
Secretary of State

State of Oregon

OREGON STATE SCHOLARSHIP COMMISSION

July 1, 1996 through June 30, 1997



Audits Division

Secretary of State

State of Oregon

OREGON STATE SCHOLARSHIP COMMISSION

July 1, 1996 through June 30, 1997



Audits Division



Auditing for a Better Oregon

The Honorable John Kitzhaber
Governor of Oregon
State Capitol Building
Salem, Oregon 97310

Elwood G. Farber, Executive Director
Oregon State Scholarship Commission
1500 Valley River Drive, Suite 100
Eugene, Oregon 97401

This audit was performed for the purpose of reporting on the general-purpose financial statements of the Oregon State Scholarship Commission (OSSC) as of and for the year ended June 30, 1997. We concluded that OSSC's financial statements are fairly presented. Our opinion on the financial statements is included in the Financial Section of this report.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

As also required by those standards, we reviewed the OSSC's internal control and compliance with laws and regulations. Our report on the results of those reviews is presented in the Audit Results section of this report.

OREGON AUDITS DIVISION

John N. Lattimer
Director

Fieldwork Completion Date:
February 6, 1998

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| SUMMARY | vii |
| INTRODUCTION | |
| ORGANIZATION AND FUNCTIONS | 1 |
| FINANCIAL ACTIVITIES | 2 |
| AUDIT RESULTS | |
| REPORT ON INTERNAL CONTROL AND COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS | 7 |
| REPORT DISTRIBUTION | 9 |
| COMMENDATION | 9 |
| FINANCIAL SECTION | |
| Independent Auditor’s Report | 13 |
| General Purpose Financial Statements: | |
| Combined Balance Sheet – All Fund Types and Account Groups | 16 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and Expendable Trust Fund | 19 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General and Special Revenue Funds | 20 |
| Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances – Nonexpendable Trust Fund | 22 |
| Statement of Cash Flows – Nonexpendable Trust Fund | 23 |
| Notes to the Financial Statements | 25 |

| | <u>Page</u> |
|--|-------------|
| COMBINING FINANCIAL STATEMENTS AND SCHEDULES: | |
| Combining Balance Sheet – Special Revenue Funds | 37 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Special Revenue Funds..... | 41 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Funds | 44 |
| Combining Balance Sheet – All Trust Funds..... | 55 |
| SCHEDULES: | |
| Activity Analysis – Balance Sheet Accounts – General Fund | 59 |
| Activity Analysis – Revenues, Expenditures, and Changes in Fund Balance – General Fund..... | 60 |
| Activity Analysis – Revenues, Expenditures, And Changes in Fund Balance – Budget and Actual – General Fund | 61 |
| agency’s response to the aUdit report | 65 |

SUMMARY

BACKGROUND

The Oregon State Scholarship Commission (OSSC) was created in 1959 to administer a variety of state-funded, federal government and privately-funded student financial aid programs for the benefit of students attending postsecondary education institutions.

The major state-funded programs operated by the OSSC are the Oregon Need Grant and the State Need Grant Supplemental Award programs, which provided \$15.8 million during the 1996-97 school year to low-income students. Awards are based on student financial need and the type of secondary institution the student will attend.

The OSSC's largest program is the Oregon Federal Family Education Loan Program (FFELP), which the OSSC administers in cooperation with the U.S. Department of Education and private lenders such as banks and credit unions. During the 1996-97 school year, the OSSC provided guarantees for approximately \$61.6 million in new student loans by private lenders. The OSSC expended \$33 million to purchase defaulted loans from the private lenders and to administer all aspects of the FFELP.

The OSSC administers more than 150 privately-funded student aid programs, which provided Oregon students with approximately \$2 million in grants and scholarships during the 1996-97 school year. Eligibility for these programs is determined by the funding providers who reimburse the OSSC for administrative services.

The activities of the OSSC are conducted by an experienced staff of 82 individuals, and overseen by the Scholarship Commission. The Scholarship Commission consists of six members who serve a 4-year term and one student member who serves a 2-year term. Members are appointed by the Governor with the consent of the Senate.

AUDIT PURPOSE

The audit was conducted for the purpose of reporting on the OSSC's general-purpose financial statements for the year ended June 30, 1997, and on internal control and compliance with laws and regulations.

AUDIT RESULTS

This audit concludes that the OSSC's general-purpose financial statements for the year ended June 30, 1997, are presented fairly. Our review and evaluation of the OSSC's internal control disclosed one reportable condition related to cash handling. Our review of compliance with laws and regulations disclosed no significant findings.

AGENCY'S RESPONSE

In its response, which is included in this report, the Oregon State Scholarship Commission generally agreed with our recommendations and is taking action to implement them.

INTRODUCTION

ORGANIZATION AND FUNCTIONS

The Oregon State Scholarship Commission (OSSC) was created as a state agency by the 1959 legislature, and operates under the provisions of *Oregon Revised Statutes* (ORS) 348.505 to 348.695. The OSSC staff administer a variety of student financial aid programs under the oversight of a seven-member Scholarship Commission.

The Scholarship Commission consists of six members who serve a 4-year term and one student member who serves a 2-year term. Members are appointed by the Governor with the consent of the Senate.

Employing approximately 82 individuals, the OSSC consists of five main divisions and a central administration staff.

The **Loan Processing Division** is responsible for guaranteeing loans to qualified students under the Federal Family Education Loan Program (FFELP). During the 1996-97 school year, the division guaranteed approximately \$61.6 million in new student loans. Division staff also are responsible for conducting program reviews of financial institutions and schools participating in the FFELP.

The **Default Prevention and Claims Division** conducts activities designed to discourage students from defaulting on loans guaranteed under the FFELP. Staff contact students who fail to make their scheduled payments, and encourage them to resume payment. For students who default on their loans or are unable to pay due to death, disability, or bankruptcy, division staff purchase the loan from the financial institution.

The **Collections Division** conducts collection activities for loans that have been purchased from financial institutions. Students are contacted by staff through numerous mailings and phone calls. The division works with students to establish repayment plans, process payment deferrals due to financial or physical hardship,

and ease economic burdens through loan consolidation and rehabilitation programs.

The **Grant Program Division** administers a number of programs. The Oregon Need Grant is a state-funded program that provides funding to low-income students based on the type of school they plan to attend. Other state-funded programs include the State Grant Supplemental Award program, the Rural Health Services program, the Oregon Nursing Loan program, and the Community Service Voucher program. The division also operates over 150 privately-funded scholarship programs, assuming administrative responsibility for donor awards. Students can submit a single application for consideration in as many as seven privately-funded scholarship programs.

The **Information Services Division** provides computer programming, maintenance, training, and troubleshooting assistance to the staff of the OSSC. The division maintains several in-house computer software systems used to track student loans, financial aid status, grants and private awards, and internal administrative information.

The **Central Administration** staff is responsible for overall administration of the agency including policy, planning, budgeting, fiscal control, and personnel management. Responsibilities also include evaluation, public information and education concerning student financial aid programs, and administration of the Oregon Scholars Program, which recognizes outstanding achievement of high school students.

FINANCIAL ACTIVITIES

Activities in the General Fund are financed primarily through appropriations made by the Oregon State Legislature, with a small amount of revenues received from students who have not fulfilled their grant requirements and must repay their grants. Amounts are used to provide State Need Grants, Nursing Loan Program grants, Supplemental Award grants, and to fund administration costs of the OSSC.

The primary source of operating revenue in the Special Revenue fund is the FFELP. The U.S. Department of

Education reimburses the OSSC for defaulted loans purchased from private financial institutions and provides funding for the administration of the program. The Special Revenue Fund also receives revenue from borrowers repaying their loan balances, interest earned on the FFELP reserve fund, donations from private donors for award programs accounted for in the fund, and interest earned on investments and cash balances. The OSSC uses the revenue to purchase defaulted loans, administer the FFELP, and provide grants for over 150 private award programs.

The Expendable and Nonexpendable Trust funds receive revenue from private donors and the U.S. Department of Education. A small amount of revenue is also received from students who have not fulfilled their grant requirements, and must repay their grants. The OSSC uses the funds to provide grants to students.

The OSSC uses the Department of Administrative Services' Statewide Financial Management System (SFMS) to record financial transactions and account balances.

AUDIT RESULTS

**BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the general-purpose financial statements of the Oregon State Scholarship Commission (OSSC) as of and for the year ended June 30, 1997, and have issued our report thereon dated February 6, 1998.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

Internal Control

The management of the OSSC is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The objectives of an internal control system are to provide management with reasonable assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with laws and regulations. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the general-purpose financial statements of the OSSC for the year ended June 30, 1997, we obtained an understanding of internal control. With respect to the internal control system, we obtained an understanding of the design of relevant controls and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on internal control. Accordingly, we do not express such an opinion.

We noted certain matters involving internal control or its operations that we consider to be a reportable condition under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the OSSC's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The following reportable condition in regard to cash handling was noted during our audit:

- Cash receipts are not opened in a secured location where access to cash and unendorsed checks can be restricted.
- Receipts are usually opened by only one employee, and employees do not always restrictively endorse checks upon receipt.
- Cash handling and cash accounting duties are not adequately segregated to limit the risk of loss or misappropriation.
- Cash reconciliations prepared by the Fiscal Coordinator are not reviewed by the OSSC management.

Additionally, there were other nonreportable conditions that were communicated to OSSC management.

Our consideration of internal control would not necessarily disclose all matters affecting internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We believe none of the reportable conditions described above are material weaknesses.

Compliance

Compliance with laws and regulations applicable to the OSSC is the responsibility of the OSSC's management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, we performed tests of OSSC's compliance with certain provisions of laws and regulations. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE
Deputy Director

Fieldwork Completion Date:
February 6, 1998

REPORT DISTRIBUTION

This report is a public record and is intended for the information of the management of the Oregon State Scholarship Commission, the Governor of the state of Oregon, the Oregon Legislative Assembly, and all other interested parties.

COMMENDATION

The courtesies and cooperation extended by officials and employees of the Oregon State Scholarship Commission during the course of our audit were commendable and sincerely appreciated.

AUDIT TEAM

Dennis Rose, CPA, Audit Administrator
Andrea Belz, CPA, In-Charge
Mary Nickelson

FINANCIAL SECTION



Auditing for a Better Oregon

The Honorable John Kitzhaber
Governor of Oregon
State Capitol
Salem, Oregon 97310

Elwood G. Farber, Executive Director
Oregon State Scholarship Commission
1500 Valley River Drive, Suite 100
Eugene, Oregon 97401

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general-purpose financial statements of the Oregon State Scholarship Commission (OSSC) as of and for the year ended June 30, 1997. These financial statements are the responsibility of the OSSC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General and Special Revenue Funds includes information for the year ended June 30, 1996, for the purpose of budgetary analysis. We did not audit OSSC's financial statements for the year ended June 30, 1996, and, accordingly, express no opinion or other form of assurance on them.

In our opinion, the general-purpose financial statements referred to above present fairly, within the limitations expressed in the preceding paragraph, in all material respects, the financial position of the Oregon State Scholarship Commission as of June 30, 1997, and the results of its operations and the cash flows of its nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

A report in accordance with *Government Auditing Standards* on the OSSC's internal control and its compliance with laws and regulations is separately presented in the AUDIT RESULTS section of this report.

OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE
Deputy Director

Fieldwork Completion Date:
February 6, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997

| | Governmental Fund Types | |
|--|-------------------------|----------------------|
| | General | Special Revenue |
| <u>ASSETS</u> | | |
| Cash and Cash Equivalents | \$ - | \$ 7,530,368 |
| Designated Investments | - | 8,983,710 |
| Receivables (net of allowance for uncollectables): | | |
| Interest | - | 314,162 |
| Federal | - | 4,074,666 |
| Other | 300,917 | 141,845 |
| Due From Other Agencies | 35,000 | - |
| Inventories | 48,580 | 447,191 |
| Prepaid Items | 29 | 249,653 |
| Other Receivables – Noncurrent | 134,337 | 253,346 |
| Fixed Assets (net of accumulated depreciation): | | |
| Equipment and Machinery | - | - |
| Data Processing Software | - | - |
| Amount to be Provided for Other | | |
| Long-term Liabilities | - | - |
| Amount to be Provided for Vacation Payable | - | - |
| Total Assets | <u>\$ 518,863</u> | <u>\$ 21,994,941</u> |
| <u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u> | | |
| Liabilities: | | |
| Accounts Payable | \$ 311,518 | \$ 253,249 |
| Due to Other Governments | - | 898,833 |
| Trust Funds Payable – Long Term | - | - |
| Vacation Payable – Short-term | 6,065 | 41,700 |
| Vacation Payable – Long-term | - | - |
| Total Liabilities | <u>317,583</u> | <u>1,193,782</u> |
| Fund Equity and Other Credits: | | |
| Investment in Fixed Assets | - | - |
| Fund Balance: | | |
| Reserved for Inventories | 48,580 | 447,191 |
| Reserved for Receivables | 134,337 | 253,346 |
| Reserved for Trust Fund Principal | - | 386,777 |
| Reserves – Other | 3,967 | 243,176 |
| Unreserved Fund Balance | 14,396 | 19,470,669 |
| Total Fund Equity and Other Credits | <u>201,280</u> | <u>20,801,159</u> |
| Total Liabilities, Fund Equity, and Other Credits | <u>\$ 518,863</u> | <u>\$ 21,994,941</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1997

| Fiduciary Fund Type | Account Groups | | Total |
|---------------------|-------------------|----------------------|------------------------|
| | Trust and Agency | General Fixed Assets | General Long-Term Debt |
| \$ 672,951 | \$ - | \$ - | \$ 8,203,319 |
| 813,112 | - | - | 9,796,822 |
| 23,124 | - | - | 337,286 |
| - | - | - | 4,074,666 |
| 375 | - | - | 443,137 |
| - | - | - | 35,000 |
| - | - | - | 495,771 |
| - | - | - | 249,682 |
| 130,142 | - | - | 517,825 |
| - | 595,155 | - | 595,155 |
| - | 137,536 | - | 137,536 |
| - | - | 104,375 | 104,375 |
| - | - | 143,295 | 143,295 |
| <u>\$ 1,639,704</u> | <u>\$ 732,691</u> | <u>\$ 247,670</u> | <u>\$ 25,133,869</u> |
| \$ - | | | |
| - | \$ - | \$ - | \$ 564,767 |
| - | - | - | 898,833 |
| - | - | 104,375 | 104,375 |
| - | - | - | 47,765 |
| - | - | 143,295 | 143,295 |
| - | - | 247,670 | 1,759,035 |
| - | 732,691 | - | 732,691 |
| 130,142 | - | - | 495,771 |
| 1,509,562 | - | - | 517,825 |
| - | - | - | 1,896,339 |
| - | - | - | 247,143 |
| 1,639,704 | - | - | 19,485,065 |
| \$ 1,639,704 | - | - | |
| | 732,691 | - | 23,374,834 |
| | <u>\$ 732,691</u> | <u>\$ 247,670</u> | <u>\$ 25,133,869</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TYPES
AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1997

| | Governmental Fund Types | | Fiduciary Fund Type | Total Reporting Entity |
|--|-------------------------|-----------------|---------------------|------------------------|
| | General | Special Revenue | Expendable Trust | (Memorandum Only) |
| REVENUES: | | | | |
| Federal | \$ – | \$23,284,563 | \$ 337,421 | \$ 23,621,984 |
| Interest | – | 1,227,408 | (50,694) | 1,176,714 |
| Donations and Grants | – | 1,344,680 | 145,783 | 1,490,463 |
| Borrower Payments | 123,326 | 8,993,595 | 36,674 | 9,153,595 |
| Securities Lending | – | 85,541 | – | 85,541 |
| Other | – | 671,402 | (5,201) | 666,201 |
| Total Revenues | 123,326 | 35,607,189 | 463,983 | 36,194,498 |
| EXPENDITURES: | | | | |
| General Government | 405,428 | 451,103 | – | 856,531 |
| Federal Family Education Loan Program (FFELP) | – | 33,073,088 | – | 33,073,088 |
| Grants and Private Awards | 15,943,635 | 1,982,772 | 456,296 | 18,382,703 |
| Total Expenditures | 16,349,063 | 35,506,963 | 456,296 | 52,312,322 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (16,225,737) | 100,226 | 7,687 | (16,117,824) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 38,895 | 480,586 | 51,107 | 570,588 |
| Transfers Out | (34,547) | (363,212) | (45,840) | (443,599) |
| Appropriations | 17,721,519 | – | – | 17,721,519 |
| Total Other Financing Sources (Uses) | 17,725,867 | 117,374 | 5,267 | 17,848,508 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,500,130 | 217,600 | 12,954 | 1,730,684 |
| Fund Balance – Beginning | (1,437,154) | 20,258,331 | 645,484 | 19,466,661 |
| Increase (Decrease) in Reserve for Receivables | 134,337 | 17,829 | 30,142 | 182,308 |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | 65,030 | – | 65,030 |
| Increase (Decrease) in Reserves – Other | 3,967 | 242,369 | – | 246,336 |
| Fund Balance – Ending | \$ 201,280 | \$20,801,159 | \$ 688,580 | \$ 21,691,019 |

The notes to the financial statements are an integral part of this statement.

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | General Fund | | | | |
|--|-----------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) | | | | Variance Favorable (Unfavorable) |
| | FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUES: | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | - | - | - | - | - |
| Donations and Grants | - | - | - | - | - |
| Borrower Payments | - | 123,326 | 123,326 | - | 123,326 |
| Securities Lending | - | - | - | - | - |
| Other | - | - | - | 36,000 | (36,000) |
| Total Revenues | - | 123,326 | 123,326 | 36,000 | 87,326 |
| EXPENDITURES: | | | | | |
| General Government | 403,616 | 405,428 | 809,044 | 824,784 | 15,740 |
| Federal Family Education Loan Program (FFELP) | \$ - | - | - | - | - |
| Grants and Private Awards | 13,017,910 | 15,943,635 | 28,961,545 | 29,017,350 | 55,805 |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | 13,421,526 | 16,349,063 | 29,770,589 | 29,842,134 | 71,545 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (13,421,526) | (16,225,737) | (29,647,263) | (29,806,134) | 15,781 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | 38,895 | 38,895 | - | 38,895 |
| Transfers Out | (400,000) | (34,547) | (434,547) | (436,000) | 1,453 |
| Appropriations | 12,520,615 | 17,721,519 | 30,242,134 | 30,242,134 | 0 |
| Total Other Financing Sources (Uses) | 12,120,615 | 17,725,867 | 29,846,482 | 29,806,134 | 40,348 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,300,911) | 1,500,130 | 199,219 | \$ - | \$ 56,129 |
| Fund Balance – Beginning | (136,243) | (1,437,154) | (136,243) | | |
| Increase (Decrease) in Reserve for Receivables | - | 134,337 | 134,337 | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | - | - | - | | |
| Increase (Decrease) in Reserve for Inventories | - | - | - | | |
| Increase (Decrease) in Reserves – Other | - | 3,967 | 3,967 | | |
| Fund Balance – Ending | \$ (1,437,154) | \$ 201,280 | \$ 201,280 | | |

The notes to the financial statements are an integral part of this statement.

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Special Revenue Fund | | | | |
|--|----------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) | | | | Variance Favorable (Unfavorable) |
| | FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUES: | | | | | |
| Federal | \$ 23,910,056 | \$23,284,563 | \$47,194,619 | \$41,186,489 | \$ 6,008,130 |
| Interest | 1,124,999 | 1,227,408 | 2,352,407 | 2,486,348 | (133,941) |
| Donations and Grants | 1,076,011 | 1,344,680 | 2,420,691 | 3,700,000 | (1,279,309) |
| Borrower Payments | 8,633,539 | 8,993,595 | 17,627,134 | 24,103,788 | (6,476,654) |
| Securities Lending | – | 85,541 | 85,541 | – | 85,541 |
| Other | 734,153 | 671,402 | 1,405,555 | 1,897,854 | (492,299) |
| Total Revenues | 35,478,758 | 35,607,189 | 71,085,947 | 73,374,479 | (2,288,532) |
| EXPENDITURES: | | | | | |
| General Government | 446,049 | 451,103 | 897,152 | 950,160 | 53,008 |
| Federal Family Education Loan Program (FFELP) | 32,354,595 | 33,073,088 | 65,427,683 | 68,794,277 | 3,366,594 |
| Grants and Private Awards | 3,922,296 | 1,982,772 | 5,905,068 | 3,054,418 | (2,850,650) |
| Capital Outlay | – | – | – | 30,388 | 30,388 |
| Total Expenditures | 36,722,940 | 35,506,963 | 72,229,903 | 72,829,243 | 599,340 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,244,182) | 100,226 | (1,143,956) | 545,236 | (2,887,872) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 2,640,917 | 480,586 | 3,121,503 | 4,959,862 | (1,838,359) |
| Transfers Out | (62,609) | (363,212) | (425,821) | (2,649,622) | 2,223,801 |
| Appropriations | – | – | – | – | – |
| Total Other Financing Sources (Uses) | 2,578,308 | 117,374 | 2,695,682 | 2,310,240 | 385,442 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,334,126 | 217,600 | 1,551,726 | \$ 2,855,476 | \$(2,502,430) |
| Fund Balance – Beginning | 18,670,488 | 20,258,331 | 18,670,488 | | |
| Increase (Decrease) in Reserve for Receivables | 235,518 | 17,829 | 253,347 | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | 65,030 | 65,030 | | |
| Increase (Decrease) in Reserve for Inventories | 42,191 | – | 42,191 | | |
| Increase (Decrease) in Reserves – Other | (23,992) | 242,369 | 218,377 | | |
| Fund Balance – Ending | \$ 20,258,331 | \$20,801,159 | \$20,801,159 | | |

The notes to the financial statements are an integral part of this statement.

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN RETAINED
 EARNINGS/FUND BALANCES – NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDING JUNE 30, 1997

| | Nonexpendable Trust Fund |
|--|-----------------------------|
| OPERATING REVENUES: | |
| Donations and Grants | \$ – |
| Other Revenue | – |
| Total Operating Revenues | <u>–</u> |
| OPERATING EXPENSES: | |
| Grants and Private Awards | (102) |
| Total Operating Expenses | <u>(102)</u> |
| Operating Income (Loss) | <u>102</u> |
| NONOPERATING REVENUES (EXPENSES): | |
| Interest | 41,194 |
| Total Nonoperating Revenues (Expenses) | <u>41,194</u> |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | 41,296 |
| Transfer Out – Intrafund | <u>(44,886)</u> |
| Net Income (Loss) | (3,590) |
| Fund Equity – Beginning | <u>954,714</u> |
| Fund Equity – Ending | <u><u>\$ 951,124</u></u> |

The notes to the financial statements are an integral part of this statement.

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 STATEMENT OF CASH FLOWS –
 NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1997

| | <u>Nonexpendable Trust Fund</u> |
|--|-------------------------------------|
| Operating Income (Loss) | <u>\$ 102</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Decrease in Due to Other Funds | (11,544) |
| Increase in Interest Receivable | <u>(11,540)</u> |
| Total Adjustments | <u>(23,084)</u> |
| Net Cash and Cash Equivalents Provided (Used) In Operating Activities: | <u>(22,982)</u> |
| Cash Flows from Noncapital Financing Activities: Transfers Out – Intrafund | <u>(44,886)</u> |
| Net Cash and Cash Equivalents Provided (Used) In Noncapital Financing Activities: | <u>(44,886)</u> |
| Cash Flows from Investing Activities: | |
| Interest | 41,194 |
| Purchase of Investments | <u>(405,015)</u> |
| Net Cash and Cash Equivalents Provided (Used) In Investing Activities: | <u>(363,821)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (431,689) |
| Cash and Cash Equivalents – Beginning | <u>546,577</u> |
| Cash and Cash Equivalents – Ending | <u>\$ 114,888</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

a. Reporting Entity

The Oregon State Scholarship Commission (OSSC) is a part of the State of Oregon reporting entity. The Commission was created as an agency of the State of Oregon on June 20, 1967, by Oregon Revised Statute (ORS) 348.510. Oversight responsibility lies with elected state officials. The Commission members are appointed by the Governor of the State of Oregon. The Commission's mission is to assist Oregon students in obtaining post-secondary education by administering, planning, evaluating, coordinating, and promoting programs in financial aid.

Component units are legally separate entities for which a primary government is financially accountable or such that their exclusion would cause the agency's financial statements to be misleading or incomplete. The Oregon State Scholarship Commission is not financially accountable for any other governmental organization, and the financial statements do not include financial activities attributable to any other organization.

b. Basis of Presentation

The accompanying financial statements are presented in conformity with generally accepted accounting principles (GAAP) applicable to state governments as prescribed by the Governmental Accounting Standards Board (GASB) and interpreted by the Department of Administrative Services in administrative rules and the Oregon Accounting Manual.

State government is operated based on fund accounting concepts. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts recording assets, liabilities, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

c. Fund Structure

The accompanying financial statements are presented in two fund types and two account groups. The fund types include governmental funds and fiduciary funds. Account groups are presented for general fixed assets and general long-term debt. A description of each existing fund type and account group follows:

Governmental Fund Types

Transactions related to OSSC's expendable financial resources used for the general activities of the agency. Governmental funds include:

The General Fund accounts for ordinary operations financed by legislatively approved appropriations and used for general purposes. Appropriations, when

made for debt service or capital projects, would be reported in either a Debt Service Fund or a Capital Projects Fund, respectively.

Special Revenue Funds account for the proceeds of specific revenue sources or finance specified activities as required by law or administrative regulations. Special Revenue Funds at OSSC have been established to account for revenues received from the Department of Education for administration of the Federal Family Education Loan Program (FFELP), revenues from private donors for student grants, and revenues received from the state for specific student financial aid activities.

Fiduciary Funds

Transactions related to assets held in a trustee or agent capacity by OSSC are accounted for in fiduciary funds.

Expendable Trust Funds account for resources held by OSSC, where both the principal and interest may be expended. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds account for resources held by OSSC, where the principal of the fund may not be expended. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Account Groups

Account groups are used to establish control over OSSC's general fixed assets and the long-term obligations of governmental funds.

The General Fixed Asset Account Group is used to account for fixed assets acquired through governmental fund types. General fixed assets do not represent financial resources available for expenditure. Fixed assets which may be acquired through the Nonexpendable Trust fund are reported in the fund.

The General Long-Term Debt Account Group includes long-term liabilities relating to governmental type funds. Long-term liabilities include capital leases, contracts, and compensated absences.

d. Basis of Accounting for Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using the current financial resources measurement focus (modified accrual basis). With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The nonexpendable trust fund is accounted for on a flow of economic resources measurement focus (accrual basis). With this measurement focus, all assets and liabilities associated with operations of this fund are included on the balance sheet.

e. Budgetary Accounting

Budgetary Accounting

Agency budgets are approved by the Legislature biennially. Any mid-biennium increases in the budget that may be necessary are approved by the Emergency Board of the Legislature. Legislatively approved appropriations are financed from state general governmental revenues. Legislatively approved limitations are financed from general governmental revenues or revenues of self-supporting activities of the OSSC.

Appropriated budgets include expenditure authority created by appropriation bills and related estimated revenues. All funds are subject to legislative approval. Nonappropriated budgets and some nonlimited financial activities are also subject to allotment control by the Department of Administrative Services.

Budgets

The Commission's budget for the 1995-97 biennium was as follows:

| | <u>Legislatively Approved</u> | <u>Emergency Board</u> | <u>Total</u> |
|----------------------------|-----------------------------------|----------------------------|----------------------|
| General Fund Appropriation | \$ 30,217,745 | \$ 24,389 | \$ 30,242,134 |
| Federal Funds Limitation | 2,224,528 | | 2,224,528 |
| Other Funds Limitation | 9,586,053 | 269,440 | 9,855,493 |
| Lottery Funds Limitation | <u>76,000</u> | <u> </u> | <u>76,000</u> |
| Total | <u>\$ 42,104,326</u> | <u>\$ 293,829</u> | <u>\$ 42,398,155</u> |

f. Cash and Investments

Cash and cash equivalents includes cash and investments held by the State Treasury in the Oregon Short Term Fund (OSTF). Money deposited by OSSC in the State Treasury is invested as authorized by law. All moneys held in the OSTF are considered to be cash equivalents.

g. Receivables

Receivables are shown net of an allowance for uncollectible accounts. Receivables are amounts due representing revenues earned or accrued in the current period. Types of receivables included in this classification relate to interest, amounts due

from the federal government or other governments, and amounts due on OSSC's portion of defaulted student loans and forgivable loans.

h. Short-Term Interfund Receivables/Payables

During the course of operations, many transactions occur between individual funds for various reasons. These receivables and payables are classified as "Due From Other Funds" and "Due To Other Funds" on the balance sheet.

i. Inventories

Inventories are stated at cost and are based on physical inventories taken annually. In governmental funds, the expenditure occurs when the inventory is purchased. Fund balance is reserved for inventories, since they represent assets that are not available for expenditure. Inventories are considered the value of supplies on hand for use in the fund's operations.

j. Prepaid Expenses and Deferred Charges

Amounts presented as prepaid expenses are either payments made to vendors for services that will benefit future periods, or the amount of checks prepared prior to June 30th for payments to lenders that will not be sent until after the end of the year.

k. Fixed Assets

Fixed assets used in governmental fund type operations are recorded as expenditures in the governmental fund types and the Expendable Trust Fund and the related assets are reported in the General Fixed Assets Account Group. Fixed assets acquired by the Nonexpendable Trust Fund are recorded within the fund.

Fixed assets are reported at historical cost or estimated historical cost, if the original cost is not determinable. Donated fixed assets are reported at their estimated fair market value at the time received. Leased property is reported at the net amortized value.

Fixed assets costing less than \$5,000 are not reported in the General Fixed Assets Account Group. General fixed assets are not depreciated.

l. Compensated Absences Payable

Employees accrue annual vacation leave at a rate of eight to 17.34 hours per month. Vacation and other compensatory time that meet the following criteria are reported as vacation payable:

1. The employee's right to receive compensation is based on services already rendered;
2. Rights are vested and accumulate;
3. Payment of the compensation is probable; and
4. The amount can be reasonably estimated.

Accumulated vacation leave that is expected to be paid with expendable available financial resources, generally within 90 days, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with current resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

m. Deferred Revenue

Deferred Revenue represents amounts for which asset recognition criteria has been met but for which revenue recognition criteria has not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available. Long-term receivables of governmental fund types that are not loans or advances are deferred to future periods.

n. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenses/ expenditures in the funds, as if they involved organizations external to the OSSC. Transactions that are reimbursements to a fund for expenses initially made from it that are properly applicable to another fund, are recorded as expenses in the reimbursing fund and as reductions of expense in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

o. Elements of Fund Equity

A portion of the fund equity has been reserved to indicate it cannot be used for expenditure of current resources in governmental fund types. Reserve accounts used for this segregation are Reserve for Inventories, Reserve for Receivables, Reserve for Trust Fund Principal, and Reserves-Other. No portion of the unreserved fund equity has been designated.

p. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "memo only" to indicate that they are presented only for use in financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation of funds since interfund eliminations have not been reflected in these columns.

2. DEPOSITS AND INVESTMENTS

OSSC’s investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. In accordance with Oregon law, funds are invested and managed as a prudent investor would do, exercising reasonable care, skill, and caution.

The State Treasurer maintains the Oregon Short-Term Fund, a cash and investment pool, that is available for use by all state funds and local governments. Because the pool operates as a demand deposit account, each fund’s portion of this pool is classified on the Combined Balance Sheet as Cash and Cash Equivalents. The State Treasury’s direct investments in short-term securities are limited by portfolio rules established by the Oregon Short-Term Fund Board and the Council.

- a. **Deposits:** There are three categories of credit risk that apply to deposits of the OSSC:
1. Insured or collateralized with securities held by the State Treasury or by its agent in the State’s name.
 2. Collateralized with securities held by the pledging financial institution’s trust department or agent in the State’s name.
 3. Uncollateralized.

At June 30, 1997, deposit balances held in each fund are as follows:

| | Category | | | Book Balance | Bank Balance |
|-----------------------|-------------|---|---|-----------------|-----------------|
| | 1 | 2 | 3 | | |
| Special Revenue Funds | \$7,530,368 | | | \$7,530,368 | \$7,496,911 |
| Trust Funds | 672,951 | | | 672,951 | 1,024,416 |
| Total | \$8,203,319 | | | \$8,203,319 | \$8,521,327 |

- b. **Investments:** There are three categories of credit risk that apply to investments of the OSSC:
1. Insured or registered, or securities held by the State Treasury or by its agent in the State’s name.
 2. Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the State’s name.
 3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State’s name.

As of June 30, 1997, investment balances held in each fund are as follows:

| | Category | | | Carrying Amount | Market Value |
|----------------------------|-------------|---|---|--------------------|-----------------|
| | 1 | 2 | 3 | | |
| Special Revenue Funds– | | | | | |
| U.S. Government Securities | \$8,983,710 | | | \$8,983,710 | \$9,096,860 |
| Trust Funds– | | | | | |
| U.S. Government Securities | 813,112 | | | 813,112 | 836,624 |
| Total | \$9,796,822 | | | \$9,796,822 | \$9,933,484 |

- c. **Securities Lending:** In accordance with State investment policies, the State, through securities lending authorization agreements, has authorized its custodians to act as agents in the lending of the State’s securities pursuant to a form of loan agreement. There have been no significant violations of the provisions of securities lending agreements.

During the year, the State’s custodians lent securities for U.S. dollar and foreign currency cash, U.S. government securities, irrevocable bank letters of credit and sovereign debt of the Organization of Economic Cooperation Development countries. Borrowers were required to deliver collateral for each loan equal to not less than 102% of the market value of the loaned security or 105% of market value in the case of international securities. The custodians did not have the ability to pledge or sell collateral securities absent a borrower default and the State did not impose any restrictions during the fiscal year on the amount of the loans that custodians made on its behalf, except that one custodian had a broker credit limitation. The State is fully indemnified against losses due to borrower default by its current custodian. Furthermore, there were no losses during the year from the failure of borrowers to return loaned securities and no recoveries of amounts from prior losses.

During the year, the State and borrowers maintained the right to terminate all securities lending transactions on demand.

The Oregon State Scholarship Commission did have securities on loan during fiscal year 1997, but did not have any securities on loan as of June 30, 1997. Income and expenditures related to securities lending activities are recorded in the Special Revenue Fund of the Combined Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Fund Types and Expendable Trust Fund.

3. FIXED ASSETS

There were no changes in the General Fixed Assets Account Group for the year ended June 30, 1997.

4. RETIREMENT PLAN

The Public Employees Retirement System (PERS) is a statewide defined benefit retirement plan for units of state government, school districts, community colleges, and political subdivisions of the State including OSSC. PERS is administered by the Public Employees Retirement Board (Board) under the guidelines of Chapter 238 of the *Oregon Revised Statutes*, and it provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries.

OSSC's employees participate in the PERS cost sharing multiple employer defined benefit pension plan. The payroll for OSSC employees covered by PERS for the year ended June 30, 1997, was \$2,998,532; the total OSSC payroll for that period was \$3,064,542.

All OSSC employees are eligible to participate in the system after completing six months of service. An employee member will be eligible at minimum retirement age for a service retirement allowance, if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. Employee members may retire with unreduced benefits at age 58 or 60, or at any age with 30 or more years of service. A member with less than 30 years of service who is between the ages of 55 and 58 or 60 may retire with reduced benefits.

Covered OSSC employees are required by state law to contribute six percent of their salary to the plan. The OSSC's employee contributions are currently paid for by OSSC. OSSC is required by state law to contribute actuarially computed amounts as determined by PERS (the contribution rate for the biennium ending June 30, 1997, was 8.46 percent). For the year ended June 30, 1997, the total amount paid by OSSC was \$245,380, which consisted of \$146,375 for the employer contribution and \$99,005 for the employee contribution.

PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. That report may be obtained by writing to the Fiscal Services Division, Public Employees Retirement System, 11410 SW 68th Parkway, Tigard, Oregon 97223.

5. DEFERRED COMPENSATION

A deferred compensation plan was authorized under Internal Revenue Code (IRC) Section 457 and Oregon Revised Statutes (ORS) 243.400 to 243.507. This plan is a benefit available to all State employees wherein they may execute an individual agreement with the State for amounts earned by them to be paid at a future date; ORS 243 provides for PERS to administer the plan. Participants in the plan are not required to pay federal and State income taxes on the deferred earnings until these earnings are received. Participants or their beneficiaries cannot receive the funds until at least one of the following circumstances are met: termination by reason of death; disability; resignation; retirement; or unforeseeable emergency. Payments to participants may be made over a period not to exceed the life expectancy of the participant and/or spouse.

Moneys accumulated by the State plan have been invested with various financial institutions, insurance companies, and the State Treasury. Investments of the plan are not subject to the state's collateral requirements.

6. LEASES

Operating leases are rental agreements with payments reported as expenditures. All lease agreements contain termination clauses that provide for cancellation of the lease at the end of a biennium. This is necessary because the Oregon Legislature could disallow the funding for particular leases.

The only lease that the OSSC has is for the rental of real property. The Department of Administrative Services approves leases for real property.

The following is a schedule of OSSC's minimum future lease payments:

| <u>Term</u> | <u>Monthly Rental Rate</u> | <u>Total</u> |
|------------------------|----------------------------|--------------|
| 7/1/97 through 1/31/98 | \$21,525 | \$150,675 |
| 2/1/98 through 1/31/99 | \$22,750 | \$273,000 |
| 2/1/99 through 1/31/00 | \$23,100 | \$277,200 |

This is the rental lease for the first floor offices at 1500 Valley River Drive, Eugene Oregon 97401. This lease may be extended to 1/31/03 for a monthly rental of:

| | |
|------------------------|----------|
| 2/1/00 through 1/31/01 | \$23,275 |
| 2/1/01 through 1/31/02 | \$23,800 |
| 2/1/02 through 1/31/03 | \$24,150 |

7. GUARANTEED STUDENT LOANS

The OSSC administers the Federal Family Educational Loan Program (FFELP). As part of this process the OSSC guarantees new student financial aid loans under the authority of the U.S. Department of Education and acts as a collection agent for defaulted loans. New student loans guaranteed during the fiscal year ended June 30, 1997, totaled approximately \$61.6 million. The outstanding receivable balance of loans being collected for the federal government as of June 30, 1997, totaled approximately \$89.2 million. The financial activities and balance of these guaranteed student loans are not reported in the accompanying financial statements.

8. SUBSEQUENT EVENT

The U.S. Department of Education computes a reserve ratio of Federal Family Education Loan Program (FFELP) guarantee reserves by dividing total reserves by total outstanding loans. On September 30, 1996, FFELP guarantee agencies had reserve ratios ranging nationally from a low of .58% to a high of 3.62%, with average reserves of 1.47%. The OSSC's reserve ratio of 2.07% was the 10th highest. The Balanced Budget Act of 1997 requires the FFELP guarantee agencies to deposit \$1 billion of reserve funds into escrow accounts over the next five years, for deposit to the U. S. Treasury in the year 2002.

Notes to the Financial Statements
June 30, 1997

OSSC's share will be approximately \$10.4 million. A deposit of \$2,074,551 will be required in each year between now and the year 2002 to satisfy this requirement. The OSSC will be allowed to utilize the interest earned by the escrow account during this time to conduct default prevention activities.

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 1997

| <u>ASSETS</u> | Federal Family Education Loan Program – Nonlimited Fund | Federal Family Education Loan Program – Limited Fund | Federal Funds |
|---|---|--|------------------|
| Cash and Cash Equivalents | \$ 3,750,469 | \$ 1,997,732 | \$ – |
| Designated Investments | 8,983,710 | – | – |
| Receivables (net of allowance for uncollectables): | | | – |
| Interest | 197,104 | 105,681 | – |
| Federal | 3,908,537 | 166,129 | – |
| Other | – | 43,239 | – |
| Inventories | – | 447,191 | – |
| Prepaid Items | 249,102 | 551 | – |
| Other Receivables – Noncurrent | 172,836 | – | – |
| Total Assets | <u>\$ 17,261,758</u> | <u>\$ 2,760,523</u> | <u>\$ –</u> |
| <u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 112,832 | \$ 105,388 | \$ – |
| Due to Other Governments | 898,833 | – | – |
| Vacation Payable – Short-term | – | 39,677 | – |
| Total Liabilities | <u>1,011,665</u> | <u>145,065</u> | <u>–</u> |
| Fund Equity And Other Credits: | | | |
| Fund Balance: | | | |
| Reserved for Inventories | – | 447,191 | – |
| Reserved for Receivables | 172,836 | – | – |
| Reserved for Trust Fund Principal | – | – | – |
| Reserves – Other | 251,370 | (6,108) | – |
| Unreserved Fund Balance | 15,825,887 | 2,174,375 | – |
| Total Fund Equity and Other Credits | <u>16,250,093</u> | <u>2,615,458</u> | <u>–</u> |
| Total Liabilities, Fund Equity and Other Credits | <u>\$ 17,261,758</u> | <u>\$ 2,760,523</u> | <u>\$ –</u> |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1997

| ASSETS | Private Awards – | | | |
|---|--------------------|---------------------------------|-----------------------------|---------------------|
| | Service Agreements | Private Awards – Administration | Oregon Teachers Corporation | Jobs Plus Education |
| Cash and Cash Equivalents | \$ 241,928 | \$ 80,420 | \$ 227,909 | \$ 171,349 |
| Designated Investments | – | – | – | – |
| Receivables (net of allowance for uncollectables): | | | | |
| Interest | 3,801 | – | 1,069 | – |
| Federal | – | – | – | – |
| Other | 95,727 | – | 2,879 | – |
| Inventories | – | – | – | – |
| Prepaid Items | – | – | – | – |
| Other Receivables – Noncurrent | 3,011 | – | 77,499 | – |
| Total Assets | \$ 344,467 | \$ 80,420 | \$ 309,356 | \$ 171,349 |
| LIABILITIES, FUND EQUITY AND OTHER CREDITS | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 27,458 | \$ 5,417 | \$ – | \$ – |
| Due to Other Governments | – | – | – | – |
| Vacation Payable – Short-term | – | 2,023 | – | – |
| Total Liabilities | 27,458 | 7,440 | – | – |
| Fund Equity And Other Credits: | | | | |
| Fund Balance: | | | | |
| Reserved for Inventories | – | – | – | – |
| Reserved for Receivables | 3,011 | – | 77,499 | – |
| Reserved for Trust Fund Principal | 316,633 | 65,030 | – | 5,114 |
| Reserves – Other | (2,635) | 549 | – | – |
| Unreserved Fund Balance | – | 7,401 | 231,857 | 166,235 |
| Total Fund Equity and Other Credits | 317,009 | 72,980 | 309,356 | 171,349 |
| Total Liabilities, Fund Equity and Other Credits | \$ 344,467 | \$ 80,420 | \$ 309,356 | \$ 171,349 |

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 1997

| ASSETS | Jobs Plus | VISTO | Rural Health Loan Grants | Student Community Services |
|--|-----------|------------|-----------------------------|-------------------------------|
| Cash and Cash Equivalents | \$6,691 | \$ 200,515 | \$ 833,669 | \$ 19,686 |
| Designated Investments | - | - | - | - |
| Receivables (net of allowance for uncollectables): | | | | |
| Interest | 1,575 | 946 | 3,986 | - |
| Federal | - | - | - | - |
| Other | - | - | - | - |
| Inventories | - | - | - | - |
| Prepaid Items | - | - | - | - |
| Other Receivables – Noncurrent | - | - | - | - |
| Total Assets | \$ 8,266 | \$ 201,461 | \$ 837,655 | \$ 19,686 |
| <u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 2,154 | \$ - | \$ - | \$ - |
| Due to Other Governments | - | - | - | - |
| Vacation Payable – Short-term | - | - | - | - |
| Total Liabilities | 2,154 | - | - | - |
| Fund Equity And Other Credits: | | | | |
| Fund Balance: | | | | |
| Reserved for Inventories | - | - | - | - |
| Reserved for Receivables | - | - | - | - |
| Reserved for Trust Fund Principal | - | - | - | - |
| Reserves – Other | - | - | - | - |
| Unreserved Fund Balance | 6,112 | 201,461 | 837,655 | 19,686 |
| Total Fund Equity and Other Credits | 6,112 | 201,461 | 837,655 | 19,686 |
| Total Liabilities, Fund Equity and Other Credits | \$ 8,266 | \$ 201,461 | \$ 837,655 | \$ 19,686 |

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 1997

| <u>ASSETS</u> | <u>Total Special Revenue Fund</u> |
|---|---|
| Cash and Cash Equivalents | \$ 7,530,368 |
| Designated Investments | 8,983,710 |
| Receivables (net of allowance for uncollectables): | |
| Interest | 314,162 |
| Federal | 4,074,666 |
| Other | 141,845 |
| Inventories | 447,191 |
| Prepaid Items | 249,653 |
| Other Receivables – Noncurrent | 253,346 |
| Total Assets | <u>\$ 21,994,941</u> |
| <u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u> | |
| Liabilities: | |
| Accounts Payable | \$ 253,249 |
| Due to Other Governments | 898,833 |
| Vacation Payable – Short-term | 41,700 |
| Total Liabilities | <u>1,193,782</u> |
| Fund Equity And Other Credits: | |
| Fund Balance: | |
| Reserved for Inventories | 447,191 |
| Reserved for Receivables | 253,346 |
| Reserved for Trust Fund Principal | 386,777 |
| Reserves – Other | 243,176 |
| Unreserved Fund Balance | 19,470,669 |
| Total Fund Equity and Other Credits | <u>20,801,159</u> |
| Total Liabilities, Fund Equity and Other Credits | <u>\$ 21,994,941</u> |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1997

| | Education Loan Program – Nonlimited Fund | Federal Family Education Loan Program – Limited Fund | Federal Funds |
|--|---|--|------------------|
| REVENUE: | | | |
| Federal | \$ 21,979,238 | \$ 895,445 | \$ 409,880 |
| Interest | 103,164 | 920,198 | – |
| Donations and Grants | – | – | – |
| Borrower Payments | 8,957,620 | – | – |
| Securities Lending | 85,541 | – | – |
| Other | 60 | 621,320 | – |
| Total Revenues | 31,125,623 | 2,436,963 | 409,880 |
| EXPENDITURES: | | | |
| General Government | 14,972 | 436,131 | – |
| Federal Family Education Loan Program (FFELP) | 29,147,907 | 3,925,181 | – |
| Grants and Private Awards | – | – | 409,880 |
| Total Expenditures | 29,162,879 | 4,361,312 | 409,880 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,962,744 | (1,924,349) | – |
| Other Financing Sources (Uses): | | | |
| Transfers In | – | 93,941 | – |
| Transfers Out | (93,941) | – | – |
| Total Other Financing Sources (Uses) | (93,941) | 93,941 | – |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,868,803 | (1,830,408) | – |
| Fund Balance – Beginning | 14,193,408 | 4,451,974 | – |
| Increase (Decrease) in Reserve for Receivables | (62,681) | – | – |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | – | – |
| Increase (Decrease) in Reserves – Other | 250,563 | (6,108) | – |
| Fund Balance – Ending | \$ 16,250,093 | \$ 2,615,458 | \$ – |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1997

| | Private Awards – | | | | |
|--|-----------------------|------------------------------------|--------------------------------|------------------------|-----------|
| | Service Agreements | Private Awards – Administration | Oregon Teachers Corporation | Jobs Plus Education | Jobs Plus |
| REVENUE: | | | | | |
| Federal | \$ – | \$ – | \$ – | \$ – | \$ – |
| Interest | 113,415 | 12,413 | 11,627 | – | 5,788 |
| Donations and Grants | 1,342,180 | 2,500 | – | – | – |
| Borrower Payments | 4,404 | 117 | 31,454 | – | – |
| Securities Lending | – | – | – | – | – |
| Other | – | 4,169 | 1,081 | 44,772 | – |
| Total Revenues | 1,459,999 | 19,199 | 44,162 | 44,772 | 5,788 |
| EXPENDITURES: | | | | | |
| General Government | – | – | – | – | – |
| Federal Family Education Loan Program (FFELP) | – | – | – | – | – |
| Grants and Private Awards | 1,189,706 | 213,162 | – | 6,618 | 2,154 |
| Total Expenditures | 1,189,706 | 213,162 | – | 6,618 | 2,154 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 270,293 | (193,963) | 44,162 | 38,154 | 3,634 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 119,852 | 177,065 | (1) | 69,271 | – |
| Transfers Out | (271,085) | 1,814 | – | – | – |
| Total Other Financing Sources (Uses) | (151,233) | 178,879 | (1) | 69,271 | – |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 119,060 | (15,084) | 44,161 | 107,425 | 3,634 |
| Fund Balance – Beginning | 197,573 | 22,485 | 187,696 | 63,924 | 2,478 |
| Increase (Decrease) in Reserve for Receivables | 3,011 | – | 77,499 | – | – |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | 65,030 | – | – | – |
| Increase (Decrease) in Reserves – Other | (2,635) | 549 | – | – | – |
| Fund Balance – Ending | \$ 317,009 | \$ 72,980 | \$ 309,356 | \$ 171,349 | \$ 6,112 |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1997

| | VISTO | Rural Health Loan Grants | Student Community Services | Total Special Revenue Fund |
|--|-------------------|-----------------------------|-------------------------------|----------------------------------|
| REVENUE: | | | | |
| Federal | \$ – | \$ – | \$ – | \$ 23,284,563 |
| Interest | 11,213 | 49,590 | – | 1,227,408 |
| Donations and Grants | – | – | – | 1,344,680 |
| Borrower Payments | – | – | – | 8,993,595 |
| Securities Lending | – | – | – | 85,541 |
| Other | – | – | – | 671,402 |
| Total Revenues | 11,213 | 49,590 | – | 35,607,189 |
| EXPENDITURES: | | | | |
| General Government | – | – | – | 451,103 |
| Federal Family Education Loan Program (FFELP) | – | – | – | 33,073,088 |
| Grants and Private Awards | 7,175 | 132,085 | 21,992 | 1,982,772 |
| Total Expenditures | 7,175 | 132,085 | 21,992 | 35,506,963 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,038 | (82,495) | (21,992) | 100,226 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | – | – | 20,458 | 480,586 |
| Transfers Out | – | – | – | (363,212) |
| Total Other Financing Sources (Uses) | – | – | 20,458 | 117,374 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 4,038 | (82,495) | (1,534) | 217,600 |
| Fund Balance – Beginning | 197,423 | 920,150 | 21,220 | 20,258,331 |
| Increase (Decrease) in Reserve for Receivables | – | – | – | 17,829 |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | – | – | 65,030 |
| Increase (Decrease) in Reserves – Other | – | – | – | 242,369 |
| Fund Balance – Ending | \$ 201,461 | \$ 837,655 | \$ 19,686 | \$ 20,801,159 |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Federal Family Education Loan Program – Nonlimited Fund | | | | Variance Favorable (Unfavorable) |
|--|---|---------------------|---------------------|--------------------|--|
| | (UNAUDITED) FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Federal | \$ 22,128,358 | \$21,979,238 | \$44,107,596 | \$38,492,461 | \$ 5,615,135 |
| Interest | 93,940 | 103,164 | 197,104 | 200,000 | (2,896) |
| Donations and Grants | – | – | – | – | – |
| Borrower Payments | 8,597,168 | 8,957,620 | 17,554,788 | 24,038,788 | (6,484,000) |
| Securities Lending | – | 85,541 | 85,541 | – | 85,541 |
| Other | – | 60 | 60 | – | 60 |
| Total Revenues | <u>30,819,466</u> | <u>31,125,623</u> | <u>61,945,089</u> | <u>62,731,249</u> | <u>(786,160)</u> |
| EXPENDITURES: | | | | | |
| General Government | 14,852 | 14,972 | 29,824 | 30,160 | 336 |
| Federal Family Education Loan Program (FFELP) | 28,473,825 | 29,147,907 | 57,621,732 | 60,000,277 | 2,378,545 |
| Grants and Private Awards | – | – | – | – | – |
| Capital Outlay | – | – | – | 30,388 | 30,388 |
| Total Expenditures | <u>28,488,677</u> | <u>29,162,879</u> | <u>57,651,556</u> | <u>60,060,825</u> | <u>2,409,269</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,330,789</u> | <u>1,962,744</u> | <u>4,293,533</u> | <u>2,670,424</u> | <u>(3,195,429)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | – | – | – | – | – |
| Transfers Out | – | (93,941) | (93,941) | (93,941) | – |
| Total Other Financing Sources (Uses) | <u>–</u> | <u>(93,941)</u> | <u>(93,941)</u> | <u>(93,941)</u> | <u>–</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>2,330,789</u> | <u>1,868,803</u> | <u>4,199,592</u> | <u>\$2,576,483</u> | <u>\$ (3,195,429)</u> |
| Fund Balance – Beginning | 11,651,094 | 14,193,408 | 11,651,094 | | |
| Increase (Decrease) in Reserve for Receivables | 235,518 | (62,681) | 172,837 | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | – | – | | |
| Increase (Decrease) in Reserve for Inventories | – | – | – | | |
| Increase (Decrease) in Reserves – Other | (23,993) | 250,563 | 226,570 | | |
| Fund Balance – Ending | <u>\$ 14,193,408</u> | <u>\$16,250,093</u> | <u>\$16,250,093</u> | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Federal Family Education Loan Program – Limited Fund | | | | |
|--|--|---------------------|--------------------|----------------------|----------------------|
| | (UNAUDITED) | | | | Variance |
| | FY 1996 | FY 1997 | Biennial | Biennial | Favorable |
| | Actuals | Actuals | Actuals | Budget | (Unfavorable) |
| REVENUE: | | | | | |
| Federal | \$ 968,154 | \$ 895,445 | \$1,863,599 | \$1,626,353 | \$ 237,246 |
| Interest | 950,267 | 920,198 | 1,870,465 | 1,977,000 | (106,535) |
| Donations and Grants | – | – | – | – | – |
| Borrower Payments | 25 | – | 25 | – | 25 |
| Securities Lending | – | – | – | – | – |
| Other | 733,648 | 621,320 | 1,354,968 | 1,850,000 | (495,032) |
| Total Revenues | <u>2,652,094</u> | <u>2,436,963</u> | <u>5,089,057</u> | <u>5,453,353</u> | <u>(364,296)</u> |
| EXPENDITURES: | | | | | |
| General Government | 431,197 | 436,131 | 867,328 | 920,000 | 52,672 |
| Federal Family Education Loan Program (FFELP) | 3,880,770 | 3,925,181 | 7,805,951 | 8,794,000 | 988,049 |
| Grants and Private Awards | – | – | – | – | – |
| Capital Outlay | – | – | – | – | – |
| Total Expenditures | <u>4,311,967</u> | <u>4,361,312</u> | <u>8,673,279</u> | <u>9,714,000</u> | <u>1,040,721</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,659,873)</u> | <u>(1,924,349)</u> | <u>(3,584,222)</u> | <u>(4,260,647)</u> | <u>(1,405,017)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | – | 93,941 | 93,941 | 93,941 | – |
| Transfers Out | – | – | – | – | – |
| Total Other Financing Sources (Uses) | <u>–</u> | <u>93,941</u> | <u>93,941</u> | <u>93,941</u> | <u>–</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>(1,659,873)</u> | <u>(1,830,408)</u> | <u>(3,490,281)</u> | <u>\$(4,166,706)</u> | <u>\$(1,405,017)</u> |
| Fund Balance – Beginning | 6,069,656 | 4,451,974 | 6,069,656 | | |
| Increase (Decrease) in Reserve for Receivables | – | – | – | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | – | – | | |
| Increase (Decrease) in Reserve for Inventories | – | (6,108) | (6,108) | | |
| Increase (Decrease) in Reserves – Other | 42,191 | – | 42,191 | | |
| Fund Balance – Ending | <u>\$ 4,451,974</u> | <u>\$ 2,615,458</u> | <u>\$2,615,458</u> | | |

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
 FOR THE BIENNIUM ENDED JUNE 30, 1997

| | (UNAUDITED) | | Federal Funds | | Variance Favorable (Unfavorable) |
|--|-----------------|-----------------|------------------|------------------|----------------------------------|
| | FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Federal | \$ 813,544 | \$409,880 | \$1,223,424 | \$1,067,676 | \$ 155,748 |
| Interest | - | - | - | - | - |
| Donations and Grants | - | - | - | - | - |
| Borrower Payments | - | - | - | - | - |
| Securities Lending | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Revenues | <u>813,544</u> | <u>409,880</u> | <u>1,223,424</u> | <u>1,067,676</u> | <u>155,748</u> |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Federal Family Education Loan Program (FFELP) | - | - | - | - | - |
| Grants and Private Awards | 813,544 | 409,880 | 1,223,424 | 1,067,676 | (155,748) |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | <u>813,544</u> | <u>409,880</u> | <u>1,223,424</u> | <u>1,067,676</u> | <u>(155,748)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | 311,496 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | - | - | - | - |
| Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | - | - | - | <u>\$ -</u> | <u>\$ 311,496</u> |
| Fund Balance – Beginning | - | - | - | | |
| Increase (Decrease) in Reserve for Receivables | - | - | - | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | - | - | - | | |
| Increase (Decrease) in Reserve for Inventories | - | - | - | | |
| Increase (Decrease) in Reserves – Other | - | - | - | | |
| Fund Balance – Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Private Awards – Service Agreements | | | | Variance Favorable (Unfavorable) |
|--|---|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Federal | \$ – | \$ – | \$ – | \$ – | \$ – |
| Interest | 869 | 113,415 | 114,284 | 124,000 | (9,716) |
| Donations and Grants | 1,076,011 | 1,342,180 | 2,418,191 | 3,700,000 | (1,281,809) |
| Borrower Payments | 2,802 | 4,404 | 7,206 | – | 7,206 |
| Securities Lending | – | – | – | – | – |
| Other | – | – | – | – | – |
| Total Revenues | <u>1,079,682</u> | <u>1,459,999</u> | <u>2,539,681</u> | <u>3,824,000</u> | <u>(1,284,319)</u> |
| EXPENDITURES: | | | | | |
| General Government | – | – | – | – | – |
| Federal Family Education Loan Program (FFELP) | – | – | – | – | – |
| Grants and Private Awards | 2,917,112 | 1,189,706 | 4,106,818 | 1,545,000 | (2,561,818) |
| Capital Outlay | – | – | – | – | – |
| Total Expenditures | <u>2,917,112</u> | <u>1,189,706</u> | <u>4,106,818</u> | <u>1,545,000</u> | <u>(2,561,818)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,837,430)</u> | <u>270,293</u> | <u>(1,567,137)</u> | <u>2,279,000</u> | <u>1,277,499</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 2,102,253 | 119,852 | 2,222,105 | 4,001,192 | (1,779,087) |
| Transfers Out | – | (271,085) | (271,085) | (2,494,886) | 2,223,801 |
| Total Other Financing Sources (Uses) | <u>2,102,253</u> | <u>(151,233)</u> | <u>1,951,020</u> | <u>1,506,306</u> | <u>444,714</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>264,823</u> | <u>119,060</u> | <u>383,883</u> | <u>\$3,785,306</u> | <u>\$ 1,722,213</u> |
| Fund Balance – Beginning | (67,250) | 197,573 | (67,250) | | |
| Increase (Decrease) in Reserve for Receivables | – | 3,011 | 3,011 | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | – | – | | |
| Increase (Decrease) in Reserve for Inventories | – | (2,635) | (2,635) | | |
| Increase (Decrease) in Reserves – Other | – | – | – | | |
| Fund Balance – Ending | <u>\$ 197,573</u> | <u>\$317,009</u> | <u>\$ 317,009</u> | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Private Awards – Administration | | | | Variance Favorable (Unfavorable) |
|--|------------------------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Federal | \$ – | \$ – | \$ – | \$ – | \$ – |
| Interest | 15,161 | 12,413 | 27,574 | 30,000 | (2,426) |
| Donations and Grants | – | 2,500 | 2,500 | – | 2,500 |
| Borrower Payments | – | 117 | 117 | – | 117 |
| Securities Lending | – | – | – | – | – |
| Other | 506 | 4,169 | 4,675 | 5,000 | (325) |
| Total Revenues | <u>15,667</u> | <u>19,199</u> | <u>34,866</u> | <u>35,000</u> | <u>(134)</u> |
| EXPENDITURES: | | | | | |
| General Government | – | – | – | – | – |
| Federal Family Education Loan Program (FFELP) | – | – | – | – | – |
| Grants and Private Awards | 101,867 | 213,162 | 315,029 | 250,000 | (65,029) |
| Capital Outlay | – | – | – | – | – |
| Total Expenditures | <u>101,867</u> | <u>213,162</u> | <u>315,029</u> | <u>250,000</u> | <u>(65,029)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(86,200)</u> | <u>(193,963)</u> | <u>(280,163)</u> | <u>(215,000)</u> | <u>64,895</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 113,663 | 177,065 | 290,728 | 350,000 | (59,272) |
| Transfers Out | (62,609) | 1,814 | (60,795) | (60,795) | – |
| Total Other Financing Sources (Uses) | <u>51,054</u> | <u>178,879</u> | <u>229,933</u> | <u>289,205</u> | <u>(59,272)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>(35,146)</u> | <u>(15,084)</u> | <u>(50,230)</u> | <u>\$74,205</u> | <u>\$ 5,623</u> |
| Fund Balance – Beginning | 57,631 | 22,485 | 57,631 | | |
| Increase (Decrease) in Reserve for Receivables | – | – | – | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | – | 65,030 | 65,030 | | |
| Increase (Decrease) in Reserve for Inventories | – | 549 | 549 | | |
| Increase (Decrease) in Reserves – Other | – | – | – | | |
| Fund Balance – Ending | <u>\$ 22,485</u> | <u>\$ 72,980</u> | <u>\$ 72,980</u> | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Oregon Teachers Corporation | | | | |
|--|-----------------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) | | Biennial Actuals | Biennial Budget | Variance Favorable (Unfavorable) |
| | FY 1996 Actuals | FY 1997 Actuals | | | |
| REVENUE: | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 9,395 | 11,627 | 21,022 | 24,000 | (2,978) |
| Donations and Grants | - | - | - | - | - |
| Borrower Payments | 33,544 | 31,454 | 64,998 | 65,000 | (2) |
| Securities Lending | - | - | - | - | - |
| Other | - | 1,081 | 1,081 | 1,000 | 81 |
| Total Revenues | 42,939 | 44,162 | 87,101 | 90,000 | (2,899) |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Federal Family Education Loan Program (FFELP) | - | - | - | - | - |
| Grants and Private Awards | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 42,939 | 44,162 | 87,101 | 90,000 | (2,899) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | (1) | (1) | - | (1) |
| Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | (1) | (1) | - | (1) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 42,939 | 44,161 | 87,100 | \$ 90,000 | \$ (2,900) |
| Fund Balance – Beginning | 144,757 | 187,696 | 144,757 | | |
| Increase (Decrease) in Reserve for Receivables | - | 77,499 | 77,499 | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | - | - | - | | |
| Increase (Decrease) in Reserve for Inventories | - | - | - | | |
| Increase (Decrease) in Reserves – Other | - | - | - | | |
| Fund Balance – Ending | \$ 187,696 | \$ 309,356 | \$ 309,356 | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | (UNAUDITED) | | Jobs Plus Education | | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|------------------------|--------------------|--|
| | FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | - | - | - | - | - |
| Donations and Grants | - | - | - | - | - |
| Borrower Payments | - | - | - | - | - |
| Securities Lending | - | - | - | - | - |
| Other | - | 44,772 | 44,772 | 41,854 | 2,918 |
| Total Revenues | - | 44,772 | 44,772 | 41,854 | 2,918 |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Federal Family Education Loan Program (FFELP) | - | - | - | - | - |
| Grants and Private Awards | 3,334 | 6,618 | 9,952 | 10,000 | 48 |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | 3,334 | 6,618 | 9,952 | 10,000 | 48 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,334) | 38,154 | 34,820 | 31,854 | 2,870 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | 69,271 | 69,271 | 69,271 | - |
| Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | 69,271 | 69,271 | 69,271 | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (3,334) | 107,425 | 104,091 | \$ 101,125 | \$ 2,870 |
| Fund Balance – Beginning | 67,258 | 63,924 | 67,258 | | |
| Increase (Decrease) in Reserve for Receivables | - | - | - | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | - | - | - | | |
| Increase (Decrease) in Reserve for Inventories | - | - | - | | |
| Increase (Decrease) in Reserves – Other | - | - | - | | |
| Fund Balance – Ending | \$ 63,924 | \$ 171,349 | \$ 171,349 | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Jobs Plus | | | | Variance Favorable (Unfavorable) |
|--|-----------------------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 1,690 | 5,788 | 7,478 | 9,348 | (1,870) |
| Donations and Grants | - | - | - | - | - |
| Borrower Payments | - | - | - | - | - |
| Securities Lending | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Revenues | <u>1,690</u> | <u>5,788</u> | <u>7,478</u> | <u>9,348</u> | <u>(1,870)</u> |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Federal Family Education Loan Program (FFELP) | - | - | - | - | - |
| Grants and Private Awards | - | 2,154 | 2,154 | 5,000 | 2,846 |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>2,154</u> | <u>2,154</u> | <u>5,000</u> | <u>2,846</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,690</u> | <u>3,634</u> | <u>5,324</u> | <u>4,348</u> | <u>(4,716)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | - | - | - | - |
| Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>1,690</u> | <u>3,634</u> | <u>5,324</u> | <u>\$ 4,348</u> | <u>\$ (4,716)</u> |
| Fund Balance – Beginning | 788 | 2,478 | 788 | | |
| Increase (Decrease) in Reserve for Receivables | - | - | - | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | - | - | - | | |
| Increase (Decrease) in Reserve for Inventories | - | - | - | | |
| Increase (Decrease) in Reserves – Other | - | - | - | | |
| Fund Balance – Ending | <u>\$ 2,478</u> | <u>\$ 6,112</u> | <u>\$ 6,112</u> | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | VISTO | | | | | | | |
|--|--------------------|--------------------|---------------------|--------------------|--|-------------------|-----------------|-------------------|
| | (UNAUDITED) | | Biennial Actuals | Biennial Budget | Variance Favorable (Unfavorable) | | | |
| | FY 1996 Actuals | FY 1997 Actuals | | | | | | |
| REVENUE: | | | | | | | | |
| Federal | \$ | – | \$ | – | \$ | – | | |
| Interest | | 11,669 | | 22,882 | | 26,000 | (3,118) | |
| Donations and Grants | | – | | – | | – | – | |
| Borrower Payments | | – | | – | | – | – | |
| Securities Lending | | – | | – | | – | – | |
| Other | | – | | – | | – | – | |
| Total Revenues | | <u>11,669</u> | | <u>11,213</u> | | <u>22,882</u> | <u>26,000</u> | <u>(3,118)</u> |
| EXPENDITURES: | | | | | | | | |
| General Government | | – | | – | | – | – | – |
| Federal Family Education Loan Program (FFELP) | | – | | – | | – | – | – |
| Grants and Private Awards | | 18,025 | | 7,175 | | 25,200 | 25,000 | (200) |
| Capital Outlay | | – | | – | | – | – | – |
| Total Expenditures | | <u>18,025</u> | | <u>7,175</u> | | <u>25,200</u> | <u>25,000</u> | <u>(200)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | <u>(6,356)</u> | | <u>4,038</u> | | <u>(2,318)</u> | <u>1,000</u> | <u>(2,918)</u> |
| Other Financing Sources (Uses): | | | | | | | | |
| Transfers In | | – | | – | | – | – | – |
| Transfers Out | | – | | – | | – | – | – |
| Total Other Financing Sources (Uses) | | <u>–</u> | | <u>–</u> | | <u>–</u> | <u>–</u> | <u>–</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | <u>(6,356)</u> | | <u>4,038</u> | | <u>(2,318)</u> | <u>\$ 1,000</u> | <u>\$ (2,918)</u> |
| Fund Balance – Beginning | | 203,779 | | 197,423 | | 203,779 | | |
| Increase (Decrease) in Reserve for Receivables | | – | | – | | – | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | | – | | – | | – | | |
| Increase (Decrease) in Reserve for Inventories | | – | | – | | – | | |
| Increase (Decrease) in Reserves – Other | | – | | – | | – | | |
| Fund Balance – Ending | | <u>\$ 197,423</u> | | <u>\$ 201,461</u> | | <u>\$ 201,461</u> | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Rural Health Loan Grants | | | | |
|--|-----------------------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | Variance Favorable (Unfavorable) |
| REVENUE: | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 42,008 | 49,590 | 91,598 | 96,000 | (4,402) |
| Donations and Grants | - | - | - | - | - |
| Borrower Payments | - | - | - | - | - |
| Securities Lending | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Revenues | <u>42,008</u> | <u>49,590</u> | <u>91,598</u> | <u>96,000</u> | <u>(4,402)</u> |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Federal Family Education Loan Program (FFELP) | - | - | - | - | - |
| Grants and Private Awards | 49,170 | 132,085 | 181,255 | 95,600 | (85,655) |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | <u>49,170</u> | <u>132,085</u> | <u>181,255</u> | <u>95,600</u> | <u>(85,655)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(7,162)</u> | <u>(82,495)</u> | <u>(89,657)</u> | <u>400</u> | <u>81,253</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 400,000 | - | 400,000 | 400,000 | - |
| Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>400,000</u> | <u>-</u> | <u>400,000</u> | <u>400,000</u> | <u>-</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 392,838 | (82,495) | 310,343 | <u>\$ 400,400</u> | <u>\$ 81,253</u> |
| Fund Balance – Beginning | 527,312 | 920,150 | 527,312 | | |
| Increase (Decrease) in Reserve for Receivables | - | - | - | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | - | - | - | | |
| Increase (Decrease) in Reserve for Inventories | - | - | - | | |
| Increase (Decrease) in Reserves – Other | - | - | - | | |
| Fund Balance – Ending | <u>\$ 920,150</u> | <u>\$ 837,655</u> | <u>\$ 837,655</u> | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Student Community Services | | | | Variance Favorable (Unfavorable) |
|--|-----------------------------|-----------------|------------------|-----------------|----------------------------------|
| | (UNAUDITED) FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | - | - | - | - | - |
| Donations and Grants | - | - | - | - | - |
| Borrower Payments | - | - | - | - | - |
| Securities Lending | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Revenues | - | - | - | - | - |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Federal Family Education Loan Program (FFELP) | - | - | - | - | - |
| Grants and Private Awards | 19,244 | 21,992 | 41,236 | 56,142 | 14,906 |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | 19,244 | 21,992 | 41,236 | 56,142 | 14,906 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (19,244) | (21,992) | (41,236) | (56,142) | (14,906) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 25,000 | 20,458 | 45,458 | 45,458 | - |
| Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 25,000 | 20,458 | 45,458 | 45,458 | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 5,756 | (1,534) | 4,222 | \$ (10,684) | \$ (14,906) |
| Fund Balance – Beginning | 15,464 | 21,220 | 15,464 | | |
| Increase (Decrease) in Reserve for Receivables | - | - | - | | |
| Increase (Decrease) in Reserve for Trust Fund Principal | - | - | - | | |
| Increase (Decrease) in Reserve for Inventories | - | - | - | | |
| Increase (Decrease) in Reserves – Other | - | - | - | | |
| Fund Balance – Ending | \$ 21,220 | \$ 19,686 | \$ 19,686 | | |

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 COMBINING BALANCE SHEET
 ALL TRUST FUNDS
 AS OF JUNE 30, 1997

| ASSETS | Expendable Trust – Nonexpendable Trust – Private Awards Private Awards | | Total |
|--|---|-------------------|---------------------|
| Cash and Cash Equivalents | \$ 558,063 | \$ 114,888 | \$ 672,951 |
| Designated Investments | – | 813,112 | 813,112 |
| Receivables (net of allowance for uncollectables): | | | |
| Interest | – | 23,124 | 23,124 |
| Other | 375 | – | 375 |
| Other Receivables – Noncurrent | 130,142 | – | 130,142 |
| Total Assets | <u>\$ 688,580</u> | <u>\$ 951,124</u> | <u>\$ 1,639,704</u> |
| <u>FUND BALANCE</u> | | | |
| Fund Balance: | | | |
| Reserve for Receivables | \$ 130,142 | \$ – | \$ 130,142 |
| Reserve for Trust Fund Principal | 558,438 | 951,124 | 1,509,562 |
| Total Fund Balance | <u>\$ 688,580</u> | <u>\$ 951,124</u> | <u>\$ 1,639,704</u> |

SCHEDULES

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 ACTIVITY ANALYSIS – BALANCE SHEET ACCOUNTS
 GENERAL FUND
 JUNE 30, 1997

| ASSETS | Administration | Private College Supplement (SSIG) | Revenue | Total General Fund |
|--|----------------|--------------------------------------|------------|--------------------------|
| <hr/> | | | | |
| Receivables (net of allowance for uncollectables): | | | | |
| Other | \$ 283,147 | \$ 17,770 | \$ – | \$ 300,917 |
| Due From Other Agencies | – | – | 35,000 | 35,000 |
| Inventories | 48,580 | – | – | 48,580 |
| Prepaid Items | 29 | – | – | 29 |
| Other Receivables – Noncurrent | – | – | 134,337 | 134,337 |
| | <hr/> | | | |
| Total Assets | 331,756 | 17,770 | 169,337 | 518,863 |
| <hr/> | | | | |
| LIABILITIES AND FUND BALANCE | | | | |
| <hr/> | | | | |
| Liabilities: | | | | |
| Accounts Payable | 254,792 | 56,726 | – | 311,518 |
| Vacation Payable – Short-term | 6,065 | – | – | 6,065 |
| Total Liabilities | 260,857 | 56,726 | – | 317,583 |
| <hr/> | | | | |
| Fund Balance: | | | | |
| Reserved for Inventories | 48,580 | – | – | 48,580 |
| Reserved for Receivables | – | – | 134,337 | 134,337 |
| Reserves – Other | 3,967 | – | – | 3,967 |
| Unreserved Fund Balance | 18,352 | (38,956) | 35,000 | 14,396 |
| Total Fund Balance | 70,899 | (38,956) | 169,337 | 201,280 |
| <hr/> | | | | |
| Total Liabilities and Fund Balance | \$ 331,756 | \$ 17,770 | \$ 169,337 | \$ 518,863 |
| <hr/> | | | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS – REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 1997

| | Administration | Private College Supplement (SSIG) | Revenue | Total General Fund |
|--|----------------|--------------------------------------|------------|--------------------------|
| REVENUE: | | | | |
| Borrower Payments | \$ - | \$ - | \$ 123,326 | \$ 123,326 |
| Total Revenues | - | - | 123,326 | 123,326 |
| EXPENDITURES: | | | | |
| General Government | 405,428 | - | - | 405,428 |
| Grants and Private Awards | 14,254,102 | 1,689,533 | - | 15,943,635 |
| Total Expenditures | 14,659,530 | 1,689,533 | - | 16,349,063 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (14,659,530) | (1,689,533) | 123,326 | (16,225,737) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | 38,895 | 38,895 |
| Transfers Out | - | - | (34,547) | (34,547) |
| Appropriations | 16,070,942 | 1,650,577 | - | 17,721,519 |
| Total Other Financing Sources (Uses) | 16,070,942 | 1,650,577 | 4,348 | 17,725,867 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,411,412 | (38,956) | 127,674 | 1,500,130 |
| Fund Balance – Beginning | (1,437,154) | - | - | (1,437,154) |
| Increase (Decrease) in Reserve for Receivables | - | - | 134,337 | 134,337 |
| Increase (Decrease) in Reserves – Other | 3,967 | - | - | 3,967 |
| Fund Balance – Ending | \$ (21,775) | \$ (38,956) | \$ 262,011 | \$ 201,280 |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS – REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Administration | | | | |
|--|--------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) | | | | Variance Favorable (Unfavorable) |
| | FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Borrower Payments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Revenue | - | - | - | - | - |
| Total Revenues | - | - | - | - | - |
| EXPENDITURES: | | | | | |
| General Government | 403,616 | 405,428 | 809,044 | 824,784 | 15,740 |
| Grants and Private Awards | 11,713,713 | 14,254,102 | 25,967,815 | 26,012,808 | 44,993 |
| Total Expenditures | 12,117,329 | 14,659,530 | 26,776,859 | 26,837,592 | 60,733 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (12,117,329) | (14,659,530) | (26,776,859) | (26,837,592) | (60,733) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | - | - | - | - |
| Transfers Out | (400,000) | - | (400,000) | (400,000) | - |
| Appropriations | 11,216,418 | 16,070,942 | 27,287,360 | 27,237,592 | (49,768) |
| Total Other Financing Sources (Uses) | 10,816,418 | 16,070,942 | 26,887,360 | 26,837,592 | (49,768) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,300,911) | 1,411,412 | 110,501 | \$ - | \$ (110,501) |
| Fund Balance – Beginning | (136,243) | (1,437,154) | (136,243) | | |
| Increase (Decrease) in Reserve for Receivables | - | - | - | | |
| Increase (Decrease) in Reserve – Other | - | 3,967 | 3,967 | | |
| Fund Balance – Ending | \$ (1,437,154) | \$ (21,775) | \$ (21,775) | | |

STATE OF OREGON
 OREGON STATE SCHOLARSHIP COMMISSION
 ACTIVITY ANALYSIS – REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Private College Supplement (SSIG) | | | | |
|--|-----------------------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) | | | | Variance Favorable (Unfavorable) |
| | FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Borrower Payments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Revenue | - | - | - | - | - |
| Total Revenues | - | - | - | - | - |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Grants and Private Awards | 1,304,197 | 1,689,533 | 2,993,730 | 3,000,000 | 6,270 |
| Total Expenditures | 1,304,197 | 1,689,533 | 2,993,730 | 3,000,000 | 6,270 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,304,197) | (1,689,533) | (2,993,730) | (3,000,000) | (6,270) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | - | - | - | - |
| Transfers Out | - | - | - | - | - |
| Appropriations | 1,304,197 | 1,650,577 | 2,954,774 | 3,000,000 | 45,226 |
| Total Other Financing Sources (Uses) | 1,304,197 | 1,650,577 | 2,954,774 | 3,000,000 | 45,226 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | - | (38,956) | (38,956) | \$ - | \$ 38,956 |
| Fund Balance – Beginning | - | - | - | | |
| Increase (Decrease) in Reserve for Receivables | - | - | - | | |
| Increase (Decrease) in Reserve – Other | - | - | - | | |
| Fund Balance – Ending | \$ - | \$ (38,956) | \$ (38,956) | | |

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS – REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE BIENNIUM ENDED JUNE 30, 1997

| | Revenue | | | | Variance Favorable (Unfavorable) |
|--|-----------------------------------|--------------------|---------------------|--------------------|--|
| | (UNAUDITED) FY 1996 Actuals | FY 1997 Actuals | Biennial Actuals | Biennial Budget | |
| REVENUE: | | | | | |
| Borrower Payments | \$ - | \$ 123,326 | \$ 123,326 | \$ - | \$ 123,326 |
| Other Revenue | - | - | - | 36,000 | (36,000) |
| Total Revenues | - | 123,326 | 123,326 | 36,000 | 87,326 |
| EXPENDITURES: | | | | | |
| General Government | - | - | - | - | - |
| Grants and Private Awards | - | - | - | 4,542 | 4,542 |
| Total Expenditures | - | - | - | 4,542 | 4,542 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 123,326 | 123,326 | 31,458 | 82,784 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | 38,895 | 38,895 | - | 38,895 |
| Transfers Out | - | (34,547) | (34,547) | (36,000) | 1,453 |
| Appropriations | - | - | - | 4,542 | 4,542 |
| Total Other Financing Sources (Uses) | - | 4,348 | 4,348 | (31,458) | 44,890 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | - | 127,674 | 127,674 | \$ - | \$ 127,674 |
| Fund Balance – Beginning | - | - | - | | |
| Increase (Decrease) in Reserve for Receivables | - | 134,337 | 134,337 | | |
| Increase (Decrease) in Reserve – Other | - | - | - | | |
| Fund Balance – Ending | \$ - | \$ 262,011 | \$ 262,011 | | |

AGENCY'S RESPONSE TO THE AUDIT REPORT



Oregon

John A. Kitzhaber, M.D., Governor

State Scholarship Commission

1500 Valley River Drive #100

Eugene, OR 97401

<http://www.teleport.com/~oss>

Administration (541) 687-7400

Grants/Scholarships (541) 687-7390

800-452-8807

FAX (541) 687-7410

Collections (541) 687-7360

800-457-0130

Claims (541) 687-7450

800-261-4524

Loans (541) 687-7370

FAX (541) 687-7420

TTY (541) 687-7350

May 11, 1998

John N. Lattimer, Director
Secretary of State – Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

Dear Mr. Lattimer:

I am responding to the Audit Division's draft report on the Oregon State Scholarship Commission (OSSC) financial statements for the year ending June 30, 1997. The report identified internal controls relating to cash handling practices as an area in need of strengthening.

The Oregon State Scholarship Commission (OSSC) is currently taking action to strengthen internal controls in the area of cash handling. An armored car service has already been contracted to transport daily deposits and the OSSC has instituted a policy requiring supervisory review of cash reconciliations prepared by the Fiscal Coordinator. The Collections Division is researching equipment needs related to the creation of a secure mailroom. A minimum of two employees will be assigned to this location to process daily receipts for all divisions of OSSC. During this project OSSC management will review cash handling policies and staff assignments to ensure that duties are adequately segregated and policies reduce the risk of loss or misappropriation of agency receipts. OSSC expects to complete the mailroom project within the next 90 days.

The OSSC is committed to providing the best possible service to our customers, and we welcome the opportunity to improve our operations whenever possible.

Sincerely,

Elwood G. Farber, Executive Director
Oregon State Scholarship Commission

FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The mission of the Audits Division is to “Protect the Public Interest and Improve Oregon Government.” The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

DIRECTORY OF KEY OFFICIALS

Director

Deputy Director

Deputy Director

John N. Lattimer

Catherine E. Pollino, CGFM

Sharron E. Walker, CPA, CFE



This report, which is a public record, is intended to promote the best possible management of public resources.

If you received a copy of an audit and no longer need it, you may return it to the Audits Division. We maintain an inventory of past audit reports. Your cooperation will help us save on printing costs.

Oregon Audits Division
Public Service Building
Salem, Oregon 97310

503-986-2255

We invite comments on our reports through our Hotline or Internet address.

Hotline: 800-336-8218
Internet: Audits.Hotline@state.or.us
<http://www.sos.state.or.us/audits/auditthp.htm>

Auditing to Protect the Public Interest and Improve Oregon Government