
Secretary of State

State of Oregon

OREGON STATE SCHOLARSHIP COMMISSION

July 1, 1997, to June 30, 1998



Audits Division

Secretary of State

State of Oregon

OREGON STATE SCHOLARSHIP COMMISSION

July 1, 1997, to June 30, 1998



Audits Division

OFFICE OF THE
SECRETARY OF STATE
Phil Keisling
Secretary of State
Suzanne Townsend
Deputy Secretary of State



AUDITS DIVISION
John Lattimer
Director

(503) 986-2255
FAX (503) 378-6767

Auditing for a Better Oregon

The Honorable John Kitzhaber, M.D.
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

This audit was conducted 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, 1998.

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. We concluded that the OSSC's financial statements are fairly presented. Our opinion on the financial statements is presented in the Financial Section of this report.

As also required by those standards, we reviewed the OSSC's internal control and compliance with laws and regulations material to the financial statements. 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:
April 23, 1999

T A B L E O F C O N T E N T S

	<u>Page</u>
SUMMARY	vii
INTRODUCTION.....	1
ORGANIZATION AND FUNCTIONS	1
FINANCIAL ACTIVITIES	3
AUDIT RESULTS	
REPORT ON INTERNAL CONTROL AND COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	7
FOLLOW UP ON PRIOR AUDIT RECOMMENDATIONS	9
COMMENDATION	10
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 to Actual – General and Special Revenue Funds	20
Combined 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
REQUIRED SUPPLEMENTARY INFORMATION	37
COMBINING FINANCIAL STATEMENTS:	
Combining Balance Sheet – Special Revenue Funds	44
Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Special Revenue Funds.....	48

Table of Contents

	<u>Page</u>
Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget to Actual – Special Revenue Funds	52
Combining Balance Sheet – All Trust Funds	64
SUPPLEMENTAL SCHEDULES:	
Activity Analysis – Balance Sheet Accounts – General Fund.....	67
Activity Analysis – Revenues, Expenditures, and Changes In Fund Balance – General Fund.....	68
Activity Analysis – Revenues, Expenditures, and Changes In Fund Balance – Budget to Actual – General Fund	70

SUMMARY

BACKGROUND

The Oregon Legislative Assembly created the Oregon State Scholarship Commission (OSSC) in 1959 to administer a variety of state, federal and private 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 million during the 1997-98 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 federally funded 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 1997-98 school year, the OSSC guaranteed approximately \$72.7 million in new student loans made by private lenders. The OSSC expended \$34.2 million to purchase defaulted loans from the private lenders and to administer all aspects of the FFELP.

The OSSC administers more than 165 privately funded student aid programs, assuming administrative responsibility for donor awards. 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 a staff of 90 individuals, and overseen by five commission members who serve a four-year term and two student members who serve a two-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, 1998, and on compliance and internal control over financial reporting.

AUDIT RESULTS

Our audit concluded that the OSSC's general-purpose financial statements for the year ended June 30, 1998, which are included in this report, are fairly presented.

Our review and evaluation of the OSSC's internal control and tests of compliance with applicable laws and regulations disclosed no significant findings.

INTRODUCTION

ORGANIZATION AND FUNCTIONS

The Oregon State Scholarship Commission (OSSC) was created in 1959 by the Oregon Legislative Assembly, and operates under the provisions of *Oregon Revised Statutes* (ORS) 348.505 to 348.695 and 583. OSSC staff administers a variety of student financial aid programs under the oversight of a seven-member commission.

The commission itself consists of five members who serve a four-year term and two student members who serve a two-year term. Members are appointed by the Governor with the consent of the Senate.

Employing approximately 90 individuals, OSSC consists of six main divisions and a central administration staff.

The **Loan Processing Division** is responsible for guaranteeing loans to qualified students and parents under the Federal Family Education Loan Program (FFELP). During the 1997-98 school year, the division guaranteed approximately \$72.7 million in new education loans. Division staff are also 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 FFELP. Division staff contact student borrowers who fail to make scheduled payments and encourage them to resume payment. For borrowers 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 on behalf of the federal government.

The **Collections Division** conducts collection activities for student loans that have been purchased from financial institutions. Borrowers are contacted by staff through numerous mailings and telephone calls. The division works with borrowers 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 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 Loan Repayment program, the Oregon Nursing Loan program, the Community Service Voucher program, and Individual Education accounts (IEA) through the JOBS Plus program. The division also operates over 165 privately funded scholarship programs, assuming administrative responsibility for donor awards. Students can submit a single application for consideration in as many as twelve privately funded scholarship programs.

The **Office of Degree Authorization** monitors the educational standards of all private and non-Oregon schools offering degrees in this state, conducts postsecondary program reviews for adverse impact, and serves as a resource for Oregonians relating to degree validation. The Office of Degree Authorization became a part of the State Scholarship Commission on July 1, 1997.

The **Information Services Division** provides computer programming, maintenance, training, and troubleshooting assistance to the OSSC staff. 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, a non-monetary award that recognizes the outstanding achievement of high school students.

FINANCIAL ACTIVITIES

Activities in the General Fund are financed primarily through appropriations made by the Oregon Legislative Assembly, with a small amount of revenues received from students who have not fulfilled their award requirements and must repay a portion of the funds advanced to them. Amounts are used to provide State Need Grants, Nursing Loan Program grants, Rural Health Program grants, Community Service Program vouchers, Supplemental Award grants, and to fund administrative costs of the OSSC.

A significant source of operating revenue in the Special Revenue fund is FFELP. The U.S. Department of Education reimburses OSSC for defaulted loans purchased from private financial institutions and provides funding for the administration of the program. Revenue is also received through borrower repayment of defaulted loan amounts, borrower fees on new loans, and interest earnings from FFELP reserve funds. OSSC uses this revenue to purchase defaulted loans and administer FFELP.

The Special Revenue Fund also receives donations from private individuals for award programs and earns interest on related investments and cash balances. OSSC uses this revenue to provide grants for over 165 private scholarship 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 award requirements, and must repay certain amounts awarded. OSSC uses these funds to provide grants to students.

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

AUDIT RESULTS

OFFICE OF THE
SECRETARY OF STATE
Phil Keisling
Secretary of State
Suzanne Townsend
Deputy Secretary of State



AUDITS DIVISION
John Lattimer
Director

(503) 986-2255
FAX (503) 378-6767

Auditing for a Better Oregon

The Honorable John Kitzhaber, M.D.
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 ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 1998, and have issued our report thereon dated April 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 OSSC's financial statements are free of material misstatement, we performed tests of OSSC's compliance with certain provision of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the OSSC's internal control over financial reporting in order to determine our auditing procedures for the purpose of

expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 noted no matters involving internal control over financial reporting and its operation that we consider to be material weakness. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the OSSC in a separate letter.

This report is intended solely for the information and use of the Oregon State Scholarship Commission, the governor of the state of Oregon, and the Oregon Legislative Assembly and is not intended to be and should not be used by anyone other than those specified parties.

OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE
Deputy Director

Fieldwork Completion Date:
April 23, 1999

FOLLOW UP ON PRIOR AUDIT RECOMMENDATIONS

This section reports follow-up action taken by the Oregon State Scholarship Commission on the reportable condition related to cash handling presented in our previous audit for the period July 1, 1996, to June 30, 1997.

Prior Reportable Condition:

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

We recommended centralizing the receipt of cash and establishing formal control over negotiable items immediately upon receipt. We also recommended management review cash reconciliations on a monthly basis.

Status:

OSSC has centralized the receipt of cash for the Collections Department by opening its mail in a secure payment area where access to cash and unendorsed checks is restricted. Two employees are present during the opening of mail and checks are restrictively endorsed. Further, employees who perform the secure payment room duties are different from the employees who enter the accounts receivable data. We also viewed documentation noting management review of monthly cash reconciliations. We commend OSSC for resolving this reportable condition.

COMMENDATION

The courtesies and cooperation extended by officials and employees of the Oregon State Scholarship Commission and the Oregon Department of Administrative Services during the course of this review were commendable and sincerely appreciated.

AUDIT TEAM

Dennis Rose, CPA, Audit Administrator

Mary E. Nickelson-Hill, CPA

Silvar Storm

Bruce McDonald

FINANCIAL SECTION

OFFICE OF THE
SECRETARY OF STATE
Phil Keisling
Secretary of State
Suzanne Townsend
Deputy Secretary of State



AUDITS DIVISION
John Lattimer
Director

(503) 986-2255
FAX (503) 378-6767

Auditing for a Better Oregon

The Honorable John Kitzhaber, M.D.
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 general-purpose financial statements of the Oregon State Scholarship Commission (OSSC) as of and for the year ended June 30, 1998, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the OSSC's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Oregon State Scholarship Commission as of June 30, 1998, and the results of its operations and 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 financial statements and supplemental 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.

The Year 2000 supplementary information, listed in the Table of Contents as Required Supplementary Information, is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the OSSC is or will become year 2000 compliant, that the OSSC's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the OSSC does business are or will become year 2000 compliant.

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:
April 23, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

ASSETS	Governmental Fund Types		Fiduciary Fund Type
	General	Special Revenue	Trust and Agency
Cash and Cash Equivalents	\$ 206,783	\$ 8,345,894	\$ 784,639
Designated Investments	-	9,148,770	842,872
Receivables (net of allowance for uncollectables):			
Interest	-	263,328	6,587
Federal	-	3,473,240	-
Other	-	533	23,124
Due From Other Agencies	7,554	-	-
Inventories	-	-	-
Prepaid Items	-	255,101	-
Other Receivables – Noncurrent	148,709	383,484	173,367
Fixed Assets (net of accumulated depreciation):			
Equipment and Machinery	-	-	-
Data Processing Software	-	-	-
Amount to be Provided for Payment of Other Long-term Liabilities	-	-	-
Amount to be Provided for Vacation Payable	-	-	-
Total Assets	\$ 363,046	\$ 21,870,350	\$ 1,830,589
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts Payable	\$ 5,491	\$ 150,960	\$ -
Due to Other Governments	-	1,208,984	105,184
Due to General Fund	206,783	-	-
Vacation Payable – Short-term	5,066	48,873	-
Vacation Payable – Long-term	-	-	-
Total Liabilities	217,340	1,408,817	105,184
Fund Equity and Other Credits:			
Investment in Fixed Assets	-	-	-
Fund Balance:			
Reserved for Receivables	148,709	383,484	173,367
Reserved for Trust Fund Principal	-	386,777	1,552,038
Reserves – Other	999	246,474	-
Unreserved Fund Balance	(4,002)	19,444,798	-
Total Fund Balance	145,706	20,461,533	1,725,405
Total Liabilities, Fund Equity and Other Credits	\$ 363,046	\$ 21,870,350	\$ 1,830,589

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

Account Groups		Total Reporting Entity
General Fixed Assets	General Long-Term Debt	(Memorandum Only)
\$ -	\$ -	\$ 9,337,316
-	-	9,991,642
-	-	269,915
-	-	3,473,240
-	-	23,657
-	-	7,554
-	-	-
-	-	255,101
-	-	705,560
500,123	-	500,123
52,049	-	52,049
-	-	-
-	145,117	145,117
<u>\$ 552,172</u>	<u>\$ 145,117</u>	<u>\$ 24,761,274</u>
\$ -	\$ -	\$ 156,451
-	-	1,314,168
-	-	206,783
-	-	53,939
-	145,117	145,117
<u>-</u>	<u>145,117</u>	<u>1,876,458</u>
552,172	-	552,172
-	-	705,560
-	-	1,938,815
-	-	247,473
-	-	19,440,796
<u>552,172</u>	<u>-</u>	<u>22,884,816</u>
<u>\$ 552,172</u>	<u>\$ 145,117</u>	<u>\$ 24,761,274</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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 FISCAL YEAR ENDED JUNE 30, 1998

	Governmental Fund Types		Fiduciary Fund Type	Total Reporting Entity
	General	Special Revenue	Expendable Trust	(Memorandum Only)
REVENUES:				
Federal	\$ –	\$ 20,680,218	\$ –	\$ 20,680,218
Charges for Services	–	677,370	–	677,370
Interest Income	–	1,127,499	56,057	1,183,556
Donations and Grants	–	1,601,518	106,280	1,707,798
Borrower Payments	46,719	11,953,160	17,011	12,016,890
Net Increase in the Fair Value of Investments	–	51,910	–	51,910
Other	–	219,961	–	219,961
Total Revenues	<u>46,719</u>	<u>36,311,636</u>	<u>179,348</u>	<u>36,537,703</u>
EXPENDITURES:				
General Government	442,651	501,424	–	944,075
Federal Family Education Loan Program (FFELP)	–	34,195,600	–	34,195,600
Grants and Private Awards	15,053,109	2,601,045	556,845	18,210,999
Office of Degree Authorization	119,883	35,134	–	155,017
Total Expenditures	<u>15,615,643</u>	<u>37,333,203</u>	<u>556,845</u>	<u>53,505,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,568,924)</u>	<u>(1,021,567)</u>	<u>(377,497)</u>	<u>(16,967,988)</u>
Other Financing Sources (Uses):				
Transfers In	32,843	4,135,573	340,841	4,509,257
Transfers Out	(412,080)	(3,253,027)	(14,494)	(3,679,601)
Appropriations	15,929,763	–	–	15,929,763
Total Other Financing Sources (Uses)	<u>15,550,526</u>	<u>882,546</u>	<u>326,347</u>	<u>16,759,419</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(18,398)	(139,021)	(51,150)	(208,569)
Fund Balance – June 30, 1997	201,280	20,801,159	688,580	21,691,019
Cumulative Effect of a Change in Accounting Principle	–	113,150	–	113,150
Fund Balance – June 30, 1997 as Restated	201,280	20,914,309	688,580	21,804,169
Increase (Decrease) in Reserve for Inventories	(48,580)	(447,191)	–	(495,771)
Increase (Decrease) in Reserve for Receivables	14,372	130,138	43,225	187,735
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	(237)	(237)
Increase (Decrease) in Reserve – Other	(2,968)	3,298	–	330
Fund Balance – Ending	<u>\$ 145,706</u>	<u>\$ 20,461,533</u>	<u>\$ 680,418</u>	<u>\$ 21,287,657</u>

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

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL AND SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	General Fund				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-
Interest Income	-	-	-	-	-
Donations and Grants	-	-	-	-	-
Borrower Payments	46,719	-	46,719	-	46,719
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	46,719	-	46,719	-	46,719
EXPENDITURES:					
General Government	442,651	-	442,651	852,598	409,947
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	15,053,109	-	15,053,109	30,907,896	15,854,787
Office of Degree Authorization	119,883	-	119,883	237,532	117,649
Total Expenditures	15,615,643	-	15,615,643	31,998,026	16,382,383
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,568,924)	-	(15,568,924)	(31,998,026)	16,429,102
Other Financing Sources (Uses):					
Transfers In	32,843	-	32,843	-	32,843
Transfers Out	(412,080)	-	(412,080)	(412,080)	-
Appropriations	15,929,763	-	15,929,763	32,410,106	(16,480,343)
Total Other Financing Sources (Uses)	15,550,526	-	15,550,526	31,998,026	(16,447,500)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(18,398)	-	(18,398)	\$ -	\$ (18,398)
Fund Balance – June 30, 1997	201,280	145,706	201,280		
Cumulative Effect of a Change in Accounting Principle	-	-	-		
Fund Balance – June 30, 1997 as Restated	201,280	145,706	201,280		
Increase (Decrease) in Reserve for Inventories	(48,580)	-	(48,580)		
Increase (Decrease) in Reserve for Receivables	14,372	-	14,372		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	(2,968)	-	(2,968)		
Fund Balance – Ending	\$ 145,706	\$ 145,706	\$ 145,706		

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

Special Revenue Fund

FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
\$ 20,680,218	\$ -	\$ 20,680,218	\$ 34,683,975	\$ (14,003,757)
677,370	-	677,370	1,855,408	(1,178,038)
1,127,499	-	1,127,499	2,166,018	(1,038,519)
1,601,518	-	1,601,518	3,200,000	(1,598,482)
11,953,160	-	11,953,160	28,424,964	(16,471,804)
51,910	-	51,910	-	51,910
219,961	-	219,961	30,000	189,961
36,311,636	-	36,311,636	70,360,365	(34,048,729)
501,424	-	501,424	1,134,960	633,536
34,195,600	-	34,195,600	63,518,788	29,323,188
2,601,045	-	2,601,045	5,486,624	2,885,579
35,134	-	35,134	60,314	25,180
37,333,203	-	37,333,203	70,200,686	32,867,483
(1,021,567)	-	(1,021,567)	159,679	(1,181,246)
4,135,573	-	4,135,573	9,177,287	(5,041,714)
(3,253,027)	-	(3,253,027)	(8,490,913)	5,237,886
-	-	-	-	-
882,546	-	882,546	686,374	196,172
(139,021)	-	(139,021)	\$ 846,053	\$ (985,074)
20,801,159	20,461,533	20,801,159		
113,150	-	113,150		
20,914,309	20,461,533	20,914,309		
(447,191)	-	(447,191)		
130,138	-	130,138		
-	-	-		
3,298	-	3,298		
<u>\$ 20,461,533</u>	<u>\$20,461,533</u>	<u>\$ 20,461,533</u>		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN EARNINGS/FUND BALANCES – NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Nonexpendable Trust Fund
OPERATING EXPENSES:	
Grants and Private Awards	430
Total Operating Expenses	430
Operating Income (Loss)	(430)
NONOPERATING REVENUES (EXPENSES):	
Interest Income	67,167
Increase in the Fair Value of Investments	6,248
Sale of Investments	(2,634)
Total Nonoperating Revenues (Expenses)	70,781
Net Income	70,351
Fund Equity – June 30, 1997	951,124
Cumulative Effect of a Change in Accounting Principle	23,512
Fund Equity – June 30, 1997 as Restated	974,636
Fund Equity – Ending	\$1,044,987

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

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Nonexpendable Trust Fund
Operating Income (Loss)	\$ (430)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Interest Receivable	(6,587)
Total Adjustments	(6,587)
Net Cash and Cash Equivalents Provided (Used) In Operating Activities:	(7,017)
Cash Flows from Investing Activities:	
Interest Income	67,167
Sale of Investments	(2,634)
Net Cash Used by Investing Activities	64,533
Net Increase in Cash and Cash Equivalents	57,516
Cash and Cash Equivalents – Beginning	114,888
Cash and Cash Equivalents – Ending	\$ 172,404

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

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

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 Governor of the State of Oregon appoints the Commission members.

The Commission's primary mission is to assist Oregon students in obtaining post-secondary education by administering, planning, evaluating, coordinating, and promoting programs in financial aid. With the addition of the Office of Degree Authorization in July of 1997, the Commission is also responsible for the protection of the citizens of Oregon and their post-secondary schools by ensuring the quality of higher education and preserving the integrity of an academic degree as a public credential.

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 or student borrowers 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 and the Expendable Trust fund. General fixed assets do not represent financial resources available for expenditure. Fixed assets acquired through the Nonexpendable Trust fund would be reported in that fund.

The General Long-Term Debt Account Group includes long-term liabilities relating to governmental fund types and the Expendable Trust fund. Long-

Term liabilities include capital leases, contracts, and compensated absences. Long-Term Debt of the Nonexpendable Trust Fund would be reported in that fund.

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

The Oregon Legislative Assembly approves agency budgets biennially. The Emergency Board of the Legislative Assembly approves any mid-biennium increases in the budget that may be necessary. 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.

General Fund

The Commission's General Fund Appropriation and expenditures for the 1997-99 biennium are as follows:

	Legislatively <u>Approved</u>	Emergency <u>Board</u>	Budget Biennium <u>1997-99</u>	Actual Expenditures Fiscal Year <u>June 30, 1998</u>
General Fund Appropriation	\$32,378,237	\$31,869	\$32,410,106	\$15,615,643

Special Revenue Fund

The Commission's Other Funds, Federal Funds, and Lottery Funds Limitation and expenditures for the 1997-99 biennium are as follows:

	Legislatively <u>Approved</u>	Emergency <u>Board</u>	Budget Biennium <u>1997-99</u>	Actual Expenditures Fiscal Year <u>June 30, 1998</u>
Limited Funds	\$ 12,762,562	\$ 382,996	\$ 13,145,558	\$ 5,212,402
Nonlimited Funds	<u>\$ 57,055,128</u>	<u> </u>	<u>\$ 57,055,128</u>	<u>\$ 32,120,801</u>
Total	<u>\$ 69,817,690</u>	<u>\$ 382,996</u>	<u>\$ 70,200,686</u>	<u>\$ 37,333,203</u>

Expendable Trust Fund

The Commission's budget and expenditures for the 1997-99 biennium are as follows:

	Legislatively <u>Approved</u>	Emergency <u>Board</u>	Budget Biennium <u>1997-99</u>	Actual Expenditures Fiscal Year <u>June 30, 1998</u>
Nonlimited	\$1,729,519		\$1,729,519	\$556,845

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. 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.

j. 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 that 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.

k. 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 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.

l. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenses/ expenditures in the funds, as if they involved organizations external to 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.

m. Elements of Fund Equity / Fund Balance

A portion of the fund equity/balance 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 Receivables, Reserve for Trust Fund Principal, and Reserves-Other. No portion of the unreserved fund equity/balance has been designated.

n. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "memorandum 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.

Statute and the Oregon Investment Council (Council) govern OSSC's investment policies. 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, which 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 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.

Oregon State Scholarship Commission
Notes to the Financial Statements (continued)
June 30, 1998

At June 30, 1998, deposit balances are as follows:

	Category			Book Balance	Bank Balance
	1	2	3		
State Scholarship Commission	\$9,337,316			\$9,337,316	\$9,645,669

b. **Investments:** There are three categories of credit risk that apply to investments of 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.

At June 30, 1998, investment balances are as follows:

	Category			Fair Value
	1	2	3	
State Scholarship Commission— U.S. Government Securities	\$9,991,642			\$9,991,642

OSSC investment reporting has been modified to comply with *Governmental Accounting Standards Board Statement No. 31* "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". This statement is effective for periods beginning after June 15, 1997 and is applicable to governmental investments whose value is affected by market (interest rate) changes.

Per Statement No. 31, OSSC has reported all investments at fair value in the Combined Balance Sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale (also referred to as fair market value).

The difference between the reported value (book value) of Special Revenue fund investments as of June 30, 1997, and the fair market value as of the same date has been reported in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Types and Expendable Trust Fund as an adjustment to beginning fund balance. Beginning fund balance was adjusted by \$113,150 to record the cumulative effect of this change in accounting principle. The difference between fair market value as of June 30, 1997, and June 30, 1998, has been reported in this statement as a revenue entitled "Net Increase in the Fair Value of Investments." The net increase for this period totaled \$51,910.

The difference between the reported value (book value) of Nonexpendable Trust fund investments as of June 30, 1997, and the fair market value as of the same date has been

reported in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance – Nonexpendable Trust Fund as an adjustment to beginning fund balance. Beginning fund balance was adjusted by \$23,512 to record the cumulative effect of this change in accounting principle. The difference between fair market value as of June 30, 1997, and June 30, 1998, has been reported in this statement as a nonoperating revenue entitled “Increase in the Fair Value of Investments.” The increase for this period totaled \$6,248.

3. FIXED ASSETS.

Changes in the General Fixed Assets Account Group for the year ended June 30, 1998, are as follows:

Fixed Assets	Balance as of June 30, 1997	Acquisitions	Dispositions	Balance as of June 30, 1998
Equipment and Machinery	\$595,155	\$135,119	(\$230,151)	\$500,123
Data Processing Software	\$137,536	\$ 0	(\$ 85,487)	\$ 52,049
Total Fixed Assets	\$732,691	\$135,119	(\$315,638)	\$552,172

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, 1998, was \$2,579,403; the total OSSC payroll for that period was \$2,724,173.

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. 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, 1998, was 8.20 percent). For the year ended June 30, 1998, the total amount paid by OSSC was \$378,968, which consisted of \$224,204 for the employer contribution and \$154,764 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 Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

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 is 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 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>
7/1/98 through 1/31/99	\$22,750	\$159,250
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.

OSSC administers the Federal Family Educational Loan Program (FFELP). As part of this process 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, 1998, totaled approximately \$72.7 million. The outstanding receivable balance of loans being collected for the federal government as of June 30, 1998, totaled approximately \$113 million. The financial activities and balance of these guaranteed student loans are not reported in the accompanying financial statements.

8. RETURN OF FEDERAL RESERVE AMOUNTS.

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%. 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. OSSC's share is approximately \$10.4 million. A deposit of \$2,074,551 is required in each year between now and the year 2002 to satisfy this requirement.

OSSC's first payment to the federal escrow account was made in February of 1998, and was included in the expenditure balance for the Federal Family Education Loan Program (FFELP) reported in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Special Revenue Funds (FFELP – Nonlimited Fund). Without the effect of this payment, the FFELP Non-Limited Fund would have posted an increase in financial resources of \$610,970 for the year ended June 30, 1998.

Interest earnings from the escrow account in excess of required deposits can be used by OSSC to provide default management services to the public. No excess interest was available during the year ended June 30, 1998.

9. SUBSEQUENT EVENT.

On October 7, 1998 the President of the United States signed a 5-year Reauthorization of the Higher Education Act of 1965. This reauthorization must be fully implemented on December 7, 1998, and will be in effect for the years 1998 to 2002. A variety of changes

in the operation of the Federal Family Education Loan Program at OSSC are required under this reauthorization.

The federal process governing the purchase of defaulted student loans has changed as a result of reauthorization. Loans must now be 270 days delinquent before the OSSC will begin the process of federal purchase, increasing from 180 days in previous periods. Lenders will only receive 95% of the value of the loan at purchase if the loan originated October 1998 or after, decreasing from 98% for loans originated previously, and the U. S. Department of Education will only reimburse the Federal Reserve Account for 95% of the balance paid to the lender.

Currently, all activities of the FFELP conducted by OSSC are accounted for in two funds: the FFELP Non-limited Fund and the FFELP Limited Fund. Both funds are used by OSSC to record program activities, and share the same bank account at the Oregon State Treasury. Program activities are reviewed by the U. S. Department of Education during federal audits. The newly enacted reauthorization will require OSSC to account for program activities in two separate and distinct accounts that do not co-mingle assets.

A Federal Reserve Account will be established to account for FFELP reserve assets, liabilities, and fund equity. Expenditures such as the purchase of borrower loans, payment of default aversion fees, and payments to the escrow account (see Note 8) will be made from this account. Revenue received from the U. S. Department of Education for reinsurance, the 1% insurance premium charged by OSSC for loan guarantees, cash and investment interest, and the reinsurance compliment due from OSSC will also be recorded here. This account will be the sole property of the U. S. Department of Education.

An Agency Operating Account will be established to account for OSSC's expenditures and revenues associated with the operation of the FFELP. This account will start with a zero balance, and will be funded by a transfer from the Federal Reserve Account equal to 180 days of operating expenses. This account will be the sole property of OSSC, and will only be subject to the U. S. Department of Education audit until the operating loan has been repaid. Revenues for this account will include a Portfolio Maintenance Fee of .12% of the average loan portfolio balance, an administrative expense allowance of .65% of net loan guarantee volume, default aversion fees, 24% of agency collections from purchased loans, default management revenue, and interest from cash and investment balances. Expenditures will include the reinsurance compliment, agency operating costs, and default management program expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR 2000 READINESS DISCLOSURE - UNAUDITED

The following disclosure is required by the Government Accounting Standards Board (GASB) and is provided under the provisions of the Year 2000 Information and Readiness Disclosure Act, Public Law 105-271.

The Problem — Many computer systems face extensive maintenance to their legacy software in order to pass through the millennium change without problems. The reason is that many legacy systems were not expected to be in service as long as they have been. These systems were designed to store year information with two digits in order to save (then-precious) space. This renders the software unable to tell the difference between '1900' and '2000' since both are stored as '00'.

The GASB has identified the following stages as necessary to implement a Year 2000 compliant system.

- Awareness stage – Establishing a budget and project plan for dealing with the year 2000 issue.
- Assessment stage – Identifying systems and components for which year 2000 compliance work is needed.
- Remediation stage – Making changes to system and equipment.
- Validation/testing stage – Validating and testing the changes that were made during the remediation stage.

Y2K Summary

Phase	Details	Status
1. Evaluation and Analysis	<p><i>Problem statement defining the scope of the project.</i></p> <p>CTA, Inc. was retained by the State of Oregon to evaluate every State Agency in Oregon, including OSSC.</p> <p>The <u>Information Resource Management Division</u> of the Department of Administrative Services is responsible for tracking state agency's Year 2000 Compliance progress.</p>	Completed.
2. Hardware Correction	<p><i>Replacement of old hardware that is not Year 2000 Compliant.</i></p> <p>OSSC's Northern Telecom phone system has been upgraded and is compliant. OSSC's software is running on either a 1998 Model IBM AS/400 620/2179 RISC midrange computer or a 1998 Model DELL PowerEdge 2300 NT Server.</p> <p>We have purchased the necessary new personal computers to avoid service interruptions due to</p>	In Progress.

	<p>Y2K failures and are in the process of installing them. We have purchased and installed a new year 2000 compliant autodialing system that will ensure that our collections and default prevention due diligence efforts are recorded and remain within Department of Education requirements.</p>	
<p>3. Software Remediation for Internal Systems</p>	<p><i>Modification of files and the programs that use the data files through the addition of century digits or sliding window logic for OSSC-maintained systems.</i></p> <p>We are currently hard at work identifying, modifying, and testing files and programs and are doing everything possible to minimize any problems that occur because of the century change. OSSC staff is confident that this phase of the project will be completed in time. These internal systems include our Grants, Private Awards, FFELP Loan Collection systems.</p>	<p>In Progress.</p>
<p>4. Software Remediation for External Systems</p>	<p><i>Status tracking and communication with the software vendor.</i></p> <p>We receive updates from <u>USA Group</u> regarding the status of USA Group software systems on a periodic basis. OSSC is the designated Guaranty Agency for the State of Oregon. OSSC contracts with USA Group, Inc. of Indianapolis, Indiana for software services to aid with loan origination and status management. Neither USA Group nor its subsidiaries provide loan guarantees for the OSSC.</p>	<p>In Progress.</p>
<p>5. Testing</p>	<p><i>Application of test data to determine the desired results are achieved.</i></p> <p>Testing is progressing concurrently with remediation efforts.</p>	<p>In Progress.</p>
<p>6. Business Continuation Planning</p>	<p><i>The development of plans to effectively deal with an interruption of our services or the flow of information from and to our trading partners.</i></p> <p>While we are optimistic about our efforts, it is responsible to prepare for major interruptions of services by planning ways to ensure that the flow of information and financial aid dollars is uninterrupted.</p>	<p>In Progress.</p>

OSSC's disclosure that a particular activity is "completed" is based upon the facts and circumstances available to OSSC at the time of this disclosure, including its current plan for remediation and information provided to OSSC by third parties involved in its remediation process. Subsequent knowledge of new facts and circumstances or modification of known facts and circumstances may require OSSC to reassess its statement of completion.

In addition, OSSC processes accounting transactions using the State of Oregon's Statewide Financial Management System (SFMS) and the Oregon State Payroll System (OSPS). OSSC also uses the State Treasury's Investment and Banking System. Other state agencies are responsible for the remediation of these systems. Progress related to Year 2000 compliance is reported in the State of Oregon's Comprehensive Annual Financial Report (CAFR) for fiscal year 1998, and is available from the Oregon Department of Administrative Services (DAS).

Due to the unpredictable nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. OSSC cannot assure that it is or will be year 2000 compliant, that OSSC's remediation efforts will be completely successful, or that parties with whom OSSC does business will be year 2000 ready.

COMBINING FINANCIAL STATEMENTS

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
 JUNE 30, 1998

ASSETS	Federal Family Education Loan Program – Nonlimited Fund	Federal Family Education Loan Program – Limited Fund	Federal Funds
Cash and Cash Equivalents	\$ 3,144,625	\$ 2,449,160	\$ –
Designated Investments	9,148,770	–	–
Receivables (net of allowance for uncollectables):			
Interest	226,697	27,469	–
Federal	3,167,737	305,503	–
Other	–	–	–
Prepaid Items	255,101	–	–
Other Receivables – Noncurrent	309,868	–	–
Total Assets	<u>\$ 16,252,798</u>	<u>\$ 2,782,132</u>	<u>\$ –</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,121	\$ 118,836	\$ –
Due to Other Governments	1,208,984	–	–
Vacation Payable – Short-term	–	43,871	–
Total Liabilities	<u>1,210,105</u>	<u>162,707</u>	<u>–</u>
Fund Balance:			
Reserved for Receivables	309,868	–	–
Reserved for Trust Fund Principal	–	–	–
Reserves – Other	255,101	(5,648)	–
Unreserved Fund Balance	14,477,724	2,625,073	–
Total Fund Balance	<u>15,042,693</u>	<u>2,619,425</u>	<u>–</u>
Total Liabilities and Fund Balance	<u>\$ 16,252,798</u>	<u>\$ 2,782,132</u>	<u>\$ –</u>

<u>ASSETS</u>	Office of Degree Authorization	Private Awards – Service Agreements	Private Awards – Administration	Oregon Teachers Corporation
Cash and Cash Equivalents	\$ 82,360	\$ 507,578	\$ 97,325	\$ 256,762
Designated Investments	–	–	–	–
Receivables (net of allowance for uncollectables):				
Interest	–	–	–	1,204
Federal	–	–	–	–
Other	–	–	–	–
Prepaid Items	–	–	–	–
Other Receivables – Noncurrent	–	2,808	–	70,808
Total Assets	<u>\$ 82,360</u>	<u>\$ 510,386</u>	<u>\$ 97,325</u>	<u>\$ 328,774</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 19,562	\$ –	\$ 11,441	\$ –
Due to Other Governments	–	–	–	–
Vacation Payable – Short-term	–	–	5,002	–
Total Liabilities	<u>19,562</u>	<u>–</u>	<u>16,443</u>	<u>–</u>
Fund Balance:				
Reserved for Receivables	–	2,808	–	70,808
Reserved for Trust Fund Principal	–	316,633	65,030	–
Reserves – Other	–	–	(2,979)	–
Unreserved Fund Balance	62,798	190,945	18,831	257,966
Total Fund Balance	<u>62,798</u>	<u>510,386</u>	<u>80,882</u>	<u>328,774</u>
Total Liabilities and Fund Balance	<u>\$ 82,360</u>	<u>\$ 510,386</u>	<u>\$ 97,325</u>	<u>\$ 328,774</u>

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
 JUNE 30, 1998

	Jobs Plus Education	Jobs Plus	VISTO	Rural Health Loan Grants
ASSETS				
Cash and Cash Equivalents	\$ 446,986	\$ 20,826	\$ 208,126	\$ 1,125,530
Designated Investments	-	-	-	-
Receivables (net of allowance for uncollectables):				
Interest	-	2,109	968	4,881
Federal	-	-	-	-
Other	-	-	-	533
Prepaid Items	-	-	-	-
Other Receivables – Noncurrent	-	-	-	-
Total Assets	<u>\$ 446,986</u>	<u>\$ 22,935</u>	<u>\$ 209,094</u>	<u>\$ 1,130,944</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-	-
Vacation Payable – Short-term	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Reserved for Receivables	-	-	-	-
Reserved for Trust Fund Principal	5,114	-	-	-
Reserves – Other	-	-	-	-
Unreserved Fund Balance	441,872	22,935	209,094	1,130,944
Total Fund Balance	<u>446,986</u>	<u>22,935</u>	<u>209,094</u>	<u>1,130,944</u>
Total Liabilities and Fund Balance	<u>\$ 446,986</u>	<u>\$ 22,935</u>	<u>\$ 209,094</u>	<u>\$ 1,130,944</u>

	Student Community Services	Total Special Revenue Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 6,616	\$ 8,345,894
Designated Investments	–	9,148,770
Receivables (net of allowance for uncollectables):		
Interest	–	263,328
Federal	–	3,473,240
Other	–	533
Prepaid Items	–	255,101
Other Receivables – Noncurrent	–	383,484
Total Assets	<u>\$ 6,616</u>	<u>\$ 21,870,350</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ –	\$ 150,960
Due to Other Governments	–	1,208,984
Vacation Payable – Short-term	–	48,873
Total Liabilities	<u>–</u>	<u>1,408,817</u>
Fund Balance:		
Reserved for Receivables	–	383,484
Reserved for Trust Fund Principal	–	386,777
Reserves – Other	–	246,474
Unreserved Fund Balance	6,616	19,444,798
Total Fund Balance	<u>6,616</u>	<u>20,461,533</u>
Total Liabilities and Fund Balance	<u>\$ 6,616</u>	<u>\$ 21,870,350</u>

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Federal Family Education Loan Program – Nonlimited Fund	Federal Family Education Loan Program – Limited Fund	Federal Funds
REVENUES:			
Federal	\$ 18,989,271	\$ 1,035,867	\$655,080
Other Charges for Services	–	619,570	–
Interest Income	693,249	330,681	–
Donations and Grants	–	–	–
Borrower Payments	11,936,477	–	–
Increase in the Fair Value of Investments	51,910	–	–
Other	–	8,251	–
Total Revenues	<u>31,670,907</u>	<u>1,994,369</u>	<u>655,080</u>
EXPENDITURES:			
General Government	–	473,457	–
Federal Family Education Loan Program (FFELP)	29,934,488	4,261,112	–
Grants and Private Awards	–	–	655,080
Office of Degree Authorization	–	–	–
Total Expenditures	<u>29,934,488</u>	<u>4,734,569</u>	<u>655,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,736,419</u>	<u>(2,740,200)</u>	<u>–</u>
Other Financing Sources (Uses):			
Transfers In	–	3,200,000	–
Transfers Out	(3,200,000)	–	–
Total Other Financing Sources (Uses)	<u>(3,200,000)</u>	<u>3,200,000</u>	<u>–</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,463,581)	459,800	–
Fund Balance – June 30, 1997	16,250,093	2,615,458	–
Cumulative Effect of a Change in Accounting Principle	<u>113,150</u>	<u>–</u>	<u>–</u>
Fund Balance – June 30, 1997 as Restated	16,363,243	2,615,458	–
Increase (Decrease) in Reserve for Inventories	–	(447,191)	–
Increase (Decrease) in Reserve for Receivables	137,032	–	–
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	5,999	(8,642)	–
Fund Balance – Ending	<u>\$ 15,042,693</u>	<u>\$ 2,619,425</u>	<u>\$ –</u>

	Office of Degree Authorization	Private Awards – Service Agreements	Private Awards – Administration	Oregon Teachers Corporation	Jobs Plus Education
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$ –	\$ –
Other Charges for Services	57,800	–	–	–	–
Interest Income	–	13,571	7,660	12,702	–
Donations and Grants	–	1,601,518	–	–	–
Borrower Payments	–	1,416	50	15,217	–
Increase in the Fair Value of Investments	–	–	–	–	–
Other	–	–	211,710	–	–
Total Revenues	57,800	1,616,505	219,420	27,919	–
EXPENDITURES:					
General Government	–	–	27,380	–	–
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and Private Awards	–	1,485,855	246,416	–	32,308
Office of Degree Authorization	35,134	–	–	–	–
Total Expenditures	35,134	1,485,855	273,796	–	32,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,666	130,650	(54,376)	27,919	(32,308)
Other Financing Sources (Uses):					
Transfers In	40,132	109,065	66,350	–	307,945
Transfers Out	–	(51,856)	(1,171)	–	–
Total Other Financing Sources (Uses)	40,132	57,209	65,179	–	307,945
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	62,798	187,859	10,803	27,919	275,637
Fund Balance – June 30, 1997	–	317,009	72,980	309,356	171,349
Cumulative Effect of a Change in Accounting Principle	–	–	–	–	–
Fund Balance – June 30, 1997 as Restated	–	317,009	72,980	309,356	171,349
Increase (Decrease) in Reserve for Inventories	–	–	–	–	–
Increase (Decrease) in Reserve for Receivables	–	(203)	–	(6,691)	–
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–	–	–
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	–	5,721	(2,901)	(1,810)	–
Fund Balance – Ending	\$ 62,798	\$ 510,386	\$ 80,882	\$ 328,774	\$446,986

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Jobs Plus	VISTO	Rural Health Loan Grants	Student Community Services	Total Special Revenue Fund
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 20,680,218
Other Charges for Services	-	-	-	-	677,370
Interest Income	16,822	10,712	42,102	-	1,127,499
Donations and Grants	-	-	-	-	1,601,518
Borrower Payments	-	-	-	-	11,953,160
Increase in the Fair Value of Investments	-	-	-	-	51,910
Other	-	-	-	-	219,961
Total Revenues	16,822	10,712	42,102	-	36,311,636
EXPENDITURES:					
General Government	-	-	587	-	501,424
Federal Family Education Loan Program (FFELP)	-	-	-	-	34,195,600
Grants and Private Awards	-	4,025	164,291	13,070	2,601,045
Office of Degree Authorization	-	-	-	-	35,134
Total Expenditures	-	4,025	164,878	13,070	37,333,203
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,822	6,687	(122,776)	(13,070)	(1,021,567)
Other Financing Sources (Uses):					
Transfers In	1	-	412,080	-	4,135,573
Transfers Out	-	-	-	-	(3,253,027)
Total Other Financing Sources (Uses)	1	-	412,080	-	882,546
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	16,823	6,687	289,304	(13,070)	(139,021)
Fund Balance – June 30, 1997	6,112	201,461	837,655	19,686	20,801,159
Cumulative Effect of a Change in Accounting Principle	-	-	-	-	113,150
Fund Balance – June 30, 1997 as Restated	6,112	201,461	837,655	19,686	20,914,309
Increase (Decrease) in Reserve for Inventories	-	-	-	-	(447,191)
Increase (Decrease) in Reserve for Receivables	-	-	-	-	130,138
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-	-	-
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	-	946	3,985	-	3,298
Fund Balance – Ending	\$22,935	\$209,094	\$1,130,944	\$ 6,616	\$ 20,461,533

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Federal Family Education Loan Program – Nonlimited Fund				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$18,989,271	\$ –	\$18,989,271	\$32,154,570	\$(13,165,299)
Other Charges for Services	–	–	–	–	–
Interest Income	693,249	–	693,249	1,303,968	(610,719)
Donations and Grants	–	–	–	–	–
Borrower Payments	11,936,477	–	11,936,477	28,180,832	(16,244,355)
Increase in the Fair Value of Investments	51,910	–	51,910	–	51,910
Other	–	–	–	30,000	(30,000)
Total Revenues	<u>31,670,907</u>	<u>–</u>	<u>31,670,907</u>	<u>61,669,370</u>	<u>(29,998,463)</u>
EXPENDITURES:					
General Government	–	–	–	–	–
Federal Family Education Loan Program (FFELP)	29,934,488	–	29,934,488	53,806,848	23,872,360
Grants and Private Awards	–	–	–	–	–
Office of Degree Authorization	–	–	–	–	–
Total Expenditures	<u>29,934,488</u>	<u>–</u>	<u>29,934,488</u>	<u>53,806,848</u>	<u>23,872,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,736,419</u>	<u>–</u>	<u>1,736,419</u>	<u>7,862,522</u>	<u>(6,126,103)</u>
Other Financing Sources (Uses):					
Transfers In	–	–	–	–	–
Transfers Out	(3,200,000)	–	(3,200,000)	(7,331,731)	4,131,731
Total Other Financing Sources (Uses)	<u>(3,200,000)</u>	<u>–</u>	<u>(3,200,000)</u>	<u>(7,331,731)</u>	<u>4,131,731</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(1,463,581)</u>	<u>–</u>	<u>(1,463,581)</u>	<u>\$ 530,791</u>	<u>\$ (1,994,372)</u>
Fund Balance – June 30, 1997	16,250,093	15,042,693	16,250,093		
Cumulative Effect of a Change in Accounting Principle	<u>113,150</u>	<u>–</u>	<u>113,150</u>		
Fund Balance – June 30, 1997 as Restated	16,363,243	15,042,693	16,363,243		
Increase (Decrease) in Reserve for Inventories	–	–	–		
Increase (Decrease) in Reserve for Receivables	137,032	–	137,032		
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	5,999	–	5,999		
Fund Balance – Ending	<u>\$15,042,693</u>	<u>\$15,042,693</u>	<u>\$15,042,693</u>		

Federal Family
Education Loan Program
– Limited Fund

	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$1,035,867	\$ –	\$1,035,867	\$ 1,245,699	\$ (209,832)
Other Charges for Services	619,570	–	619,570	1,789,408	(1,169,838)
Interest Income	330,681	–	330,681	700,000	(369,319)
Donations and Grants	–	–	–	–	–
Borrower Payments	–	–	–	165,732	(165,732)
Increase in the Fair Value of Investments	–	–	–	–	–
Other	8,251	–	8,251	–	8,251
Total Revenues	<u>1,994,369</u>	<u>–</u>	<u>1,994,369</u>	<u>3,900,839</u>	<u>(1,906,470)</u>
EXPENDITURES:					
General Government	473,457	–	473,457	1,079,104	605,647
Federal Family Education Loan Program (FFELP)	4,261,112	–	4,261,112	9,711,940	5,450,828
Grants and Private Awards	–	–	–	–	–
Office of Degree Authorization	–	–	–	–	–
Total Expenditures	<u>4,734,569</u>	<u>–</u>	<u>4,734,569</u>	<u>10,791,044</u>	<u>6,056,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,740,200)</u>	<u>–</u>	<u>(2,740,200)</u>	<u>(6,890,205)</u>	<u>4,150,005</u>
Other Financing Sources (Uses):					
Transfers In	3,200,000	–	3,200,000	7,331,731	(4,131,731)
Transfers Out	–	–	–	–	–
Total Other Financing Sources (Uses)	<u>3,200,000</u>	<u>–</u>	<u>3,200,000</u>	<u>7,331,731</u>	<u>(4,131,731)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	459,800	–	459,800	<u>\$ 441,526</u>	<u>\$ 18,274</u>
Fund Balance – June 30, 1997	2,615,458	2,619,425	2,615,458		
Cumulative Effect of a Change in Accounting Principle	<u>–</u>	<u>–</u>	<u>–</u>		
Fund Balance – June 30, 1997 as Restated	2,615,458	2,619,425	2,615,458		
Increase (Decrease) in Reserve for Inventories	(447,191)	–	(447,191)		
Increase (Decrease) in Reserve for Receivables	–	–	–		
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	(8,642)	–	(8,642)		
Fund Balance – Ending	<u>\$2,619,425</u>	<u>\$2,619,425</u>	<u>\$2,619,425</u>		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

			Federal Funds		Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ 655,080	\$ —	\$ 655,080	\$1,283,706	\$ (628,626)
Other Charges for Services	—	—	—	—	—
Interest Income	—	—	—	—	—
Donations and Grants	—	—	—	—	—
Borrower Payments	—	—	—	—	—
Increase in the Fair Value of Investments	—	—	—	—	—
Other	—	—	—	—	—
Total Revenues	<u>655,080</u>	<u>—</u>	<u>655,080</u>	<u>1,283,706</u>	<u>(628,626)</u>
EXPENDITURES:					
General Government	—	—	—	—	—
Federal Family Education Loan Program (FFELP)	—	—	—	—	—
Grants and Private Awards	655,080	—	655,080	1,283,706	628,626
Office of Degree Authorization	—	—	—	—	—
Total Expenditures	<u>655,080</u>	<u>—</u>	<u>655,080</u>	<u>1,283,706</u>	<u>628,626</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</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>—</u>	<u>—</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>
Fund Balance – June 30, 1997	—	—	—		
Cumulative Effect of a Change in Accounting Principle	<u>—</u>	<u>—</u>	<u>—</u>		
Fund Balance – June 30, 1997 as Restated	—	—	—		
Increase (Decrease) in Reserve for Inventories	—	—	—		
Increase (Decrease) in Reserve for Receivables	—	—	—		
Increase (Decrease) in Reserve for Trust Fund Principal	—	—	—		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	—	—	—		
Fund Balance – Ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>		

		Office of Degree Authorization				
		FY 1998	FY 1999	Biennial	Biennial	Variance
		Actuals	Actuals	Actuals	Budget	Favorable (Unfavorable)
REVENUES:						
Federal		\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services		57,800	-	57,800	66,000	(8,200)
Interest Income		-	-	-	-	-
Donations and Grants		-	-	-	-	-
Borrower Payments		-	-	-	-	-
Increase in the Fair Value of Investments		-	-	-	-	-
Other		-	-	-	-	-
	Total Revenues	<u>57,800</u>	<u>-</u>	<u>57,800</u>	<u>66,000</u>	<u>(8,200)</u>
EXPENDITURES:						
General Government		-	-	-	-	-
Federal Family Education Loan Program (FFELP)		-	-	-	-	-
Grants and Private Awards		-	-	-	-	-
Office of Degree Authorization		35,134	-	35,134	60,314	25,180
	Total Expenditures	<u>35,134</u>	<u>-</u>	<u>35,134</u>	<u>60,314</u>	<u>25,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>22,666</u>	<u>-</u>	<u>22,666</u>	<u>5,686</u>	<u>16,980</u>
Other Financing Sources (Uses):						
Transfers In		40,132	-	40,132	36,910	3,222
Transfers Out		-	-	-	-	-
	Total Other Financing Sources (Uses)	<u>40,132</u>	<u>-</u>	<u>40,132</u>	<u>36,910</u>	<u>3,222</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses		<u>62,798</u>	<u>-</u>	<u>62,798</u>	<u>\$ 42,596</u>	<u>\$ 20,202</u>
Fund Balance – June 30, 1997		-	62,798	-		
Cumulative Effect of a Change in Accounting Principle		<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – June 30, 1997 as Restated		-	62,798	-		
Increase (Decrease) in Reserve for Inventories		-	-	-		
Increase (Decrease) in Reserve for Receivables		-	-	-		
Increase (Decrease) in Reserve for Trust Fund Principal		-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance		-	-	-		
Fund Balance – Ending		<u>\$ 62,798</u>	<u>\$ 62,798</u>	<u>\$ 62,798</u>		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

			Private Awards – Service Agreements		Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$ –	\$ –
Other Charges for Services	–	–	–	–	–
Interest Income	13,571	–	13,571	–	13,571
Donations and Grants	1,601,518	–	1,601,518	3,200,000	(1,598,482)
Borrower Payments	1,416	–	1,416	23,200	(21,784)
Increase in the Fair Value of Investments	–	–	–	–	–
Other	–	–	–	–	–
Total Revenues	<u>1,616,505</u>	<u>–</u>	<u>1,616,505</u>	<u>3,223,200</u>	<u>(1,606,695)</u>
EXPENDITURES:					
General Government	–	–	–	–	–
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and Private Awards	1,485,855	–	1,485,855	3,115,000	1,629,145
Office of Degree Authorization	–	–	–	–	–
Total Expenditures	<u>1,485,855</u>	<u>–</u>	<u>1,485,855</u>	<u>3,115,000</u>	<u>1,629,145</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>130,650</u>	<u>–</u>	<u>130,650</u>	<u>108,200</u>	<u>22,450</u>
Other Financing Sources (Uses):					
Transfers In	109,065	–	109,065	92,800	16,265
Transfers Out	(51,856)	–	(51,856)	(752,236)	700,380
Total Other Financing Sources (Uses)	<u>57,209</u>	<u>–</u>	<u>57,209</u>	<u>(659,436)</u>	<u>716,645</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>187,859</u>	<u>–</u>	<u>187,859</u>	<u>\$ (551,236)</u>	<u>\$ 739,095</u>
Fund Balance – June 30, 1997	317,009	510,386	317,009		
Cumulative Effect of a Change in Accounting Principle	<u>–</u>	<u>–</u>	<u>–</u>		
Fund Balance – June 30, 1997 as Restated	317,009	510,386	317,009		
Increase (Decrease) in Reserve for Inventories	–	–	–		
Increase (Decrease) in Reserve for Receivables	(203)	–	(203)		
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	5,721	–	5,721		
Fund Balance – Ending	<u>\$ 510,386</u>	<u>\$ 510,386</u>	<u>\$ 510,386</u>		

	Private Awards – Administration				Variance
	FY 1998	FY 1999	Biennial	Biennial	Favorable
	Actuals	Actuals	Actuals	Budget	(Unfavorable)
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$ –	\$ –
Other Charges for Services	–	–	–	–	–
Interest Income	7,660	–	7,660	–	7,660
Donations and Grants	–	–	–	–	–
Borrower Payments	50	–	50	–	50
Increase in the Fair Value of Investments	–	–	–	–	–
Other	211,710	–	211,710	–	211,710
Total Revenues	219,420	–	219,420	–	219,420
EXPENDITURES:					
General Government	27,380	–	27,380	55,856	28,476
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and Private Awards	246,416	–	246,416	502,707	256,291
Office of Degree Authorization	–	–	–	–	–
Total Expenditures	273,796	–	273,796	558,563	284,767
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,376)	–	(54,376)	(558,563)	504,187
Other Financing Sources (Uses):					
Transfers In	66,350	–	66,350	770,766	(704,416)
Transfers Out	(1,171)	–	(1,171)	(106,163)	104,992
Total Other Financing Sources (Uses)	65,179	–	65,179	664,603	(599,424)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	10,803	–	10,803	\$106,040	\$ (95,237)
Fund Balance – June 30, 1997	72,980	80,882	72,980		
Cumulative Effect of a Change in Accounting Principle	–	–	–		
Fund Balance – June 30, 1997 as Restated	72,980	80,882	72,980		
Increase (Decrease) in Reserve for Inventories	–	–	–		
Increase (Decrease) in Reserve for Receivables	–	–	–		
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	(2,901)	–	(2,901)		
Fund Balance – Ending	\$ 80,882	\$ 80,882	\$ 80,882		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Oregon Teachers Corporation				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	12,702	-	12,702	1,000	11,702
Donations and Grants	-	-	-	-	-
Borrower Payments	15,217	-	15,217	55,200	(39,983)
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>27,919</u>	<u>-</u>	<u>27,919</u>	<u>56,200</u>	<u>(28,281)</u>
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	-	-	-	-	-
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,919</u>	<u>-</u>	<u>27,919</u>	<u>56,200</u>	<u>(28,281)</u>
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(295,616)	295,616
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(295,616)</u>	<u>295,616</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>27,919</u>	<u>-</u>	<u>27,919</u>	<u>\$ (239,416)</u>	<u>\$ 267,335</u>
Fund Balance – June 30, 1997	309,356	328,774	309,356		
Cumulative Effect of a Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – June 30, 1997 as Restated	309,356	328,774	309,356		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	(6,691)	-	(6,691)		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	(1,810)	-	(1,810)		
Fund Balance – Ending	<u>\$328,774</u>	<u>\$328,774</u>	<u>\$328,774</u>		

	Jobs Plus Education				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	-	-	-	-	-
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	32,308	-	32,308	133,280	100,972
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	32,308	-	32,308	133,280	100,972
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,308)	-	(32,308)	(133,280)	100,972
Other Financing Sources (Uses):					
Transfers In	307,945	-	307,945	533,000	(225,055)
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	307,945	-	307,945	533,000	(225,055)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	275,637	-	275,637	\$ 399,720	\$ (124,083)
Fund Balance – June 30, 1997	171,349	446,986	171,349		
Cumulative Effect of a Change in Accounting Principle	-	-	-		
Fund Balance – June 30, 1997 as Restated	171,349	446,986	171,349		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	-	-	-		
Fund Balance – Ending	\$ 446,986	\$ 446,986	\$ 446,986		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Jobs Plus				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	16,822	-	16,822	36,650	(19,828)
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>16,822</u>	<u>-</u>	<u>16,822</u>	<u>36,650</u>	<u>(19,828)</u>
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	-	-	-	-	-
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,822</u>	<u>-</u>	<u>16,822</u>	<u>36,650</u>	<u>(19,828)</u>
Other Financing Sources (Uses):					
Transfers In	1	-	1	-	1
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	16,823	-	16,823	<u>\$ 36,650</u>	<u>\$ (19,827)</u>
Fund Balance – June 30, 1997	6,112	22,935	6,112		
Cumulative Effect of a Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – June 30, 1997 as Restated	6,112	22,935	6,112		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	-	-	-		
Fund Balance – Ending	<u>\$ 22,935</u>	<u>\$ 22,935</u>	<u>\$ 22,935</u>		

VISTO					
	FY 1998	FY 1999	Biennial	Biennial	Variance
	Actuals	Actuals	Actuals	Budget	Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	10,712	-	10,712	20,000	(9,288)
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>10,712</u>	<u>-</u>	<u>10,712</u>	<u>20,000</u>	<u>(9,288)</u>
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	4,025	-	4,025	100,000	95,975
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	<u>4,025</u>	<u>-</u>	<u>4,025</u>	<u>100,000</u>	<u>95,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,687</u>	<u>-</u>	<u>6,687</u>	<u>(80,000)</u>	<u>86,687</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>6,687</u>	<u>-</u>	<u>6,687</u>	<u>\$ (80,000)</u>	<u>\$ 86,687</u>
Fund Balance – June 30, 1997	201,461	209,094	201,461		
Cumulative Effect of a Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – June 30, 1997 as Restated	201,461	209,094	201,461		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	946	-	946		
Fund Balance – Ending	<u>\$ 209,094</u>	<u>\$ 209,094</u>	<u>\$ 209,094</u>		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

			Rural Health Loan Grants		Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	42,102	-	42,102	104,400	(62,298)
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>42,102</u>	<u>-</u>	<u>42,102</u>	<u>104,400</u>	<u>(62,298)</u>
EXPENDITURES:					
General Government	587	-	587	-	(587)
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	164,291	-	164,291	334,331	170,040
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	<u>164,878</u>	<u>-</u>	<u>164,878</u>	<u>334,331</u>	<u>169,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(122,776)</u>	<u>-</u>	<u>(122,776)</u>	<u>(229,931)</u>	<u>107,155</u>
Other Financing Sources (Uses):					
Transfers In	412,080	-	412,080	412,080	-
Transfers Out	-	-	-	(5,167)	5,167
Total Other Financing Sources (Uses)	<u>412,080</u>	<u>-</u>	<u>412,080</u>	<u>406,913</u>	<u>5,167</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	289,304	-	289,304	<u>\$ 176,982</u>	<u>\$ 112,322</u>
Fund Balance – June 30, 1997	837,655	1,130,944	837,655		
Cumulative Effect of a Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – June 30, 1997 as Restated	837,655	1,130,944	837,655		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	3,985	-	3,985		
Fund Balance – Ending	<u>\$ 1,130,944</u>	<u>\$ 1,130,944</u>	<u>\$ 1,130,944</u>		

Student Community Services					
	FY 1998	FY 1999	Biennial	Biennial	Variance
	Actuals	Actuals	Actuals	Budget	Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	-	-	-	-	-
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	13,070	-	13,070	17,600	4,530
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	13,070	-	13,070	17,600	4,530
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,070)	-	(13,070)	(17,600)	4,530
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(13,070)	-	(13,070)	<u>\$ (17,600)</u>	<u>\$ 4,530</u>
Fund Balance – June 30, 1997	19,686	6,616	19,686		
Cumulative Effect of a Change in Accounting Principle	-	-	-		
Fund Balance – June 30, 1997 as Restated	19,686	6,616	19,686		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	-	-	-		
Fund Balance – Ending	<u>\$ 6,616</u>	<u>\$ 6,616</u>	<u>\$ 6,616</u>		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING BALANCE SHEET
ALL TRUST FUNDS
AS OF JUNE 30, 1998

ASSETS	Expendable Trust – Private Awards	Nonexpendable Trust – Private Awards	Total
Cash and Cash Equivalents	\$612,235	\$ 172,404	\$ 784,639
Designated Investments	–	842,872	842,872
Receivables (net of allowance for uncollectables):			
Interest	–	6,587	6,587
Other	–	23,124	23,124
Other Receivables – Noncurrent	173,367	–	173,367
Total Assets	<u>\$785,602</u>	<u>\$1,044,987</u>	<u>\$1,830,589</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Governments	\$105,184	\$ –	\$ 105,184
Total Liabilities	<u>105,184</u>	<u>–</u>	<u>105,184</u>
Fund Balance:			
Reserve for Receivables	173,367	–	173,367
Reserve for Trust Fund Principal	507,051	1,044,987	1,552,038
Total Fund Balance	<u>680,418</u>	<u>1,044,987</u>	<u>1,725,405</u>
Total Liabilities and Fund Balance	<u>\$785,602</u>	<u>\$ 1,044,987</u>	<u>\$1,830,589</u>

SUPPLEMENTAL SCHEDULES

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS — BALANCE SHEET ACCOUNTS
GENERAL FUND
JUNE 30, 1998

	Administration	Office of Degree Authorization	Revenue	Total General Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$206,783	\$206,783
Due From Other Agencies	7,532	22	-	7,554
Other Receivables – Noncurrent	-	-	148,709	148,709
Total Assets	<u>\$ 7,532</u>	<u>\$ 22</u>	<u>\$355,492</u>	<u>\$363,046</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 5,491	\$ -	\$ -	\$ 5,491
Due to General Fund	-	-	206,783	206,783
Vacation Payable – Short-term	3,063	2,003	-	5,066
Total Liabilities	<u>8,554</u>	<u>2,003</u>	<u>206,783</u>	<u>217,340</u>
Fund Balance:				
Reserved for Receivables	-	-	148,709	148,709
Reserves – Other	3,002	(2,003)	-	999
Unreserved Fund Balance	(4,024)	22	-	(4,002)
Total Fund Balance	<u>(1,022)</u>	<u>(1,981)</u>	<u>148,709</u>	<u>145,706</u>
Total Liabilities and Fund Balance	<u>\$ 7,532</u>	<u>\$ 22</u>	<u>\$355,492</u>	<u>\$363,046</u>

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS — REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Administration	Private College Supplement (SSIG)	Student Community Services	Office of Degree Authorization
REVENUE:				
Borrower Payments	\$ —	\$ —	\$ —	\$ —
Total Revenues	—	—	—	—
EXPENDITURES:				
General Government	442,651	—	—	—
Grants and Private Awards	13,558,319	1,484,592	10,198	—
Office of Degree Authorization	—	—	—	119,883
Total Expenditures	14,000,970	1,484,592	10,198	119,883
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000,970)	(1,484,592)	(10,198)	(119,883)
Other Financing Sources (Uses):				
Transfers In	—	—	—	—
Transfers Out	(412,080)	—	—	—
Appropriations	14,390,674	1,523,548	10,198	119,905
Total Other Financing Sources (Uses)	13,978,594	1,523,548	10,198	119,905
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(22,376)	38,956	—	22
Fund Balance – Beginning	70,899	(38,956)	—	—
Increase (Decrease) in Reserve for Inventories	(48,580)	—	—	—
Increase (Decrease) in Reserve for Receivables	—	—	—	—
Increase (Decrease) in Reserve – Other	(965)	—	—	(2,003)
Fund Balance – Ending	\$ (1,022)	\$ —	\$ —	\$ (1,981)

Revenue	Total General Fund
\$ 46,719	\$ 46,719
46,719	46,719
-	442,651
-	15,053,109
-	119,883
-	15,615,643
46,719	(15,568,924)
32,843	32,843
-	(412,080)
(114,562)	15,929,763
(81,719)	15,550,526
(35,000)	(18,398)
169,337	201,280
-	(48,580)
14,372	14,372
-	(2,968)
\$ 148,709	\$ 145,706

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS — REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Administration				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUE:					
Borrower Payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
EXPENDITURES:					
General Government	442,651	-	442,651	852,598	409,947
Grants and Private Awards	13,558,319	-	13,558,319	27,879,257	14,320,938
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	14,000,970	-	14,000,970	28,731,855	14,730,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000,970)	-	(14,000,970)	(28,731,855)	14,730,885
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(412,080)	-	(412,080)	(412,080)	-
Appropriations	14,390,674	-	14,390,674	29,143,935	(14,753,261)
Total Other Financing Sources (Uses)	13,978,594	-	13,978,594	28,731,855	(14,753,261)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(22,376)	-	(22,376)	\$ -	\$ (22,376)
Fund Balance – Beginning	70,899	(1,022)	70,899		
Increase (Decrease) in Reserve for Inventories	(48,580)	-	(48,580)		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve – Other	(965)	-	(965)		
Fund Balance – Ending	\$ (1,022)	\$ (1,022)	\$ (1,022)		

Private College Supplement (SSIG)					
	FY 1998	FY 1999	Biennial	Biennial	Variance
	Actuals	Actuals	Actuals	Budget	Favorable (Unfavorable)
REVENUE:					
Borrower Payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
EXPENDITURES:					
General Government	-	-	-	-	-
Grants and Private Awards	1,484,592	-	1,484,592	3,000,000	1,515,408
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	1,484,592	-	1,484,592	3,000,000	1,515,408
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,484,592)	-	(1,484,592)	(3,000,000)	1,515,408
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Appropriations	1,523,548	-	1,523,548	3,000,000	(1,476,452)
Total Other Financing Sources (Uses)	1,523,548	-	1,523,548	3,000,000	(1,476,452)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	38,956	-	38,956	\$ -	\$ 38,956
Fund Balance – Beginning	(38,956)	-	(38,956)		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve – Other	-	-	-		
Fund Balance – Ending	\$ -	\$ -	\$ -		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS — REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

Student Community Services

	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUE:					
Borrower Payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
EXPENDITURES:					
General Government	-	-	-	-	-
Grants and Private Awards	10,198	-	10,198	28,639	18,441
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	10,198	-	10,198	28,639	18,441
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,198)	-	(10,198)	(28,639)	18,441
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Appropriations	10,198	-	10,198	28,639	(18,441)
Total Other Financing Sources (Uses)	10,198	-	10,198	28,639	(18,441)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-	\$ -	\$ -
Fund Balance – Beginning	-	-	-		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve – Other	-	-	-		
Fund Balance – Ending	\$ -	\$ -	\$ -		

Office of Degree Authorization

	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUE:					
Borrower Payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
EXPENDITURES:					
General Government	-	-	-	-	-
Grants and Private Awards	-	-	-	-	-
Office of Degree Authorization	119,883	-	119,883	237,532	117,649
Total Expenditures	119,883	-	119,883	237,532	117,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,883)	-	(119,883)	(237,532)	117,649
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Appropriations	119,905	-	119,905	237,532	(117,627)
Total Other Financing Sources (Uses)	119,905	-	119,905	237,532	(117,627)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	22	-	22	\$ -	\$ 22
Fund Balance – Beginning	-	(1,981)	-		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	-	-		
Increase (Decrease) in Reserve – Other	(2,003)	-	(2,003)		
Fund Balance – Ending	\$ (1,981)	\$ (1,981)	\$ (1,981)		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS — REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL — GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Revenue				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUE:					
Borrower Payments	\$ 46,719	\$ —	\$ 46,719	\$ —	\$ 46,719
Total Revenues	46,719	—	46,719	—	46,719
EXPENDITURES:					
General Government	—	—	—	—	—
Grants and Private Awards	—	—	—	—	—
Office of Degree Authorization	—	—	—	—	—
Total Expenditures	—	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,719	—	46,719	—	46,719
Other Financing Sources (Uses):					
Transfers In	32,843	—	32,843	—	32,843
Transfers Out	—	—	—	—	—
Appropriations	(114,562)	—	(114,562)	—	(114,562)
Total Other Financing Sources (Uses)	(81,719)	—	(81,719)	—	(81,719)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(35,000)	—	(35,000)	\$ —	\$ (35,000)
Fund Balance – Beginning	169,337	148,709	169,337		
Increase (Decrease) in Reserve for Inventories	—	—	—		
Increase (Decrease) in Reserve for Receivables	14,372	—	14,372		
Increase (Decrease) in Reserve – Other	—	—	—		
Fund Balance – Ending	\$ 148,709	\$ 148,709	\$ 148,709		

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

Sharron E. Walker, CPA, CFE

Catherine E. Pollino, CGFM



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