments pledged under each resolution.

In fiscal year (FY) 2024, RISLA continued to offer the RISLA Student Loan program, which is a fixed rate loan product that offers attractive terms, conditions, and benefits as compared to other student loan programs in the market. This loan program gives student borrowers two options. Students could choose a 10-year immediate repayment option starting at a 4.40% fixed rate with automatic payment or choose a deferred repayment option starting at a fixed rate of 5.99% for a fifteen-year term with automatic payment. No payments are required on the 15-year loan until six months after the student graduates or leaves school. A parent loan was also offered, which is a 10-year loan with a fixed interest rate starting at 5.74% with automatic payment. RISLA was able to offer these low fixed rates with no upfront or origination fees for all borrowers and loan types. During FY 2024, RISLA originated approximately \$88.5M in RISLA Student and Parent Loans, which was an increase of 9% in loan volume as compared to FY 2023.

Beginning in FY 2015, RISLA was the first state-based organization to offer a refinancing program for borrowers with private or Federal student loans. The refinancing program provides borrowers the opportunity to ease their financial burden with the security of low, fixed rates and favorable repayment terms. For FY 2024, RISLA refinanced approximately \$52M of student loans for 1,040 borrowers. The refinancing program helped borrowers save on average over \$17,600 in interest costs over the term of the loan.

RISLA has offered college access initiatives through its College Planning Center of Rhode Island (CPC) since 1998. The CPC is currently located in Cranston, R.I., and provides free expert and personal assistance to students and parents in the areas of college admission, financial aid, and completing the Free Application for Federal Student Aid form (FAFSA). In FY 2024, the staff of the CPC provided assistance to over 15,000 individuals and hosted 105 financial aid seminars. The CPC also provides a searchable database of 400+ hard to find, local scholarships. To help improve educational equity, RISLA has continued to increase its outreach into those communities with first-generation college students utilizing multilingual promotional and assistance efforts to encourage the completion of the all-important FAFSA and other financial aid forms.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

RISLA offers a loan that requires no interest accruals or payments for the first four years of repayment through the Nursing Reward Program. Eligible applicants must have a RISLA Student or Parent Loan issued between July 1, 2011, and June 30, 2024, and work in a licensed Rhode Island health care facility providing direct patient care. Forty-eight nurses are currently enrolled in the Rewards Program. An eligible nursing student with a \$15,000 loan balance can potentially save over \$2,000 in interest payments with RISLA's Nursing Rewards Program.

RISLA also offers a loan forgiveness program for students who participate in qualifying internships. The program is designed to reduce student indebtedness while helping them improve their marketability to employers after college and gaining first-hand experience in their chosen career path. Under the program, students can earn loan forgiveness up to \$2,000 by completing an eligible internship. The program is open to all Rhode Island residents attending college or students attending an institution of higher education in the state.

Beginning in FY 2021, RISLA initiated an Employer Student Loan Repayment Program. It is designed to assist employers with meeting their recruitment and retention goals and provide employees with financial wellness tools and develop practical strategies to help repay their student loans. RISLA also provides management services for employers that offer student repayment benefits. In conjunction with the Employer Student Loan Repayment Program, RISLA also offers an Employer Tuition Assistance and Reimbursement Program which assists employers with reimbursing employees for qualified education expenses.

RISLA owns and administers a portfolio of federally guaranteed Stafford, PLUS and Consolidation loans issued under the Federal Family Education Loan Program (FFELP) which had a principal balance of \$52.2M on June 30, 2024.

### **The Financial Statements**

The Authority's financial statements are a series of reports that detail financial information that are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) as set forth by the Governmental Accounting Standards Board (GASB). The financial records of the Authority are maintained utilizing the accrual basis of accounting in which revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

The statement of net position includes all the Authority's assets, liabilities, and deferred inflows/outflows. The statement also presents the balance of assets in excess of liabilities and deferred inflows/outflows or net position.

The statement of revenues, expenses and changes in net position present the results of the Authority's operations. The statement reports all revenues and expenses and reconciles the beginning and the end of year net position balances.

The statement of cash flows supplements these statements providing relevant information about cash receipts and payments for the Authority.

The notes to the financial statements are an integral part of the financial statements and contain information necessary to get a complete view of RISLA's financial position.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

### **Financial Highlights – As of and for the Years Ended June 30, 2024 and 2023**

RISLA had a highly successful year during FY 2024 with regards to originations for the RISLA Student Loan (non-federal) which is an industry leading fixed rate student loan that has been available for 30+ years. The RISLA Student Loan offers borrowers the choice of a 10-year loan term with payments due after final disbursement (Immediate Repay Loan) or a 15-year loan term with payments beginning six months after graduation (Deferred Loan). RISLA originated approximately \$88.5M in RISLA student loans in FY 2024. RISLA also offers fixed-rate refinanced loans with terms of 5,10, and 15 years. Originations for refinanced loans totaled approximately \$52M in FY 2024. The combined origination volume of \$141M is \$4M or 3% less than FY 2023.

RISLA issued \$127.0M in new taxable and tax-exempt bonds in the last quarter of Fiscal Year 2024 which will be used to fund RISLA's In-School, Parent and Refinancing loans in FY 2025.

Operating Income on June 30, 2024, was \$9.6M. Total operating revenues increased by \$9.3M and operating expenses increased by \$6.0M. Details for operating revenues and expenses are discussed further in the Statements of Revenues, Expenses and Changes in Net Assets section below.

### **Financial Analysis**

#### **Statements of Financial Position**

**Total Assets** - Student loan receivables are the largest component of assets and increased from \$609.0M on June 30, 2023, to \$646.2M on June 30, 2024 (net of allowance), which represents an increase of 6.1%. Loan Receivables consist of two major categories of loans, FFELP and non-federal. The FFELP loans have been consistently decreasing since the program was terminated by the Department of Education in 2010 and for FY 2024 decreased by \$18.6M or 26.3% as compared to FY 2023. Conversely, the non-federal loans increased by \$60.5M or 10.1%. The other significant component of assets is cash, cash equivalents, and short-term investments. Restricted cash and investments increased from \$157.3M on June 30, 2023, to \$203.2M on June 30, 2024, and was the result of new loan proceeds from the bond issuance in June 2024 (or acquisition funds) being \$46M higher than the prior year. Restricted cash and investment balances are primarily used to acquire student loans, retire bonds and other bank debt, and pay semiannual interest payments.

**Total Liabilities** - Total liabilities on June 30, 2024, increased by \$75.8M as compared to June 30, 2023, which represents an increase of 12.9%. Overall, bond debt outstanding comprises over 94% of the total liabilities. Bond debt increased from \$573.8M on June 30, 2023, to \$625.2M on June 30, 2024. This increase of \$51.5M was the net result of new issuances and bond redemptions that occurred during FY 2024.

**Net Position** - For fiscal year ended June 30, 2024, the Authority's total assets exceeded the total liabilities by \$215.2M for an increase of 4.7% as compared to June 30, 2023. A condensed summary of the Authority's net assets on June 30 is shown below.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

**Statements of Net Position**

	2024	2023	Percentage Change
Other assets	\$878,126,615	\$792,789,249	10.76%
Capital assets	85,814	83,013	3.37%
Total assets	878,212,429	792,872,262	10.76%
Current liabilities	47,341,233	40,963,547	15.57%
Noncurrent liabilities	615,632,967	546,259,840	12.70%
Total liabilities	662,974,200	587,223,387	12.90%
Deferred inflows of resources	22,841	68,577	-66.69%
Net position			
Investment in capital assets, net of related debt	85,814	83,013	3.37%
Restricted for debt service	133,876,287	110,387,593	21.28%
Unrestricted	81,253,287	95,109,692	-14.57%
Total net position	\$215,215,388	\$205,580,298	4.69%

**Statements of Revenues, Expenses and Changes in Net Assets**

**Total Operating Revenues** – The Authority’s total operating revenues include interest income on Federal and non-federal student loans, various federal interest subsidies and special allowance payments, interest earned on investments and fee income. The Authority’s operating revenues for the FY 2024, was \$47.8M which was an increase of 24.1% as compared to FY 2023. Operating revenues are mainly derived from student loan interest income from FFELP, RISLA in-school, and refinanced loans. These student loan revenues increased by 18.2% for FY 2024, as the result of continued years of annual loan volume increases as well as the rising interest rate environment of the last few years. Investment income increased significantly from \$3.4M in FY 2023 to \$6.2M in FY 2024. This was the result of investment return rates averaging approximately 5% in FY 2024, which was far greater than the investment returns of FY 2023. The investment revenue is earned from funds that are predominantly held in restricted trust accounts.

**Total Operating Expenses** - The Authority’s operating expenses for FY 2024 was \$38.1M which increased by \$6.0M or 18.6% as compared to FY 2023 total of \$32.2M. Bond and Note interest expense comprises 56% of the total operating expenses and for FY 2024 increased by \$4.7M or 28.0% as compared to FY 2023. This overall increase in bond and note interest expense is the result of the increase in interest rates being charged on the Secured Overnight Financing Rate floating rate notes associated with the FFELP loans as well as higher interest rates charged for the latest bond issuances for non-federal loans.



## RHODE ISLAND STUDENT LOAN AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

The change in provision for loan losses was another item of operating expenses that increased as compared to the prior year. The provision for loan losses increased by \$551k and is the direct result of having a higher principal balance of loan receivables on June 30, 2024, as compared to June 30, 2023. As the asset value of the loan receivables increases, a corresponding increase in the reserve against future losses must also be recognized in the Statements of Revenue, Expenses and Changes in Net Position.

**Changes in Net Position** - The Authority's changes in net position for FY 2024 and FY 2023 was \$9.6M and \$6.3M respectively, which was an increase of 51.8%.

#### **Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2024</u>	<u>2023</u>	<u>Percentage Change</u>
Borrower interest on student loans	\$40,664,410	\$35,043,073	16.04%
Borrower interest earned (returned) to ED	670,460	(110,399)	-707.31%
Other income	6,438,407	3,577,089	79.99%
Total operating revenues	<u>47,773,277</u>	<u>38,509,763</u>	24.05%
Interest expense	21,434,278	16,746,836	27.99%
Arbitrage rebate	597,211	196,331	204.19%
Loan servicing & acquisition expenses	2,063,588	2,270,257	-9.10%
DOE loan fees	201,458	266,463	-24.40%
Bond issuance costs	943,108	731,554	28.92%
Change in provision for loan losses	5,194,767	4,642,785	11.89%
Other operating expenses	7,703,777	7,307,430	5.42%
Total operating expenses	<u>38,138,187</u>	<u>32,161,656</u>	18.58%
Operating income - changes in net position	9,635,090	6,348,107	51.78%
Net position, beginning of the year	<u>205,580,298</u>	<u>199,232,191</u>	
Net position, end of the year	<u>\$215,215,388</u>	<u>\$205,580,298</u>	4.69%

#### **Financial Highlights – As of and for the Years Ended June 30, 2023 and 2022**

RISLA had a very successful year during FY 2023 with regards to originations for the RISLA Student Loan (non-federal) which is an industry leading fixed rate student loan that has been available for 30 years. The RISLA Student Loan offers borrowers the choice of a 10-year loan term with payments due after final disbursement (Immediate Repay Loan) or a 15-year loan term with payments beginning six months after graduation (Deferred Loan). RISLA originated approximately \$81M in RISLA student loans in FY 2023. RISLA also offers fixed-rate refinanced loans with terms of 5, 10, and 15 years. Originations for refinanced loans totaled approximately \$64M in FY 2023. The combined origination volume of \$145M is \$10.1M or 6% less than FY 2022.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

RISLA issued \$85.8M in new taxable and tax-exempt bonds in the last quarter of FY 2023 which will be used to fund RISLA's In-School, Parent and Refinancing loans in FY 2024.

Operating Income for FY 2023 was \$6.3M. Total operating revenues increased by \$9.5M and operating expenses increased by \$6.8M. Details for operating revenues and expenses are discussed further in the Statements of Revenues, Expenses and Changes in Net Assets section below.

### **Financial Analysis**

#### **Statements of Financial Position**

**Total Assets** - Student loan receivables are the largest component of assets and increased from \$566.3M on June 30, 2022 to \$609M on June 30, 2023 (net of allowance), which represents an increase of 7.5%. Loan Receivables consist of two major categories of loans, FFELP and non-federal. The FFELP loans have been consistently decreasing since the program was terminated by the Department of Education in 2010 and for FY 2023 decreased by \$21M or 22.9% as compared to FY 2022. Conversely, the non-federal loans increased by \$67.3M or 12.7%. The other significant component of assets is cash, cash equivalents, and investments restricted by the terms of various trust indentures. Restricted cash and investments decreased from \$178.4M at June 30, 2022 to \$157.3M at June 30, 2023 and was the result of new loan proceeds from the bond issuance in FY 2023 (or acquisition funds) being \$20M less than the prior year. Restricted cash and investment balances are primarily used to acquire student loans, retire bonds and other bank debt, and pay semiannual interest payments.

**Total Liabilities** - Total liabilities at June 30, 2023 increased by \$16.5M as compared to June 30, 2022, which represents an increase of 2.9%. Overall, bond debt outstanding comprises over 97% of the total liabilities. Bond debt increased from \$561.1M at June 30, 2022 to \$573.8M at June 30, 2023. This increase of \$12.7M was the net result of new issuances and bond redemptions that occurred during FY 2023.

**Net Position** – As of June 30, 2023, the Authority's total assets exceeded the total liabilities by \$205.6M for an increase of 3.2% as compared to June 30, 2022. A condensed summary of the Authority's net assets at June 30 is shown below.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

### Statements of Net Position

	2023	2022	Percentage Change
Other assets	\$792,789,249	\$770,103,701	2.95%
Capital assets	83,013	50,331	64.93%
Total assets	<u>792,872,262</u>	<u>770,154,032</u>	2.95%
Current liabilities	40,963,547	30,967,495	32.28%
Noncurrent liabilities	546,259,840	539,796,887	1.20%
Total liabilities	<u>587,223,387</u>	<u>570,764,382</u>	2.88%
Deferred inflows of resources	<u>68,577</u>	<u>157,459</u>	-56.45%
Net position			
Investment in capital assets, net of related debt	83,013	50,331	64.93%
Restricted for debt service	110,387,593	118,516,623	-6.86%
Unrestricted	<u>95,109,692</u>	<u>80,665,237</u>	17.91%
Total net position	<u>\$205,580,298</u>	<u>\$199,232,191</u>	3.19%

### Statements of Revenues, Expenses and Changes in Net Assets

**Total Operating Revenues** – The Authority’s revenues include interest income on Federal and non-federal student loans, various federal interest subsidies and special allowance payments, interest earned on investments and fee income. The Authority’s operating revenues for FY 2023 was \$38.5M, which was an increase of 32.7% as compared to FY 2022. Operating revenues are derived from student loan interest income from FFELP, RISLA in-school, and refinanced loans. These student loan revenues increased by 22.8% for FY 2023 as the result of continued years of annual loan volume increases. Investment income increased significantly from \$203k in FY 2022 to \$3.4M in FY 2023. This was the result of interest rate returns increasing dramatically during FY 2023. In June of 2022, the investment return rates were approximately 1.25% and by the end of FY 2023 they had increased to over 5.0%. The investment revenue is derived predominantly from funds held in restricted trust accounts.

**Total Operating Expenses** - The Authority’s operating expenses for FY 2023 were \$32.1M, which increased by \$6.8M or 27.0% as compared to FY 2022 total of \$25.3M. Bond and Note interest expense comprises 52% of the total operating expenses and for FY 2023 increased by \$4.1M or 32.2% as compared to FY 2022. This overall increase in bond and note interest expense is the result of the increase in interest rates being charged on the LIBOR floating rate notes associated with the FFELP loans, as well as higher interest rates charged for the latest bond issuances for non-federal loans.

The change in provision for loan losses was another item of operating expenses that increased as compared to the prior year. The provision for loan losses increased by \$2.5M and is the direct result of having a higher principal balance of loan receivables at June 30, 2023 as compared to June 30, 2022. As the asset value of the loan receivables increases, a corresponding increase in the reserve against future losses must also be recognized in the Statements of Revenue, Expenses and Changes in Net Position.

**Changes in Net Position** - The Authority’s changes in net position for FY 2023 and FY 2022 was \$6.3M and \$3.7M respectively, which was an increase of 72.0%.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2024 and 2023

### **Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
Borrower interest on student loans	\$35,043,073	\$32,126,644	9.08%
Borrower interest earned (returned) to ED	(110,399)	(3,687,473)	-97.01%
Other income	3,577,089	584,162	512.35%
Total operating revenues	<u>38,509,763</u>	<u>29,023,333</u>	32.69%
Interest expense	16,746,836	12,665,255	32.23%
Arbitrage rebate	196,331	122,114	60.78%
Loan servicing & acquisition expenses	2,270,257	2,158,099	5.20%
DOE loan fees	266,463	348,312	-23.50%
Bond issuance costs	731,554	1,367,720	-46.51%
Change in provision for loan losses	4,642,785	2,121,959	118.80%
Other operating expenses	7,307,430	6,547,531	11.61%
Total operating expenses	<u>32,161,656</u>	<u>25,330,990</u>	26.97%
Operating income - changes in net position	6,348,107	3,692,343	71.93%
Net position, beginning of the year	<u>199,232,191</u>	<u>195,539,848</u>	
Net position, end of the year	<u>\$205,580,298</u>	<u>\$199,232,191</u>	3.19%

### **Debt Administration**

RISLA funds student loan notes receivable by issuing tax-exempt and taxable bonds and taxable bank term financing. Tax-exempt bonds must receive an allocation from the State of Rhode Island private activity bond volume ceiling or "cap." The bonds issued by RISLA must comply with state and federal statutes and with rules and regulations of the U.S. Treasury Department and the U.S. Securities and Exchange Commission. Detailed information on RISLA's debt is presented in Note 5 of the financial statements.

### **Request for Information**

This financial report is designed to provide a general overview of the Authority's financial activity and results. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rhode Island Student Loan Authority, 935 Jefferson Blvd., Suite 3000, Warwick, Rhode Island, 02886.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Statements of Net Position**

**June 30, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Current assets		
Unrestricted:		
Cash	\$ 711,586	\$ 321,382
Cash equivalents	165,759	227,008
Restricted:		
Cash	2,162,322	1,210,772
Cash equivalents	55,710,455	63,154,362
Short-term investments	145,293,859	92,904,643
Student loans receivable - current portion, net of allowance	57,880,810	55,429,881
Student loans interest receivable	26,576,812	25,239,703
Due from U.S. Department of Education	147,643	188,694
Other current assets	<u>1,140,672</u>	<u>571,213</u>
Total current assets	<u><b>289,789,918</b></u>	<u><b>239,247,658</b></u>
Noncurrent assets		
Student loans receivable - net of current portion and allowance	588,336,697	553,541,591
Capital assets, less accumulated depreciation of \$532,454 and \$1,228,234 respectively	<u>85,814</u>	<u>83,013</u>
Total noncurrent assets	<u><b>588,422,511</b></u>	<u><b>553,624,604</b></u>
Total assets	<u><b>\$ 878,212,429</b></u>	<u><b>\$ 792,872,262</b></u>

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The accompanying notes are an integral part of these financial statements.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Statements of Net Position (Concluded)**

**June 30, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>Current liabilities</b>		
Bonds payable, current portion	\$ <b>38,315,000</b>	\$ 36,185,000
Notes payable, current portion	<b>4,776,962</b>	1,813,846
Accrued interest payable	<b>3,087,996</b>	1,886,170
Accounts payable and accrued expenses	<u><b>1,161,275</b></u>	<u>1,078,531</u>
Total current liabilities	<u><b>47,341,233</b></u>	<u>40,963,547</u>
<b>Noncurrent liabilities</b>		
Bonds payable, net of current portion and bond premium/ discount of \$12,133,223 and \$13,238,092 for 2024 and 2023, respectively	<b>586,915,223</b>	537,584,092
Notes payable, net of current portion	<b>27,930,023</b>	8,446,988
Accrued arbitrage rebate	<u><b>787,721</b></u>	<u>228,760</u>
Total noncurrent liabilities	<u><b>615,632,967</b></u>	<u>546,259,840</u>
Total liabilities	<u><b>\$ 662,974,200</b></u>	<u>\$ 587,223,387</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue - loan origination fees	<u><b>\$ 22,841</b></u>	<u>\$ 68,577</u>
<b>Net position</b>		
Investment in capital assets	\$ <b>85,814</b>	\$ 83,013
Restricted for debt service	<b>133,876,287</b>	110,387,593
Unrestricted	<u><b>81,253,287</b></u>	<u>95,109,692</u>
Total net position	<u><b>\$ 215,215,388</b></u>	<u>\$ 205,580,298</u>

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The accompanying notes are an integral part of these financial statements.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Statements of Revenues, Expenses and Changes in Net Position**

**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating revenues		
Interest on student loans:		
Borrower interest on student loans	\$ 40,664,410	\$ 35,043,073
Borrower interest earned (returned) to U.S. Department of Education	670,460	(110,399)
Investment income, net	6,218,757	3,357,700
Fee income	165,907	219,389
Grant income - Educational Credit Management Corporation (ECMC) Free Application for Federal Student Aid (FAFSA) Completion Initiative	<u>53,743</u>	<u>-</u>
Total operating revenues	<u>47,773,277</u>	<u>38,509,763</u>
Operating expenses		
Interest	21,434,278	16,746,836
Change in provision for loan losses	5,194,767	4,642,785
Provision for arbitrage rebate	597,211	196,331
U.S. Department of Education loan fees - consolidation rebate	201,458	266,463
Loan servicing and acquisition costs	2,062,088	2,270,257
Salaries	3,515,961	3,427,921
Other general and administrative expenses	1,904,606	1,686,294
Employee benefits	1,038,096	1,014,800
College Planning Center expenses	818,652	804,178
Bond expenses - surveillance and trustee fees	237,556	226,491
Bond issuance costs	943,108	731,554
Depreciation	30,163	45,246
Scholarships	101,000	100,000
Grants expenses - ECMC FAFSA Completion Initiative	53,743	-
Contributions	<u>5,500</u>	<u>2,500</u>
Total operating expenses	<u>38,138,187</u>	<u>32,161,656</u>
Change in net position	<u>9,635,090</u>	<u>6,348,107</u>
Net position - beginning of year	<u>205,580,298</u>	<u>199,232,191</u>
Net position - end of year	<u>\$ 215,215,388</u>	<u>\$ 205,580,298</u>

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The accompanying notes are an integral part of these financial statements.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Statements of Cash Flows**

**Years Ended June 30, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash flows used by operating activities		
Cash received for:		
Student loan interest	\$ 30,555,692	\$ 25,479,516
Student loan principal	107,315,010	106,397,601
Fee income	165,907	219,389
Grant income - ECMC FAFSA Completion Initiative	53,743	-
Interest on investments	6,218,757	3,357,700
Cash paid for:		
Origination and purchase of student loans	(137,868,912)	(141,665,144)
Interest paid on bonds	(23,550,666)	(19,999,736)
Contractual services	(201,458)	(266,463)
Goods and services	(10,950,771)	(11,279,205)
Employee salaries	(3,800,665)	(3,672,757)
Employee benefits	<u>(1,038,096)</u>	<u>(1,014,800)</u>
Net cash used by operating activities	<u><b>(33,101,459)</b></u>	<u><b>(42,443,899)</b></u>
Cash flows from noncapital financing activities		
Proceeds from note payable	27,025,000	6,600,000
Payment of note payable	(4,578,849)	(2,403,460)
Payment of bond maturities	(74,429,000)	(71,198,000)
Proceeds from sale of revenue bonds	<u>129,208,345</u>	<u>87,299,440</u>
Net cash provided by noncapital financing activities	<u><b>77,225,496</b></u>	<u><b>20,297,980</b></u>
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>(32,964)</u>	<u>(77,928)</u>
Net cash used in capital and related financing activities	<u><b>(32,964)</b></u>	<u><b>(77,928)</b></u>
Cash flows from investing activities		
Purchase of short-term investments	(51,237,299)	(103,578,417)
Proceeds from sale of short-term investments	<u>982,824</u>	<u>11,613,843</u>
Net cash used by investing activities	<u><b>(50,254,475)</b></u>	<u><b>(91,964,574)</b></u>
Net decrease in cash and cash equivalents	<b>(6,163,402)</b>	<b>(114,188,421)</b>
Cash and cash equivalents - beginning of year	<u><b>64,913,524</b></u>	<u><b>179,101,945</b></u>
Cash and cash equivalents - end of year	<u><b>\$ 58,750,122</b></u>	<u><b>\$ 64,913,524</b></u>
Supplemental disclosure of non-cash operating activities:		
Student loan interest capitalized	<u><b>\$ 9,396,333</b></u>	<u><b>\$ 8,426,490</b></u>

The accompanying notes are an integral part of these financial statements.



**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Statements of Cash Flows (Concluded)**

**Years Ended June 30, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Reconciliation of operating income to net cash used by operating activities		
Operating income	\$ <b>9,635,090</b>	\$ 6,348,107
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation of capital assets	<b>30,163</b>	45,246
Amortization - bond premiums and discounts	<b>(3,318,214)</b>	(3,470,806)
Increase in allowance for loan losses	<b>5,194,767</b>	4,642,785
Unrealized gain on investments	<b>(2,134,741)</b>	(940,070)
Amortization of loan origination fees	<b>(45,736)</b>	(88,882)
Change in assets and liabilities		
Student loans receivable	<b>(33,044,469)</b>	(38,898,322)
Student loans interest receivable	<b>(10,733,442)</b>	(9,364,276)
Due from (to) U.S. Department of Education	<b>41,051</b>	(900,336)
Other current assets	<b>(569,459)</b>	(160,819)
Accrued interest payable	<b>1,201,826</b>	217,906
Accounts payable and accrued expenses	<b>82,744</b>	(34,762)
Accrued arbitrage rebate	<b><u>558,961</u></b>	<u>160,330</u>
Net cash used by operating activities	<b><u>\$ (33,101,459)</u></b>	<b><u>\$ (42,443,899)</u></b>
Cash and cash equivalents consist of:		
Unrestricted		
Cash	\$ <b>711,586</b>	\$ 321,382
Cash equivalents	<b>165,759</b>	227,008
Restricted		
Cash	<b>2,162,322</b>	1,210,772
Cash equivalents	<b><u>55,710,455</u></b>	<u>63,154,362</u>
Total cash and cash equivalents	<b><u>\$ 58,750,122</u></b>	<b><u>\$ 64,913,524</u></b>

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The accompanying notes are an integral part of these financial statements.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

**Organization**

The Rhode Island Student Loan Authority (the Authority) is a public instrumentality established in May 1981 by an Act of the Rhode Island General Assembly, and therefore, the Authority is a related organization of the State of Rhode Island for financial reporting purposes. The Authority was created for the purpose of providing a system of financial assistance for qualified students to enable them to obtain a post-secondary education by attending public or private institutions. In achieving its objective, the Authority acts as a lender and issues student loans to borrowers, which are funded by the issuance of tax-exempt bonds and other debt. The Authority has the power to issue negotiable notes and bonds to achieve its corporate purposes. The bonds and other debt, which are issued under various resolutions, are special obligations of the Authority and are payable solely from the revenues and investments pledged under each resolution.

**1. Summary of Significant Accounting Policies**

**Basis of Accounting**

The accounts of the Authority are maintained in accordance with the principles of proprietary fund accounting as set forth by the Governmental Accounting Standards Boards (GASB), utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, regardless of when received in cash, and expenses are recognized when the related liability for goods and services is incurred, regardless of when payment is made.

**Basis of Presentation**

In order to ensure observances of limitations and restrictions placed on the use of resources available to the Authority, the accounts of the Authority are maintained in accordance with the principles of fund accounting. This is a procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund.

**Income Taxes**

The Authority is exempt from Federal and State income taxes.

**Bond Issuance Costs**

Bond issuance costs incurred in connection with bonds payable are reported as an expense in the year incurred.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## Notes to Financial Statements

June 30, 2024 and 2023

### **Operating Revenues and Expenses**

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing student loan operations. The Authority's operating revenue is derived primarily from income on student loans consisting of loan interest, and earnings (losses) on investing activities and fee income. The Authority's operating expenses are related to student loan origination, servicing activities and general administration. All items of revenue and expense are reported as operating revenues and expenses in the statements of revenues, expenses and changes in net position.

### **Restricted and Unrestricted Resources**

When both restricted and unrestricted amounts are available for use, it is the Authority's practice to use restricted resources first.

### **Capital Assets**

Capital assets are stated at cost. Capital assets are defined by the Authority as assets with an individual cost of \$2,500 or more and an estimated useful life in excess of one year. The Authority provides for depreciation using the straight-line method over the estimated useful life of the asset. The Authority estimates the useful life for leasehold improvements to be the same as the term of the lease, three years for computer equipment and five years for furniture and fixtures.

### **Student Loans Receivable**

The Authority originates and holds non-federal education student loans that are not guaranteed under the Federal Higher Education Act. These loans are funded utilizing credit criteria reviewed by the rating agencies and primarily financed by bonds issued by the Authority and authorized under a resolution approved by the Board. The Authority has an additional loan program for current student loan borrowers to refinance their student loan into a new debt instrument. The Authority is also a holder of federally guaranteed student loans under the Federal Family Education Loan Program (FFELP).

FFELP student loans and the accrued interest thereon purchased or originated by the Authority are fully guaranteed for loans disbursed prior to September 30, 1993, are guaranteed at 98% for loans disbursed between October 1, 1993 and June 30, 2006, and are guaranteed at 97% for loans disbursed between July 1, 2006 and June 30, 2010. The Authority's FFELP loans are substantially insured by the United States Department of Education (ED).

Student loans are carried at their uncollected principal balances and are reduced by an allowance for loan losses of \$65,347,462 and \$60,701,791 at June 30, 2024 and 2023, respectively. The allowance for loan losses is determined by management's evaluation of the student loan portfolios. This evaluation considers such factors as historical loss experience, quality of student loan servicing and collection, and economic conditions. When this evaluation determines that an exposure to loss is probable and reasonably estimated, a provision against current operations net of student loan recoveries is recorded. Actual losses are charged against the allowance for loan losses as they occur.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## Notes to Financial Statements

June 30, 2024 and 2023

### **Interest on Loans Receivable**

Interest on loans receivable is calculated using the simple interest method. Interest is accrued on loans receivable from the date of the last repayment installment to the date of the financial statements. While the Authority continues to accrue interest due on all loans, the provision for loan losses factors in the potential uncollectability of both loan principal and accrued interest.

### **Bond Premiums and Discounts**

The bond premiums and discounts are amortized using the straight-line method over the term of the bonds series to which it relates.

### **Cash and Cash Equivalents**

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Under the Rhode Island General Law Section 35-10.1, Rhode Island Collateralization of Public Deposits Act, the Authority must have their funds collateralized 100% for all time deposits with maturities over 60 days and for all deposits if the depository institution does not meet its minimum capital standards as required by its federal regulators.

### **Short-Term Investments**

Investments are carried at fair value in accordance with GASB Statement 72, *Fair Value Measurement and Application*. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

All of the bond series trust and indenture agreements require that cash and investments be held by the trustee for the benefit of the bondholders and their maturity is to coincide as nearly as practicable with payments due on bonds. Otherwise, uninvested monies are to be invested in available overnight investments. According to the indenture agreements, investments to be held by the trustee are limited to the following:

- United States Treasury Securities
- Demand deposits with banks which are members of the Federal Deposit Insurance Corporation
- Federal Agency or instrumentality bonds
- Certain repurchase agreements
- Shares in certain investment companies
- Certain obligations of any state, or political subdivision, or municipal corporation
- Investment agreements approved by the rating agencies
- Commercial paper

# RHODE ISLAND STUDENT LOAN AUTHORITY

## Notes to Financial Statements

June 30, 2024 and 2023

### **Vacation and Sick Leave**

The Authority provides all full-time employees with at least two weeks of vacation time per calendar year. Employees can carry over up to a maximum of two times their annual allocation. At time of termination, the employee is entitled to all accrued vacation time. The fiscal year end accrual is determined using the employee's pay scale at that time.

The Authority provides employees with three weeks of sick time per calendar year which can be accrued up to a maximum of six months. Sick time is not payable to the employee upon termination.

### **Accrued Arbitrage Rebate Liability**

Interest income to the Authority from investments and student loans is limited by U.S. Treasury regulations. Interest income earned in excess of the allowable amounts will be remitted to the Federal Government as required by the applicable laws and regulations.

Interest income from student loans is limited to 2% over bond yield of the related tax-exempt bond issue. Student loans, including principal and accrued interest, and cash have been reserved for rebate in the amount of the interest income which exceeded the limit.

### **Deferred Outflows and Inflows of Resources**

Deferred outflows of resources are reported with assets in the statements of net position and represent a consumption of net position that applies to a future period, and so will not be recognized as an outflow of resource (expense) until that later date. As of June 30, 2024 and 2023, there were no deferred outflows of resources.

Deferred inflows of resources are reported with liabilities in the statements of net position and represent the acquisition of net position that applies to a future period, and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2024 and 2023, unavailable loan origination fees represent a 4% loan origination fee which was assessed on certain loans at the time the loan entered a repayment status and is collected over the term of the loan. The unavailable loan origination fees reported as deferred inflows were \$22,841 and \$68,577 as of June 30, 2024 and 2023, respectively.

### **Net Position**

Net position is classified in the following three components: investment in capital assets; restricted for debt service; and unrestricted net position. Investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Any debt related to unspent bond proceeds or other cash and investments is excluded from the determination. At June 30, 2024 and 2023, the Authority had no debt related to its capital assets. Restricted for debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted consists of all other net position not included in the above categories.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

**Bond Trusts**

The financial activity associated with each of the Authority’s Student Loan Program Revenue Bonds is recorded in the trust established for each such bond issue. In accordance with the Trust Indenture, the accounts held by the trustee are restricted for the “equal and ratable benefit and security of the bondholders.” All revenues derived from program activities are deposited in the revenue account applicable to each individual bond series as specified in the Trust Indenture. The trustee is then directed to pay items from the revenue account in specific priority order, including periodic transfers to the Authority’s operating account in an amount sufficient to pay for its program expenses including: salaries, utilities, office rent, legal, accounting, and other related expenses. Such transfers to the Authority’s operating account are limited in amount pursuant to the respective Bond issue trust indenture.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate utilized in the preparation of the financial statements of the Authority relates to the allowance for loan losses on student loans receivable.

**2. Cash and Cash Equivalents and Fair Value of Financial Instruments**

The following represents a summary of cash and cash equivalents as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 2,873,908	\$ 1,532,154
Cash equivalents:		
Short-term U.S. securities	31,983,706	24,075,592
U.S. Treasury Bills	<u>23,892,508</u>	<u>39,305,778</u>
Total cash and cash equivalents	<u>\$ 58,750,122</u>	<u>\$ 64,913,524</u>

At June 30, 2024 and 2023, cash is comprised of various commercial bank accounts. The bank balances at June 30, 2024 were \$58,926,547 and the bank balances at June 30, 2023 were \$63,156,831. The difference between the bank balances and the amounts recorded on the statements of net position represent reconciling items, including outstanding checks and deposits in transit at fiscal year-end.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## Notes to Financial Statements

June 30, 2024 and 2023

As of June 30, 2024 and 2023, \$500,000 of the bank balances were covered by Federal Deposit Insurance Corporation (FDIC) insurance, and the additional bank balances were secured through an additional collateralization policy with the bank. At June 30, 2024 and 2023, the money market deposit accounts were held in various short-term investment and deposit accounts at US Bank. These funds were collateralized in excess of FDIC limits. The short-term U.S. securities are funds held in U.S. government securities. The U.S. Treasury Bills included within cash equivalent represent balances with original maturities less than 90 days. These funds are backed by the U.S. Treasury Department.

The restriction of cash and cash equivalents is for the payment of bonded debt and the issuance of student loans and related expenses. The restricted cash and cash equivalents are held by the trustee, U.S. Bank, as collateral for the Bonds (see Note 5).

### 3. Short-term Investments and Fair Value Measurement

GASB Statement 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants and also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy within GASB Statement 72 distinguishes three levels of inputs that may be utilized when measuring fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Authority's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Authority's short-term investments as of June 30, 2024 and 2023, respectively, comprised of U.S. Treasury Bills with an original maturity less than one year, which are valued at Level 1.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

**4. Student Loans Receivable**

Student loans receivable represent the unpaid portion of non-federal and FFELP student loans originated or purchased by the Authority.

Non-federal student loans include undergraduate, graduate, and parent education loans that have fixed interest rates. Repayment terms for these loans are either 10- or 15-year terms. A borrower can choose an immediate repayment option which has a 10-year term that begins 45 days after the final disbursement, or a deferred repayment option which has a 15-year term that begins six months after leaving school. In addition, RISLA offers fixed rate refinanced loans which have terms of 5, 10 and 15 years. Repayment on these loans begins on the first month after the loan is disbursed. Non-federal origination fee expenses are included with loan servicing and acquisition costs in the accompanying statements of revenues, expenses and changes in net position.

The FFELP loans have both fixed and variable interest rates which are established by ED, and repayment terms which are dependent on the loan type. The return on FFELP loans that lenders realize is based on formulas administered by ED and is dependent on loan type and date of origination. Any payment by borrowers in excess of the formulas must be returned to ED for loans originated after April 1, 2006. ED subsidizes the interest for certain FFELP loans during the borrowers' in-school, in-grace, and authorized deferment periods. The subsidized interest rate is determined by a formula and based on indexes published by ED. The interest subsidy is included with interest income on loans receivable in the accompanying statements of revenues, expenses and changes in net position. These loans are guaranteed by ED under a guarantee agreement, and other guarantors which have guarantee agreements covering all or a substantial portion of each loan with ED.

Student loans receivable as of June 30, 2024 and 2023, consist of:

	<u>2024</u>	<u>2023</u>
Non-federal education loans receivable	\$ 659,333,856	\$ 598,808,828
FFELP loans receivable	52,231,113	70,864,435
Allowance for loan losses	<u>(65,347,462)</u>	<u>(60,701,791)</u>
Net student loans receivable	<u>\$ 646,217,507</u>	<u>\$ 608,971,472</u>

**5. Bonds Payable**

The following schedule summarizes the Authority's outstanding bonds payable as of June 30, 2024 and 2023. The Authority has issued the following to finance the origination of new non-federal loans, to refinance existing loans or to refund certain obligations. The bonds are secured by eligible student loans, monies in restricted funds established by the trust indenture including investment earnings, payment of principal and interest, federal interest subsidy payments, special allowance payments, claim payments by ED, and proceeds of any sale or assignment by the Authority of any loans. Maturity dates listed below may vary from the bonds official statement due to redemptions ahead of the original payment schedule.



**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

<u><b>Bond Issue</b></u>	<u><b>2024</b></u>	<u><b>2023</b></u>
2012 Series-1 Taxable Floating Rate Notes dated August 30, 2012 with a final maturity of July 1, 2031. The notes bear interest at a rate of one month SOFR (Secured Overnight Financing Rate) plus 0.90% and is payable on the first business day of every month.	<b>\$ 6,571,000</b>	<b>\$ 10,527,000</b>
2012-2 Taxable Floating Rate Notes dated November 19, 2012 with a final maturity of September 1, 2036. The notes bear interest at a rate of one month SOFR plus 0.65% and is payable on the first business day of every month.	<b>21,716,000</b>	<b>31,788,000</b>
2014-1 Taxable Floating Rate Notes dated June 24, 2014 with a final maturity of October 2, 2028. The notes bear interest at a rate of one month SOFR plus 0.70% and is payable on the first business day of every month.	<b>2,900,000</b>	<b>8,621,000</b>
2015 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated April 21, 2015 comprised of fixed rate bonds maturing December 1, 2024. Interest is fixed and payable semi-annually at a rate of 3.5% .	<b>2,900,000</b>	<b>6,875,000</b>
2016 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated May 18, 2016 comprised of fixed rate bonds maturing December 1, 2024. Interest was fixed and payable semi-annually at rates ranging from 3% to 5%. Amount was paid in full during 2024.	<b>-</b>	<b>3,675,000</b>
2017 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated May 4, 2017 comprised of fixed rate bonds maturing December 1, 2026. Interest is fixed and payable semi-annually at rates ranging from 4% to 5%.	<b>9,755,000</b>	<b>12,955,000</b>

# RHODE ISLAND STUDENT LOAN AUTHORITY

## Notes to Financial Statements

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<p>2018 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated May 15, 2018 comprised of fixed rate bonds maturing December 1, 2034. Interest is fixed and payable semi-annually at rates ranging from 3.5% to 5%.</p>	<b>30,640,000</b>	36,615,000
<p>2018 Taxable Senior Series 1 Student Loan Program Revenue Bonds dated July 17, 2018 comprised of fixed rate bonds maturing December 1, 2028. Interest is fixed and payable semi-annually at rates ranging from 3.74% to 4.03%.</p>	<b>7,100,000</b>	9,900,000
<p>2019 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated April 30, 2019 comprised of fixed rate bonds maturing December 1, 2035. Interest is fixed and payable semi-annually at rates ranging from 2.88% to 5%.</p>	<b>42,215,000</b>	46,415,000
<p>2019 Taxable Senior Series 1 Student Loan Program Education Bonds dated August 27, 2019 comprised of fixed rate bonds maturing December 1, 2029. Interest is fixed and payable semi-annually at rates ranging from 2.45% to 2.84%.</p>	<b>14,670,000</b>	18,770,000
<p>2020 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 27, 2020 comprised of fixed rate bonds maturing December 1, 2037. Interest is fixed and payable semi-annually at rates ranging from 3.63% to 5%.</p>	<b>50,700,000</b>	50,700,000
<p>2020 Taxable Senior Series B Student Loan Program Education Bonds dated May 27, 2020 comprised of fixed rate bonds maturing December 1, 2038. Interest is fixed and payable semi-annually at rates ranging from 2.40% to 4%.</p>	<b>25,735,000</b>	30,335,000
<p>2021 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 20, 2021 comprised of fixed rate bonds maturing December 1, 2039. Interest is fixed and payable semi-annually at rates ranging from 2.25% to 5%.</p>	<b>50,005,000</b>	55,005,000
<p>2021 Taxable Senior Series 1 Student Loan Program Education Bonds dated May 20, 2021 comprised of fixed rate bonds maturing December 1, 2028. Interest is fixed and payable semi-annually at rates ranging from 1.05% to 2.37%.</p>	<b>12,185,000</b>	13,985,000

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
2021 Taxable Senior Series 2 Student Loan Program Education Bonds dated November 16, 2021 comprised of fixed rate bonds maturing December 1, 2040. Interest is fixed and payable semi-annually at rates ranging from 1.34% to 2.35%.	<b>27,690,000</b>	32,905,000
2022 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 27, 2022 comprised of fixed rate bonds maturing December 1, 2041. Interest is fixed and payable semi-annually at rates ranging from 4.13% to 5%.	<b>60,780,000</b>	64,850,000
2022 Taxable Senior Series 1 Student Loan Program Education Bonds dated May 27, 2022 comprised of fixed rate bonds maturing December 1, 2041. Interest is fixed and payable semi-annually at rates ranging from 3.81% to 4.93%.	<b>36,460,000</b>	40,820,000
2023 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 18, 2023 comprised of fixed rate bonds maturing December 1, 2042. Interest is fixed and payable semi-annually at rates ranging from 4.13% to 5%.	<b>53,000,000</b>	53,750,000
2023 Taxable Senior Series 1 Student Loan Program Education Bonds dated May 18, 2023 comprised of fixed rate bonds maturing December 1, 2042. Interest is fixed and payable semi-annually at rates ranging from 5.19% to 6.08%.	<b>31,080,000</b>	32,040,000
2024 Taxable Senior Series 1 Student Loan Program Education Bonds dated April 24, 2024 comprised of fixed rate bonds maturing December 1, 2045. Interest is fixed and payable semi-annually at rates ranging from 5.80% to 6.09%.	<b>58,465,000</b>	-
2024 Tax Exempt Senior Series A Student Loan Program Education Bonds dated April 24, 2024 comprised of fixed rate bonds maturing December 1, 2043. Interest is fixed and payable semi-annually at a rate of ranging from 4.13% to 5%.	<u><b>68,530,000</b></u>	<u>-</u>
Total bonds payable before unamortized premiums, discounts and current portion	<b>613,097,000</b>	560,531,000
Add: Premium	<b>14,378,680</b>	15,108,029
Less: Discount	<b>2,245,457</b>	1,869,937
Less: Current portion	<u><b>38,315,000</b></u>	<u>36,185,000</u>
Bonds payable: noncurrent portion, net	<u><b>\$ 586,915,223</b></u>	<u>\$ 537,584,092</u>

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

The following schedule reflects the changes in bonds payable:

Balance at June 30, 2022	\$ 545,939,000
Additions	85,790,000
Redemptions	<u>(71,198,000)</u>
Balance at June 30, 2023	<b>560,531,000</b>
Additions	<b>126,995,000</b>
Redemptions	<u><b>(74,429,000)</b></u>
Balance at June 30, 2024	<b><u>\$ 613,097,000</u></b>

Debt service requirements for bonds payable as of June 30, 2024 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 38,315,000	\$ 26,365,225	\$ 64,680,225
2026	44,500,000	24,799,350	69,299,350
2027	36,280,000	23,290,949	59,570,949
2028	36,890,000	21,835,278	58,725,278
2029	47,885,000	20,007,777	67,892,777
2030-2034	126,536,000	74,583,028	201,119,028
2035-2039	83,741,000	52,666,003	136,407,003
2040-2044	166,850,000	30,822,569	197,672,569
2045-2046	<u>32,100,000</u>	<u>3,912,348</u>	<u>36,012,348</u>
	<b><u>\$ 613,097,000</u></b>	<b><u>\$ 278,282,527</u></b>	<b><u>\$ 891,379,527</u></b>

# **RHODE ISLAND STUDENT LOAN AUTHORITY**

## **Notes to Financial Statements**

**June 30, 2024 and 2023**

During the years ended June 30, 2024 and 2023, prior to the stated maturity date, the Authority redeemed bonds from various Student Loan Program Revenue Bonds. The Bonds were retired at par of the Bond's stated par value of 100% in 2024 and 2023, respectively. Outstanding bonds payable of \$18,495,000 and \$22,030,000 were redeemed which resulted in no gain in 2024 and 2023, respectively.

The bonds are secured by eligible student loans, monies in restricted funds established by the trust indenture including investment earnings, payment of principal and interest, federal interest subsidy payments, special allowance payments, claim payments by ED, and proceeds of any sale or assignment by the Authority of any loans.

Pursuant to the terms of the various Trust Indentures, the Authority placed the proceeds of the bonds into various restricted funds. The loan fund was established to account for all recoveries of principal and any amounts which are required to be deposited therein pursuant to the Trust Indentures and to fund the origination and purchase of eligible student loans as described in the Trust Indenture.

The revenue fund was established for the recoveries of interest investment earnings from all accounts and for interest payments. The reserve fund was established for the payment of interest in the event that the Authority does not have sufficient funds from other sources.

The required reserve for the April 2015, May 2016, May 2017, May 2018, April 2019 and May 2020 bond issues is 3% of bond principal outstanding with a minimum requirement of \$3,828,100 for all outstanding senior obligations outstanding. The required reserve for the August 2012 bond issue is the greater of 0.25% of the principal bonds outstanding or \$250,000. The required reserve for the November 2012 bond issue is the greater of 0.25% of principal bonds outstanding or \$390,000. The required reserve for the June 2014 bond issue is \$250,000.

The required reserve for the July 2018, August 2019, May 2021, November 2021, May 2022, June 2023, and April 2024 bond issues is 2% of the principal amount of the outstanding bonds or \$4,296,600 for all outstanding obligations, whichever is greater.

The Trust Indentures also require the establishment of other restricted funds (administrative and rebate funds). The Authority also established the restricted clearing account to account for transfers between restricted funds. The Authority has been in compliance with the respective debt covenants as outlined in the Trust Indentures for fiscal years 2024 and 2023.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

**6. Notes Payable**

Notes payable outstanding as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Term note payable with a bank dated March 31, 2020, with a maturity date of September 30, 2026, due in monthly principal installments of \$96,154 plus interest. Interest is fixed at a rate of 2.29%.	<b>\$ 1,951,154</b>	<b>\$ 3,750,000</b>
Term note payable with a bank dated May 22, 2023, with a maturity date of May 22, 2033, due in monthly principal installments of \$20,833 plus interest. Interest is fixed at a rate of 5.64%.	<b>2,059,167</b>	<b>2,479,167</b>
Term note payable with a bank dated April 6, 2023, with a maturity date of April 6, 2033, due in monthly principal installments of \$34,167 plus interest. Interest is fixed at a rate of 5.37%.	<b>3,621,667</b>	<b>4,031,667</b>
Term note payable with a bank dated September 27, 2023, with a maturity date of September 27, 2033, due in monthly principal installments of \$38,083 plus interest. Interest is fixed at a rate of 6.21%.	<b>4,227,250</b>	<b>-</b>
Term note payable with a bank dated September 27, 2023, with a maturity date of March 27, 2030, due in monthly principal installments of \$20,897 plus interest. Interest is fixed at a rate of 6.02%.	<b>1,441,923</b>	<b>-</b>
Term note payable with a bank dated November 8, 2023, with a maturity date of May 8, 2030, due in monthly principal installments of \$30,897 plus interest. Interest is fixed at a rate of 5.95%.	<b>2,193,718</b>	<b>-</b>
Term note payable with a bank dated November 8, 2023, with a maturity date of November 8, 2033, due in monthly principal installments of \$39,917 plus interest. Interest is fixed at a rate of 6.26%.	<b>4,035,583</b>	<b>-</b>
Term note payable with a bank dated January 23, 2024, with a maturity date of January 23, 2034, due in monthly principal installments of \$33,542 plus interest. Interest is fixed at a rate of 5.73%.	<b>3,857,292</b>	<b>-</b>
Term note payable with a bank dated February 5, 2024, with a maturity date of February 5, 2034, due in monthly principal installments of \$30,000 plus interest. Interest is fixed at a rate of 5.67%.	<b>3,480,000</b>	<b>-</b>

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Financial Statements**

**June 30, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Term note payable with a bank dated March 4, 2024, with a maturity date of March 4, 2034, due in monthly principal installments of \$26,667 plus interest. Interest is fixed at a rate of 5.79%.	<b>3,120,000</b>	-
Term note payable with a bank dated March 4, 2024, with a maturity date of September 4, 2030, due in monthly principal installments of \$10,256 plus interest. Interest is fixed at a rate of 5.57%.	<b>769,231</b>	-
Term note payable with a bank dated March 26, 2024, with a maturity date of March 25, 2034, due in monthly principal installments of \$16,667 plus interest. Interest is fixed at a rate of 5.77%.	<u><b>1,950,000</b></u>	<u>-</u>
	<b>32,706,985</b>	<b>10,260,834</b>
Less: Current portion	<u><b>4,776,962</b></u>	<u><b>1,813,846</b></u>
Total	<u><b>\$ 27,930,023</b></u>	<u><b>\$ 8,446,988</b></u>

The following schedule reflects the changes in notes payable:

Balance at June 30, 2022	\$ 6,064,294
Additions	6,600,000
Redemptions	<u>(2,403,460)</u>
Balance at June 30, 2023	<b>10,260,834</b>
Additions	<b>27,025,000</b>
Redemptions	<u><b>(4,578,849)</b></u>
Balance at June 30, 2024	<u><b>\$ 32,706,985</b></u>

The notes are secured by certain student loans originated by the Authority as well as certain additional pledged assets. As part of the above financing's, the Authority was required to meet certain financial covenants. As of June 30, 2024, the Authority was in compliance with these covenants.

# RHODE ISLAND STUDENT LOAN AUTHORITY

## Notes to Financial Statements

June 30, 2024 and 2023

Debt service requirements for notes payable as of June 30, 2024 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,776,962	\$ 1,642,300	\$ 6,419,262
2026	4,420,423	1,420,508	5,840,931
2027	3,623,116	1,196,840	4,819,956
2028	3,623,116	999,933	4,623,049
2029	3,623,116	786,824	4,409,940
Therefore	<u>12,640,252</u>	<u>1,510,866</u>	<u>14,151,118</u>
	<u>\$ 32,706,985</u>	<u>\$ 7,557,271</u>	<u>\$ 40,264,256</u>

### 7. Loan Servicing Agreements

In April 2011, the Authority entered into a servicing agreement with Nelnet Servicing LLC (Nelnet), under which Nelnet collects and accounts for the principal and interest on FFELP loans originated and purchased by the Authority and placed with Nelnet for servicing for a monthly fee, which is based on the borrower status of the loans being serviced. Nelnet is also responsible for servicing the loans in a diligent manner according to regulations established by ED. This agreement is in effect until terminated or modified.

In July 2010, the Authority entered into a servicing agreement with University Accounting Services (UAS) under which UAS provides access to their servicing system software and the Authority collects and accounts for the principal and interest on the private loans that the Authority originated. UAS is responsible for maintaining the servicing system. The fees charged are based upon the volume and types of loans being serviced on a monthly basis. The contract does call for certain payments to be processed by UAS and these transactions are charged on a per transaction basis. This agreement is in effect until terminated or modified.

### 8. Defined Contribution Retirement Plan

The Authority has a defined single-employer contribution plan established pursuant to Section 403(b) of the Internal Revenue Code, which provides pension benefits for all of its full-time employees. Employees are eligible to participate on the first month following employment. The Authority contributes 10% of employee's salary each month and all contributions and investment earnings are fully vested immediately. Employer contributions for the years ended June 30, 2024 and 2023 amounted to \$377,108 and \$371,382, respectively.

### 9. Risk Management

The Authority is exposed to various risks of loss related to torts; errors and omissions; and workers' compensation claims for which the Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded the Authority's coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage. Accordingly, management has not booked a reserve for such claims as of June 30, 2024 and 2023.





**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***

Board of Directors  
Rhode Island Student Loan Authority

We have audited, in accordance with U.S generally accepted auditing standards 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 Rhode Island Student Loan Authority (the Authority), a related organization of the State of Rhode Island, as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Authority'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 in internal control over compliance. 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*.

Board of Directors  
Rhode Island Student Loan Authority

### **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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
September 25, 2024



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

Board of Directors  
Rhode Island Student Loan Authority

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Rhode Island Student Loan Authority's (the Authority) compliance with the types of compliance described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on the Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

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

We have audited the financial statements of the Authority as of and for the year ended June 30, 2024, and have issued our report thereon dated September 25, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and related notes to the SEFA, are presented for purposes of additional analysis as required by the Uniform Guidance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
September 25, 2024

RHODE ISLAND STUDENT LOAN AUTHORITY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

<u>Federal Grant or Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Education:</b>			
<i>Direct Programs:</i>			
Federal Family Education Loan Program	84.032	N/A	\$ 70,864,436
Federal Interest Benefit	84.032	N/A	<u>63,791</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>70,928,227</u></b>

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See accompanying notes of the schedule of expenditures of federal awards.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Notes to Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2024**

**1. Basis of Presentation**

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

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Costs**

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**4. Federal Student Loan Programs**

The federal student loan program listed below is administered by the Authority, and balances and transactions relating to this program are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2024 consists of:

<u>AL Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2024</u>
84.032	Federal Family Education Loan Program	\$52,231,113

**5. Federal Interest Benefit and Special Allowance Payments**

Interest benefits and special allowance payments are received from the United States Department of Education (ED) on eligible student loans pursuant to the provisions of Title IV, Sections 682.300 and 682.301 of the Guaranteed Student Loan Program.

ED pays interest on the unpaid principal balance that accrues before the student loan goes into repayment, including any period in which the borrower has an authorized deferment.

Special allowance payments are received on all eligible student loans beginning when the loan is disbursed. The amount of the special allowance is based upon the difference between the interest rate of the student loans and a market interest rate established by the United States Department of Education. In addition to special allowance payments received by the Authority, ED will calculate and require repayment of excess special allowances based on changes in the portfolio. In 2024, the Authority recognized \$670,460 in special allowance payments received from the United States Department of Education.

**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2024**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
Material weakness(es) identified?  Yes  No  
Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported  
Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?  Yes  No  
Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported  
Type of auditor's report issued on compliance for major programs: Unmodified  
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No  
Identification of major program:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.032	Federal Family Education Loan Program

Dollar threshold used to distinguish between Type A and Type B programs: \$2,127,847  
Auditee qualified as low-risk auditee?  Yes  No



**RHODE ISLAND STUDENT LOAN AUTHORITY**

**Schedule of Findings and Questioned Costs (Concluded)**

**Year Ended June 30, 2024**

**Section II - Findings Relating to the Financial Statements that are Required to be Reported in Accordance with Government Auditing Standards**

None noted.

**Section III - Federal Award Findings and Questioned Costs**

None noted.