
Secretary of State

State of Oregon

OREGON STATE SCHOLARSHIP COMMISSION

Year Ended June 30, 1999



Audits Division

Contract Auditor: Merina, McCoy & Co., CPAs, P.C.

Secretary of State

State of Oregon

OREGON STATE SCHOLARSHIP COMMISSION

Year Ended June 30, 1999



Audits Division

OFFICE OF THE
SECRETARY OF STATE
Bill Bradbury
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

Patricia Aldworth, Executive Director
Oregon Student Assistance Commission
1500 Valley River Drive, Suite 100
Eugene, Oregon 97401

This report contains the Oregon State Scholarship Commission's (OSSC), now known as the Oregon Student Assistance Commission, audited financial statements, reports on its internal control structure, legal compliance, federal financial assistance, and OSSC's response to the schedule of findings and questioned costs. The audit, performed by Merina, McCoy & Co., CPAs, P.C. for the Oregon Audits Division, encompasses the year ended June 30, 1999.

OREGON AUDITS DIVISION

John N. Lattimer
Director

Fieldwork Completion Date:
January 19, 2000

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

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT.....	2
GENERAL-PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Fund Types and Expendable Trust Fund	7
Combined Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget to Actual – General and Special Revenue Funds	8
Combined Statement of Revenues, Expenses, and Changes In Earnings/Fund Balances – Nonexpendable Trust Fund	10
Statement of Cash Flows – Nonexpendable Trust Fund	11
Notes to the Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION.....	24
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet – Special Revenue Funds.....	30
Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Special Revenue Funds	34
Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget to Actual – Special Revenue Funds.....	37
Combining Balance Sheet – All Trust Funds.....	50
SUPPLEMENTAL SCHEDULES	
Activity Analysis – Balance Sheet Accounts – General Fund	53
Activity Analysis – Revenues, Expenditures, and Changes In Fund Balance – General Fund	54
Activity Analysis – Revenues, Expenditures, and Changes In Fund Balance – Budget to Actual – General Fund	56
OTHER REPORTS:	
Report on Compliance and Internal Control Over Financial Reporting.....	62
Report on Compliance With Requirements Applicable To Each Major Program and On Internal Control Over Compliance.....	64
Schedule of Expenditures of Federal Awards.....	66
Notes to the Schedule of Federal Awards.....	67
Schedule of Findings and Questioned Costs	68
APPENDIX A:	
Prior Finding for the Year Ended June 30, 1998.....	72

GENERAL-PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Oregon Secretary of State
Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

We have audited the accompanying general-purpose financial statements of the Oregon State Scholarship Commission (OSSC) as of and for the year ended June 30, 1999, 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 1999, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2000 on our consideration of the OSSC's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying combining financial statements, supplemental schedules and schedule of expenditures of federal awards, as required by *U. S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations*, 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, contained in 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.

Merina, McCoy & Co., CPAs, P.C.
West Linn, Oregon
January 19, 2000

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

ASSETS	Governmental Fund Types		Fiduciary Fund Type
	General	Special Revenue	Trust and Agency
Cash and Cash Equivalents	\$ 1,302,268	\$ 10,722,852	\$ 709,539
Designated Investments	-	7,020,790	827,752
Receivables (net of allowance for uncollectables):			
Federal	-	1,088,835	-
Interest	-	187,882	-
Other	-	13,842	23,293
Due From Other Funds/Agencies	338,620	270,721	-
Other Receivables – Noncurrent	223,076	1,675,653	142,513
Fixed Assets (net of accumulated depreciation):			
Equipment and Machinery	-	-	-
Data Processing Software	-	-	-
Amount to be Provided for Vacation Payable	-	-	-
Total Assets	<u>\$ 1,863,964</u>	<u>\$ 20,980,575</u>	<u>\$ 1,703,097</u>
 LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts Payable	\$ 1,889	\$ 193,692	\$ -
Due to Other Funds/Agencies	-	270,427	-
Due to Other Governments	-	-	293
Due to General Fund	360,241	-	-
Vacation Payable – Short-term	4,166	55,737	-
Vacation Payable – Long-term	-	-	-
Total Liabilities	<u>366,296</u>	<u>519,856</u>	<u>293</u>
Fund Equity and Other Credits:			
Investment in Fixed Assets	-	-	-
Fund Balance:			
Reserved for Receivables	223,098	1,276,924	142,513
Reserved for Trust Fund Principal	-	5,114	1,190,470
Reserves – Other	1,274,570	400,775	-
Unreserved Fund Balance	-	18,777,906	369,821
Total Fund Balance	<u>1,497,668</u>	<u>20,460,719</u>	<u>1,702,804</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 1,863,964</u>	<u>\$ 20,980,575</u>	<u>\$ 1,703,097</u>

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)
\$ -	\$ -	\$ 12,734,659
-	-	7,848,542
-	-	1,088,835
-	-	187,882
-	-	37,135
-	-	609,341
-	-	2,041,242
542,763	-	542,763
94,926	-	94,926
-	138,406	138,406
<u>\$ 637,689</u>	<u>\$ 138,406</u>	<u>\$ 25,323,731</u>
\$ -	\$ -	\$ 195,581
-	-	270,427
-	-	293
-	-	360,241
-	-	59,903
-	138,406	138,406
<u>-</u>	<u>138,406</u>	<u>1,024,851</u>
637,689	-	637,689
-	-	1,642,535
-	-	1,195,584
-	-	1,675,345
-	-	19,147,727
<u>637,689</u>	<u>-</u>	<u>24,298,880</u>
<u>\$ 637,689</u>	<u>\$ 138,406</u>	<u>\$ 25,323,731</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, 1999

	Governmental Fund Types		Fiduciary Fund Type	Total Reporting Entity
	General	Special Revenue	Expendable Trust	(Memorandum Only)
REVENUES:				
Federal	\$ –	\$ 10,896,894	\$ –	\$ 10,896,894
Charges for Services	–	896,964	–	896,964
Interest Income	–	1,171,030	39,453	1,210,483
Donations and Grants	–	1,907,360	140,216	2,047,576
Borrower Payments	73,757	10,364,754	21,450	10,459,961
Net Increase in the Fair Value of Investments	–	(127,980)	–	(127,980)
Other	1,275,441	286,406	–	1,561,847
Total Revenues	1,349,198	25,395,428	201,119	26,945,745
EXPENDITURES:				
General Government	415,149	–	–	415,149
Federal Family Education Loan Program (FFELP)	–	23,606,286	–	23,606,286
Grants and Private Awards	15,848,644	3,200,864	655,258	19,704,766
Office of Degree Authorization	115,624	34,079	–	149,703
Total Expenditures	16,379,417	26,841,229	655,258	43,875,904
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,030,219)	(1,445,801)	(454,139)	(16,930,159)
Other Financing Sources (Uses):				
Transfers In	118,657	14,643,428	437,710	15,199,795
Transfers Out	(19,784)	(14,178,173)	(6,247)	(14,204,204)
Appropriations	16,210,789	–	–	16,210,789
Total Other Financing Sources (Uses)	16,309,662	465,255	431,463	17,206,380
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	1,279,443	(980,546)	(22,676)	276,221
Fund Balance – Beginning	145,706	20,461,533	680,418	21,287,657
Increase (Decrease) in Reserve for Inventories	–	–	–	–
Increase (Decrease) in Reserve for Receivables	74,389	893,440	(30,853)	936,976
Increase (Decrease) in Reserve for Trust Fund Principal	–	(65,030)	–	(65,030)
Increase (Decrease) in Reserve – Other	(1,870)	151,322	–	149,452
Fund Balance – Ending	\$ 1,497,668	\$ 20,460,719	\$ 626,889	\$ 22,585,276

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, 1999

	General Fund				
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-
Interest Income	-	-	-	-	-
Donations and Grants	-	-	-	-	-
Borrower Payments	46,719	73,757	120,476	-	120,476
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	1,275,441	1,275,441	-	1,275,441
Total Revenues	<u>46,719</u>	<u>1,349,198</u>	<u>1,395,917</u>	<u>-</u>	<u>1,395,917</u>
EXPENDITURES:					
General Government	442,651	415,149	857,800	852,598	(5,202)
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	15,053,109	15,848,644	30,901,753	30,907,896	6,143
Office of Degree Authorization	119,883	115,624	235,507	237,532	2,025
Total Expenditures	<u>15,615,643</u>	<u>16,379,417</u>	<u>31,995,060</u>	<u>31,998,026</u>	<u>2,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,568,924)</u>	<u>(15,030,219)</u>	<u>(30,599,143)</u>	<u>(31,998,026)</u>	<u>1,398,883</u>
Other Financing Sources (Uses):					
Transfers In	32,843	118,657	151,500	-	151,500
Transfers Out	(412,080)	(19,784)	(431,864)	(412,080)	(19,784)
Appropriations	15,929,763	16,210,789	32,140,552	32,410,106	(269,554)
Total Other Financing Sources (Uses)	<u>15,550,526</u>	<u>16,309,662</u>	<u>31,860,188</u>	<u>31,998,026</u>	<u>(137,838)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(18,398)</u>	<u>1,279,443</u>	<u>1,261,045</u>	<u>\$ -</u>	<u>\$ 1,261,045</u>
Fund Balance – Beginning	201,280	145,706	201,280		
Cumulative Effect of a Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – as Beginning 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	74,389	88,761		
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	<u>(2,968)</u>	<u>(1,870)</u>	<u>(4,838)</u>		
Fund Balance – Ending	<u>\$ 145,706</u>	<u>\$ 1,497,668</u>	<u>\$ 1,497,668</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, 1999

Special Revenue Fund				
FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
\$ 20,680,218	\$ 10,896,894	\$ 31,577,112	\$ 34,683,975	\$ (3,106,863)
677,370	896,964	1,574,334	1,855,408	(281,074)
1,127,499	1,171,030	2,298,529	2,166,018	132,511
1,601,518	1,907,360	3,508,878	3,200,000	308,878
11,953,160	10,364,754	22,317,914	28,424,964	(6,107,050)
51,910	(127,980)	(76,070)	–	(76,070)
219,961	286,406	506,367	30,000	476,367
36,311,636	25,395,428	61,707,064	70,360,365	(8,653,301)
501,424	–	501,424	1,134,960	633,536
34,195,600	23,606,286	57,801,886	63,518,788	5,716,902
2,601,045	3,200,864	5,801,909	5,486,624	(315,285)
35,134	34,079	69,213	60,314	(8,899)
37,333,203	26,841,229	64,174,432	70,200,686	6,026,254
(1,021,567)	(1,445,801)	(2,467,368)	159,679	(2,627,047)
4,135,573	14,643,428	18,779,001	9,177,287	9,601,714
(3,253,027)	(14,178,173)	(17,431,200)	(8,490,913)	(8,940,287)
–	–	–	–	–
882,546	465,255	1,347,801	686,374	661,427
(139,021)	(980,546)	(1,119,567)	\$ 846,053	\$ (1,965,620)
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	893,440	1,023,578		
–	(65,030)	(65,030)		
3,298	151,322	154,620		
<u>\$ 20,461,533</u>	<u>\$ 20,460,719</u>	<u>\$ 20,460,719</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, 1999

	Nonexpendable Trust Fund
OPERATING EXPENSES:	
Grants and Private Awards	\$ 27,819
Total Operating Expenses	27,819
Operating Income (Loss)	(27,819)
NONOPERATING REVENUES (EXPENSES):	
Interest Income	73,867
Decrease in the Fair Value of Investments	(15,120)
Total Nonoperating Revenues (Expenses)	58,747
Net Income (Loss)	30,928
Fund Equity – June 30, 1998	1,044,987
Fund Equity – Ending	\$ 1,075,915

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, 1999

	Nonexpendable Trust Fund
Operating Income (Loss)	\$ (27,819)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Due to Other Governments	293
Increase in Investment Interest Receivable	(169)
Increase in Interest Receivable	6,587
Total Adjustments	6,711
Net Cash and Cash Equivalents Provided (Used) In Operating Activities:	(21,108)
Cash Flows from Investing Activities:	
Interest Income	73,867
Net Cash Used by Investing Activities	73,867
Net Increase in (Decrease) in Cash & Cash Equivalents	52,759
Cash and Cash Equivalents – Beginning	172,404
Cash and Cash Equivalents – Ending	\$ 225,163

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, 1999

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:

	<u>Legislatively Approved</u>	<u>Emergency Board</u>	<u>Budget Biennium 1997-99</u>	<u>Actual Expenditures Biennium Ended June 30, 1999</u>
General Fund				
Appropriation	\$32,378,237	\$31,869	\$32,410,106	\$32,140,552

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 Biennium Ended <u>June 30, 1999</u>
Limited Funds	\$ 12,762,562	\$ 382,996	\$13,145,558	\$ 19,770,002
Nonlimited Funds	57,055,128	—	57,055,128	44,404,430
Total	\$ 69,817,690	\$ 382,996	\$ 70,200,686	\$ 64,174,432

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 Biennium Ended <u>June 30, 1999</u>
Other Funds – Nonlimited	\$1,729,519		\$1,729,519	\$1,212,103

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 of \$517,126. 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, 1999

As of June 30, 1999, deposit balances are as follows:

	Category			Book Balance	Bank Balance
	1	2	3		
State Scholarship Commission	\$12,734,659			\$12,734,659	\$12,345,795

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, 1999, investment balances are as follows:

	Category			Fair Value
	1	2	3	
State Scholarship Commission– U. S. Government Securities	\$7,848,542			\$7,848,542

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 at the beginning and end of each fiscal year has been reported in this statement as a revenue entitled "Net Increase in the Fair Value of Investments". The net increase for fiscal year 1998 totaled \$51,910. For fiscal year 1999 the fair value of these investments decreased by \$127,980.

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 at the beginning and end of each fiscal year has been reported in this statement as a nonoperating revenue entitled “Decrease in the Fair Value of Investments.” The net increase for fiscal year 1998 totaled \$6,248. For fiscal year 1999 the fair value of these investments decreased by \$15,120.

3. FIXED ASSETS.

Changes in the General Fixed Assets Account Group for the year ended June 30, 1999, are as follows:

Fixed Assets	Balance as of June 30, 1998	Acquisitions	Dispositions	Balance as of June 30, 1999
Equipment and Machinery	\$500,123	\$130,307	(\$87,667)	\$542,763
Data Processing Software	52,049	69,600	(26,723)	94,926
Total Fixed Assets	\$552,172	\$199,907	(\$114,390)	\$637,689

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, 1999, was \$2,619,160; the total OSSC payroll for that period was \$2,681,220.

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, 1999, was 14.69%). For the year ended June 30, 1999, the total amount paid by OSSC was \$384,807, which consisted of \$157,148 for the employer contribution and \$227,659 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. LONG TERM DEBT.

Long Term Debt consists of accumulated unpaid vacation pay. Accumulated unpaid vacation pay for the year is as follows:

Balance, June 30, 1998	\$ 145,117)
Additions/Payments Net	<u>(6,711)</u>
Balance, June 30, 1999	<u><u>\$ 138,406</u></u>

6. 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, which remain the property of the state until paid and are subject only to claims of the state's general creditors, 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.

7. 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>
7/1/99 through 1/31/00	\$23,100	\$161,700

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

8. 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, 1999, totaled approximately \$101.8 million. The outstanding receivable balance of loans being collected for the federal government as of June 30, 1999, totaled approximately \$118.5 million. The financial activities and balance of these guaranteed student loans are not reported in the accompanying financial statements.

9. RETURN OF FEDERAL RESERVE AMOUNTS.

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 1998 and the year 2002 to satisfy this requirement. During fiscal year 1999 this amount was transferred from the Federal Reserve Fund to the escrow account (See Note 10).

Interest earnings from the escrow account in excess of required deposits are available to OSSC to provide default management services to the public. Excess interest of \$32,746 was transferred to OSSC during the year ended June 30, 1999.

10. REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965.

On October 7, 1998 the President of the United States signed a 5-year Reauthorization of the Higher Education Act of 1965. This reauthorization was fully implemented on December 7, 1998 and is effective for the years 1999 to 2002. A variety of changes in the operation of the Federal Family Education Loan Program at OSSC were required under this reauthorization.

The federal process governing the purchase of defaulted student loans 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 and 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.

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

A Federal Reserve Account has been established to account for FFELP Reserve Fund assets, liabilities, and fund equity. Expenditures for the purchase of borrower loans, payment of default aversion fees, and payments to the escrow account (see note 9) are made from this account. Revenue received from 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 is also recorded here. This account is maintained for the U. S. Department of Education.

An Agency Operating Fund has been established to account for OSSC's expenditures and revenues associated with the operation of the FFELP. This fund began with a zero balance, and was funded by a transfer from the Federal Reserve Account equal to 180 days of operating expenses. This account is the sole property of OSSC, and will only be subject to U. S. Department of Education audit until the operating transfer has been repaid. Account revenues 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 (see note 9), and interest from cash and investment balances. Expenditures include agency operating costs and default management program expenditures.

11. SUBSEQUENT EVENT.

On October 23, 1999 the Oregon State Scholarship Commission changed its name to the Oregon Student Assistance Commission. The change was approved by the State Legislative Assembly.

12. CONTINGENCY.

Under the Reauthorization Act, OSSC receives default aversion fees from the Department of Education. These are recorded as revenues in the Agency Operating Fund. In the event a borrower goes back into default the fee must be repaid in whole or part, together with interest. There is not sufficient history available to estimate the potential future liability. Consequently, OSSC has reserved the entire amount receivable of \$1,237,902.

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>All personal computers used by staff are Year 2000 compliant.</p>	Completed.

<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 have completed all programming work related to renovating our internal software systems. These internal systems include Grants, Private Awards, FFELP Loan Collection systems.</p>	<p>Completed.</p>
<p>4. Software Remediation for External Systems</p>	<p><i>Status tracking and communication with the software vendor.</i></p> <p>USA Group has notified OSSC that all USAG Student Loan Processing Software is Y2K Compliant. 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 Oregon State Scholarship Commission.</p>	<p>Completed.</p>
<p>5. Testing</p>	<p><i>Application of test data to determine the desired results are achieved.</i></p>	<p>Completed.</p>
<p>6. Interface Assurance</p>	<p><i>Verification of business partner's uninterrupted datastream.</i></p>	<p>Completed.</p>
<p>7. 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. The final business continuation plan document was distributed February 11, 1999.</p>	<p>Completed.</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 1999, 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, 1999

	US Department of Education Federal Reserve Fund - Nonlimited Fund	Federal Family Education Loan Program - Nonlimited Fund	Federal Family Education Loan Program - Limited Fund
ASSETS			
Cash and Cash Equivalents	\$ 5,935,359	\$ 275,238	\$ 1,795,588
Designated Investments	4,011,880	-	3,008,910
Receivables (net of allowance for uncollectables):			
Interest	107,361	-	80,521
Federal	955,380	-	133,455
Other	-	-	1,211
Due from Other Fund/Agencies	260,835	293	9,483
Other Receivables – Noncurrent	398,729	-	1,237,902
Total Assets	<u>\$ 11,669,544</u>	<u>\$ 275,531</u>	<u>\$ 6,267,070</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 4,847	\$ 5,303	\$ 97,179
Due to Other Funds/Agencies	-	270,228	199
Vacation Payable – Short-term	-	-	48,826
Total Liabilities	<u>4,847</u>	<u>275,531</u>	<u>146,204</u>
Fund Balance:			
Reserved for Receivables	-	-	1,237,902
Reserved for Trust Fund Principal	-	-	-
Reserves – Other	398,729	-	3,955
Unreserved Fund Balance	11,265,968	-	4,879,009
Total Fund Balance	<u>11,664,697</u>	<u>-</u>	<u>6,120,866</u>
Total Liabilities and Fund Balance	<u>\$ 11,669,544</u>	<u>\$ 275,531</u>	<u>\$ 6,267,070</u>

<u>ASSETS</u>	Federal Funds	Office of Degree Authorization	Private Awards – Service Agreements	Private Awards – Administration
Cash and Cash Equivalents	\$ –	\$ 67,323	\$ 508,848	\$ 52,427
Designated Investments	–	–	–	–
Receivables (net of allowance for uncollectables):				
Interest	–	–	–	–
Federal	–	–	–	–
Other	–	7,582	5,049	–
Due from Other Funds/Agencies	–	–	110	–
Other Receivables – Noncurrent	–	–	–	–
Total Assets	<u>\$ –</u>	<u>\$ 74,905</u>	<u>\$ 514,007</u>	<u>\$ 52,427</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ –	\$ 9,136	\$ 785	\$ 4,930
Due to Other Funds/Agencies	–	–	–	–
Vacation Payable – Short-term	–	–	–	6,911
Total Liabilities	<u>–</u>	<u>9,136</u>	<u>785</u>	<u>11,841</u>
Fund Balance:				
Reserved for Receivables	–	–	–	–
Reserved for Trust Fund Principal	–	–	–	–
Reserves – Other	–	–	–	(1,909)
Unreserved Fund Balance	–	65,769	513,222	42,495
Total Fund Balance	<u>–</u>	<u>65,769</u>	<u>513,222</u>	<u>40,586</u>
Total Liabilities and Fund Balance	<u>\$ –</u>	<u>\$ 74,905</u>	<u>\$ 514,007</u>	<u>\$ 52,427</u>

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
 JUNE 30, 1999

	Oregon Teachers Corporation	Jobs Plus Education	Jobs Plus	VISTO
ASSETS				
Cash and Cash Equivalents	\$ 105,330	\$ 762,408	\$ 55,306	\$ 218,965
Designated Investments	-	-	-	-
Receivables (net of allowance for uncollectables):				
Interest	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Prepaid Items	-	-	-	-
Other Receivables – Noncurrent	39,022	-	-	-
Total Assets	<u>\$ 144,352</u>	<u>\$ 762,408</u>	<u>\$ 55,306</u>	<u>\$ 218,965</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ -	\$ 2,210	\$ -	\$ -
Due to Other Governments	-	-	-	-
Vacation Payable – Short-term	-	-	-	-
Total Liabilities	<u>-</u>	<u>2,210</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Reserved for Receivables	39,022	-	-	-
Reserved for Trust Fund Principal	-	5,114	-	-
Reserves – Other	-	-	-	-
Unreserved Fund Balance	105,330	755,084	55,306	218,965
Total Fund Balance	<u>144,352</u>	<u>760,198</u>	<u>55,306</u>	<u>218,965</u>
Total Liabilities and Fund Balance	<u>\$ 144,352</u>	<u>\$ 762,408</u>	<u>\$ 55,306</u>	<u>\$ 218,965</u>

	Rural Health Loan Grants	Student Community Services	Total Special Revenue Fund
ASSETS			
Cash and Cash Equivalents	\$ 946,060	\$ –	\$ 10,722,852
Designated Investments	–	–	7,020,790
Receivables (net of allowance for uncollectables):			
Interest	–	–	187,882
Federal	–	–	1,088,835
Other	–	–	13,842
Due from Other Funds/Agencies	–	–	270,721
Other Receivables – Noncurrent	–	–	1,675,653
Total Assets	<u>\$ 946,060</u>	<u>\$ –</u>	<u>\$ 20,980,575</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 69,302	\$ –	\$ 193,692
Due to Other funds/Agencies	–	–	270,427
Vacation Payable – Short-term	–	–	55,737
Total Liabilities	<u>69,302</u>	<u>–</u>	<u>519,856</u>
Fund Balance:			
Reserved for Receivables	–	–	1,276,924
Reserved for Trust Fund Principal	–	–	5,114
Reserves – Other	–	–	400,775
Unreserved Fund Balance	876,758	–	18,777,906
Total Fund Balance	<u>876,758</u>	<u>–</u>	<u>20,460,719</u>
Total Liabilities and Fund Balance	<u>\$ 946,060</u>	<u>\$ –</u>	<u>\$ 20,980,575</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, 1999

	US Department of Education Federal Reserve Fund - Nonlimited Fund	Federal Family Education Loan Program - Nonlimited Fund	Federal Family Education Loan Program - Limited Fund	Federal Funds
REVENUES:				
Federal	\$ 7,822,709	\$ 1,296,030	\$ 1,450,082	\$ 328,073
Other Charges for Services	698,128	-	156,786	-
Interest Income	375,794	-	646,396	-
Donations and Grants	-	-	-	-
Borrower Payments	5,878,325	2,450,322	1,966,626	-
Decrease in the Fair Value of Investments	(73,466)	-	(54,514)	-
Other	(912)	333	45,309	-
Total Revenues	<u>14,700,578</u>	<u>3,746,685</u>	<u>4,210,685</u>	<u>328,073</u>
EXPENDITURES:				
General Government	-	-	-	-
Federal Family Education Loan Program (FFELP)	13,870,913	4,762,322	4,973,051	-
Grants and Private Awards	-	-	-	328,073
Office of Degree Authorization	-	-	-	-
Total Expenditures	<u>13,870,913</u>	<u>4,762,322</u>	<u>4,973,051</u>	<u>328,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>829,665</u>	<u>(1,015,637)</u>	<u>(762,366)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers In	10,436,303	229,223	3,245,525	-
Transfers Out	-	(13,691,310)	(229,223)	-
Total Other Financing Sources (Uses)	<u>10,436,303</u>	<u>(13,462,087)</u>	<u>3,016,302</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	11,265,968	(14,477,724)	2,253,936	-
Fund Balance – June 30, 1998	-	15,042,693	2,619,425	-
Increase (Decrease) in Reserve for Inventories	-	-	-	-
Increase (Decrease) in Reserve for Receivables	-	(309,868)	1,237,902	-
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-	-
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	398,729	(255,101)	9,603	-
Fund Balance – Ending	<u>\$ 11,664,697</u>	<u>\$ -</u>	<u>\$ 6,120,866</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	42,050	–	–	–	–
Interest Income	–	40,324	2,395	10,133	–
Donations and Grants	–	1,869,988	37,372	–	–
Borrower Payments	–	41,437	21	27,591	432
Increase in the Fair Value of Investments	–	–	–	–	–
Other	–	–	241,117	–	559
Total Revenues	42,050	1,951,749	280,905	37,724	991
EXPENDITURES:					
General Government	–	–	–	–	–
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and Private Awards	–	1,865,296	422,604	190,360	82,069
Office of Degree Authorization	34,079	–	–	–	–
Total Expenditures	34,079	1,865,296	422,604	190,360	82,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,971	86,453	(141,699)	(152,636)	(81,078)
Other Financing Sources (Uses):					
Transfers In	–	15,215	168,342	–	544,290
Transfers Out	(5,000)	(96,024)	–	–	(150,000)
Total Other Financing Sources (Uses)	(5,000)	(80,809)	168,342	–	394,290
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	2,971	5,644	26,643	(152,636)	313,212
Fund Balance – June 30, 1998	62,798	510,386	80,882	328,774	446,986
Increase (Decrease) in Reserve for Inventories	–	–	–	–	–
Increase (Decrease) in Reserve for Receivables	–	(2,808)	–	(31,786)	–
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	(65,030)	–	–
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	–	–	(1,909)	–	–
Fund Balance – Ending	\$ 65,769	\$ 513,222	\$ 40,586	\$ 144,352	\$ 760,198

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, 1999

	Jobs Plus	VISTO	Rural Health Loan Grants	Student Community Services	Total Special Revenue Fund
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 10,896,894
Other Charges for Services	-	-	-	-	896,964
Interest Income	32,371	10,971	52,646	-	1,171,030
Donations and Grants	-	-	-	-	1,907,360
Borrower Payments	-	-	-	-	10,364,754
Increase in the Fair Value of Investments	-	-	-	-	(127,980)
Other	-	-	-	-	286,406
Total Revenues	32,371	10,971	52,646	-	25,395,428
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	23,606,286
Grants and Private Awards	-	1,100	306,832	4,530	3,200,864
Office of Degree Authorization	-	-	-	-	34,079
Total Expenditures	-	1,100	306,832	4,530	26,841,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,371	9,871	(254,186)	(4,530)	(1,445,801)
Other Financing Sources (Uses):					
Transfers In	-	-	-	4,530	14,643,428
Transfers Out	-	-	-	(6,616)	(14,178,173)
Total Other Financing Sources (Uses)	-	-	-	(2,086)	465,255
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	32,371	9,871	(254,186)	(6,616)	(980,546)
Fund Balance – June 30, 1998	22,935	209,094	1,130,944	6,616	20,461,533
Increase (Decrease) in Reserve for Inventories	-	-	-	-	-
Increase (Decrease) in Reserve for Receivables	-	-	-	-	893,440
Increase (Decrease) in Reserve for Trust Fund Principal	-	-	-	-	(65,030)
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	-	-	-	-	151,322
Fund Balance – Ending	\$ 55,306	\$ 218,965	\$ 876,758	\$ -	\$ 20,460,719

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, 1999

U.S Department of Education Federal Reserve Fund - Nonlimited Fund					
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ 7,822,709	\$ 7,822,709	\$ -	\$ 7,822,709
Other Charges for Services	-	698,128	698,128	-	698,128
Interest Income	-	375,794	375,794	-	375,794
Donations and Grants	-	-	-	-	-
Borrower Payments	-	5,878,325	5,878,325	-	5,878,325
Increase in the Fair Value of Investments	-	(73,466)	(73,466)	-	(73,466)
Other	-	(912)	(912)	-	(912)
Total Revenues	-	14,700,578	14,700,578	-	14,700,578
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	13,870,913	13,870,913	-	(13,870,913)
Grants and Private Awards	-	-	-	-	-
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	-	13,870,913	13,870,913	-	(13,870,913)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	829,665	829,665	-	829,665
Other Financing Sources (Uses):					
Transfers In	-	10,436,303	10,436,303	-	10,436,303
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	10,436,303	10,436,303	-	10,436,303
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	11,265,968	11,265,968	-	\$ 11,265,968
Fund Balance – Beginning	-	-	-	-	-
Cumulative Effect of a Change in Accounting Principle FY 1998	-	-	-	-	-
Fund Balance – Beginning 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	-	398,729	398,729	-	-
Fund Balance – Ending	\$ -	\$ 11,664,697	\$ 11,664,697	-	-

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, 1999

	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	\$ 1,296,030	\$ 20,285,301	\$ 32,154,570	\$ (11,869,269)
Other Charges for Services	–	–	–	–	–
Interest Income	693,249	–	693,249	1,303,968	(610,719)
Donations and Grants	–	–	–	–	–
Borrower Payments	11,936,477	2,450,322	14,386,799	28,180,832	(13,794,033)
Increase in the Fair Value of Investments	51,910	–	51,910	–	51,910
Other	–	333	333	30,000	(29,667)
Total Revenues	<u>31,670,907</u>	<u>3,746,685</u>	<u>35,417,592</u>	<u>61,669,370</u>	<u>(26,251,778)</u>
EXPENDITURES:					
General Government	–	–	–	–	–
Federal Family Education Loan Program (FFELP)	29,934,488	4,762,322	34,696,810	53,806,848	19,110,038
Grants and Private Awards	–	–	–	–	–
Office of Degree Authorization	–	–	–	–	–
Total Expenditures	<u>29,934,488</u>	<u>4,762,322</u>	<u>34,696,810</u>	<u>53,806,848</u>	<u>19,110,038</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,736,419</u>	<u>(1,015,637)</u>	<u>720,782</u>	<u>7,862,522</u>	<u>(7,141,740)</u>
Other Financing Sources (Uses):					
Transfers In	–	229,223	229,223	–	229,223
Transfers Out	(3,200,000)	(13,691,310)	(16,891,310)	(7,331,731)	(9,559,579)
Total Other Financing Sources (Uses)	<u>(3,200,000)</u>	<u>(13,462,087)</u>	<u>(16,662,087)</u>	<u>(7,331,731)</u>	<u>(9,330,356)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(1,463,581)</u>	<u>(14,477,724)</u>	<u>(15,941,305)</u>	<u>\$ 530,791</u>	<u>\$ (16,472,096)</u>
Fund Balance – Beginning	16,250,093	15,042,693	16,250,093		
Cumulative Effect of a Change in Accounting Principle FY 1998	<u>113,150</u>	<u>–</u>	<u>113,150</u>		
Fund Balance – Beginning Restated	16,363,243	15,042,693	16,363,243		
Increase (Decrease) in Reserve for Inventories	–	–	–		
Increase (Decrease) in Reserve for Receivables	137,032	(309,868)	(172,836)		
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	5,999	(255,101)	(249,102)		
Fund Balance – Ending	<u>\$ 15,042,693</u>	<u>\$ –</u>	<u>\$ –</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	\$ 1,450,082	\$ 2,485,949	\$ 1,245,699	\$ 1,240,250
Other Charges for Services	619,570	156,786	776,356	1,789,408	(1,013,052)
Interest Income	330,681	646,396	977,077	700,000	277,077
Donations and Grants	–	–	–	–	–
Borrower Payments	–	1,966,626	1,966,626	165,732	1,800,894
Increase in the Fair Value of Investments	–	(54,514)	(54,514)	–	(54,514)
Other	8,251	45,309	53,560	–	53,560
Total Revenues	1,994,369	4,210,685	6,205,054	3,900,839	2,304,215
EXPENDITURES:					
General Government	473,457	–	473,457	1,079,104	605,647
Federal Family Education Loan Program (FFELP)	4,261,112	4,973,051	9,234,163	9,711,940	477,777
Grants and Private Awards	–	–	–	–	–
Office of Degree Authorization	–	–	–	–	–
Total Expenditures	4,734,569	4,973,051	9,707,620	10,791,044	1,083,424
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,740,200)	(762,366)	(3,502,566)	(6,890,205)	3,387,639
Other Financing Sources (Uses):					
Transfers In	3,200,000	3,245,525	6,445,525	7,331,731	(886,206)
Transfers Out	–	(229,223)	(229,223)	–	(229,223)
Total Other Financing Sources (Uses)	3,200,000	3,016,302	6,216,302	7,331,731	(1,115,429)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	459,800	2,253,936	2,713,736	\$ 441,526	\$ 2,272,210
Fund Balance – Beginning	2,615,458	2,619,425	2,615,458		
Cumulative Effect of a Change in Accounting Principle FY 1998	–	–	–		
Fund Balance – Beginning 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	–	1,237,902	1,237,902		
Increase (Decrease) in Reserve for Trust Fund Principal	–	–	–		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	(8,642)	9,603	961		
Fund Balance – Ending	\$ 2,619,425	\$ 6,120,866	\$ 6,120,866		

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, 1999

			Federal Funds		Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ 655,080	\$ 328,073	\$ 983,153	\$ 1,283,706	\$ (300,553)
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>328,073</u>	<u>983,153</u>	<u>1,283,706</u>	<u>(300,553)</u>
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	655,080	328,073	983,153	1,283,706	300,553
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	<u>655,080</u>	<u>328,073</u>	<u>983,153</u>	<u>1,283,706</u>	<u>300,553</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 – Beginning	-	-	-		
Cumulative Effect of a Change in Accounting Principle FY 1998	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – Beginning 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 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	57,800	42,050	99,850	66,000	33,850
Interest Income	-	-	-	-	-
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>57,800</u>	<u>42,050</u>	<u>99,850</u>	<u>66,000</u>	<u>33,850</u>
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	-	-	-	-	-
Office of Degree Authorization	35,134	34,079	69,213	60,314	(8,899)
Total Expenditures	<u>35,134</u>	<u>34,079</u>	<u>69,213</u>	<u>60,314</u>	<u>(8,899)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>22,666</u>	<u>7,971</u>	<u>30,637</u>	<u>5,686</u>	<u>24,951</u>
Other Financing Sources (Uses):					
Transfers In	40,132	-	40,132	36,910	3,222
Transfers Out	-	(5,000)	(5,000)	-	(5,000)
Total Other Financing Sources (Uses)	<u>40,132</u>	<u>(5,000)</u>	<u>35,132</u>	<u>36,910</u>	<u>(1,778)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>62,798</u>	<u>2,971</u>	<u>65,769</u>	<u>\$ 42,596</u>	<u>\$ 23,173</u>
Fund Balance – Beginning	-	62,798	-		
Cumulative Effect of a Change in Accounting Principle FY 1998	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – Beginning 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>\$ 65,769</u>	<u>\$ 65,769</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, 1999

	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	40,324	53,895	–	53,895
Donations and Grants	1,601,518	1,869,988	3,471,506	3,200,000	271,506
Borrower Payments	1,416	41,437	42,853	23,200	19,653
Increase in the Fair Value of Investments	–	–	–	–	–
Other	–	–	–	–	–
Total Revenues	<u>1,616,505</u>	<u>1,951,749</u>	<u>3,568,254</u>	<u>3,223,200</u>	<u>345,054</u>
EXPENDITURES:					
General Government	–	–	–	–	–
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and Private Awards	1,485,855	1,865,296	3,351,151	3,115,000	(236,151)
Office of Degree Authorization	–	–	–	–	–
Total Expenditures	<u>1,485,855</u>	<u>1,865,296</u>	<u>3,351,151</u>	<u>3,115,000</u>	<u>(236,151)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>130,650</u>	<u>86,453</u>	<u>217,103</u>	<u>108,200</u>	<u>108,903</u>
Other Financing Sources (Uses):					
Transfers In	109,065	15,215	124,280	92,800	31,480
Transfers Out	(51,856)	(96,024)	(147,880)	(752,236)	604,356
Total Other Financing Sources (Uses)	<u>57,209</u>	<u>(80,809)</u>	<u>(23,600)</u>	<u>(659,436)</u>	<u>635,836</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>187,859</u>	<u>5,644</u>	<u>193,503</u>	<u>\$ (551,236)</u>	<u>\$ 744,739</u>
Fund Balance – Beginning	317,009	510,386	317,009		
Cumulative Effect of a Change in Accounting Principle FY 1998	–	–	–		
Fund Balance – Beginning Restated	317,009	510,386	317,009		
Increase (Decrease) in Reserve for Inventories	–	–	–		
Increase (Decrease) in Reserve for Receivables	(203)	(2,808)	(3,011)		
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>\$ 513,222</u>	<u>\$ 513,222</u>		

Private Awards –
Administration

	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$ –	\$ –
Other Charges for Services	–	–	–	–	–
Interest Income	7,660	2,395	10,055	–	10,055
Donations and Grants	–	37,372	37,372	–	37,372
Borrower Payments	50	21	71	–	71
Increase in the Fair Value of Investments	–	–	–	–	–
Other	211,710	241,117	452,827	–	452,827
Total Revenues	<u>219,420</u>	<u>280,905</u>	<u>500,325</u>	<u>–</u>	<u>500,325</u>
EXPENDITURES:					
General Government	27,380	–	27,380	55,856	28,476
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and Private Awards Office of Degree Authorization	246,416	422,604	669,020	502,707	(166,313)
Other	–	–	–	–	–
Total Expenditures	<u>273,796</u>	<u>422,604</u>	<u>696,400</u>	<u>558,563</u>	<u>(137,837)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54,376)</u>	<u>(141,699)</u>	<u>(196,075)</u>	<u>(558,563)</u>	<u>362,488</u>
Other Financing Sources (Uses):					
Transfers In	66,350	168,342	234,692	770,766	(536,074)
Transfers Out	(1,171)	–	(1,171)	(106,163)	104,992
Total Other Financing Sources (Uses)	<u>65,179</u>	<u>168,342</u>	<u>233,521</u>	<u>664,603</u>	<u>(431,082)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>10,803</u>	<u>26,643</u>	<u>37,446</u>	<u>\$ 106,040</u>	<u>\$ (68,594)</u>
Fund Balance – Beginning	72,980	80,882	72,980		
Cumulative Effect of a Change in Accounting Principle FY 1998	–	–	–		
Fund Balance – Beginning 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	–	(65,030)	(65,030)		
Increase (Decrease) in Reserve – Other and Prior Period Fund Balance	(2,901)	(1,909)	(4,810)		
Fund Balance – Ending	<u>\$ 80,882</u>	<u>\$ 40,586</u>	<u>\$ 40,586</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, 1999

	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	10,133	22,835	1,000	21,835
Donations and Grants	—	—	—	—	—
Borrower Payments	15,217	27,591	42,808	55,200	(12,392)
Increase in the Fair Value of Investments	—	—	—	—	—
Other	—	—	—	—	—
Total Revenues	<u>27,919</u>	<u>37,724</u>	<u>65,643</u>	<u>56,200</u>	<u>9,443</u>
EXPENDITURES:					
General Government	—	—	—	—	—
Federal Family Education Loan Program (FFELP)	—	—	—	—	—
Grants and Private Awards	—	190,360	190,360	—	(190,360)
Office of Degree Authorization	—	—	—	—	—
Total Expenditures	<u>—</u>	<u>190,360</u>	<u>190,360</u>	<u>—</u>	<u>(190,360)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,919</u>	<u>(152,636)</u>	<u>(124,717)</u>	<u>56,200</u>	<u>(180,917)</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>(152,636)</u>	<u>(124,717)</u>	<u>\$ (239,416)</u>	<u>\$ 114,699</u>
Fund Balance – Beginning	309,356	328,774	309,356		
Cumulative Effect of a Change in Accounting Principle FY 1998	<u>—</u>	<u>—</u>	<u>—</u>		
Fund Balance – Beginning Restated	309,356	328,774	309,356		
Increase (Decrease) in Reserve for Inventories	—	—	—		
Increase (Decrease) in Reserve for Receivables	(6,691)	(31,786)	(38,477)		
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>\$ 144,352</u>	<u>\$ 144,352</u>		

	Jobs Plus Education				
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	-	-	-	-	-
Donations and Grants	-	-	-	-	-
Borrower Payments	-	432	432	-	432
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	559	559	-	559
Total Revenues	-	991	991	-	991
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	32,308	82,069	114,377	133,280	18,903
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	32,308	82,069	114,377	133,280	18,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,308)	(81,078)	(113,386)	(133,280)	19,894
Other Financing Sources (Uses):					
Transfers In	307,945	544,290	852,235	533,000	319,235
Transfers Out	-	(150,000)	(150,000)	-	(150,000)
Total Other Financing Sources (Uses)	307,945	394,290	702,235	533,000	169,235
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	275,637	313,212	588,849	\$ 399,720	\$ 189,129
Fund Balance – Beginning	171,349	446,986	171,349		
Cumulative Effect of a Change in Accounting Principle FY 1998	-	-	-		
Fund Balance – Beginning 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	\$ 760,198	\$ 760,198		

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, 1999

	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	32,371	49,193	36,650	12,543
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>16,822</u>	<u>32,371</u>	<u>49,193</u>	<u>36,650</u>	<u>12,543</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>32,371</u>	<u>49,193</u>	<u>36,650</u>	<u>12,543</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	32,371	49,194	<u>\$ 36,650</u>	<u>\$ 12,544</u>
Fund Balance – Beginning	6,112	22,935	6,112		
Cumulative Effect of a Change in Accounting Principle FY 1998	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – Beginning 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>\$ 55,306</u>	<u>\$ 55,306</u>		

VISTO

	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges for Services	-	-	-	-	-
Interest Income	10,712	10,971	21,683	20,000	1,683
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	10,712	10,971	21,683	20,000	1,683
EXPENDITURES:					
General Government	-	-	-	-	-
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	4,025	1,100	5,125	100,000	94,875
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	4,025	1,100	5,125	100,000	94,875
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,687	9,871	16,558	(80,000)	96,558
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	6,687	9,871	16,558	<u>\$ (80,000)</u>	<u>\$ 96,558</u>
Fund Balance – Beginning	201,461	209,094	201,461		
Cumulative Effect of a Change in Accounting Principle FY 1998	-	-	-		
Fund Balance – Beginning 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	\$ 209,094	\$ 218,965	\$ 218,965		

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, 1999

	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	52,646	94,748	104,400	(9,652)
Donations and Grants	-	-	-	-	-
Borrower Payments	-	-	-	-	-
Increase in the Fair Value of Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>42,102</u>	<u>52,646</u>	<u>94,748</u>	<u>104,400</u>	<u>(9,652)</u>
EXPENDITURES:					
General Government	587	-	587	-	(587)
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and Private Awards	164,291	306,832	471,123	334,331	(136,792)
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	<u>164,878</u>	<u>306,832</u>	<u>471,710</u>	<u>334,331</u>	<u>(137,379)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(122,776)</u>	<u>(254,186)</u>	<u>(376,962)</u>	<u>(229,931)</u>	<u>(147,031)</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	(254,186)	35,118	<u>\$ 176,982</u>	<u>\$ (141,864)</u>
Fund Balance – Beginning	837,655	1,130,944	837,655		
Cumulative Effect of a Change in Accounting Principle FY 1998	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance – Beginning 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>\$ 876,758</u>	<u>\$ 876,758</u>		

Student Community Services

	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	Variance 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	4,530	17,600	17,600	-
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	13,070	4,530	17,600	17,600	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,070)	(4,530)	(17,600)	(17,600)	-
Other Financing Sources (Uses):					
Transfers In	-	4,530	4,530	-	4,530
Transfers Out	-	(6,616)	(6,616)	-	(6,616)
Total Other Financing Sources (Uses)	-	(2,086)	(2,086)	-	(2,086)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(13,070)	(6,616)	(19,686)	<u>\$ (17,600)</u>	<u>\$ (2,086)</u>
Fund Balance – Beginning	19,686	6,616	19,686		
Cumulative Effect of a Change in Accounting Principle FY 1998	-	-	-		
Fund Balance – Beginning 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>\$ -</u>	<u>\$ -</u>		

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
COMBINING BALANCE SHEET
ALL TRUST FUNDS
AS OF JUNE 30, 1999

ASSETS	Expendable Trust – Private Awards	Nonexpendable Trust – Private Awards	Total
Cash and Cash Equivalents	\$ 484,376	\$ 225,163	\$ 709,539
Designated Investments	–	827,752	827,752
Receivables (net of allowance for uncollectables):			
Interest	–	–	–
Other	–	23,293	23,293
Due From Other Funds/Agencies	–	–	–
Other Receivables – Noncurrent	142,513	–	142,513
Total Assets	<u>\$ 626,889</u>	<u>\$ 1,076,208</u>	<u>\$ 1,703,097</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Governments	–	293	\$ 293
Total Liabilities	<u>\$ –</u>	<u>\$ 293</u>	<u>\$ 293</u>
Fund Balance:			
Reserve for Receivables	142,513	–	142,513
Reserve for Trust Fund Principal	241,981	948,489	1,190,470
Unreserved Fund Balance	242,395	127,426	369,821
Total Fund Balance	<u>626,889</u>	<u>1,075,915</u>	<u>1,702,804</u>
Total Liabilities and Fund Balance	<u>\$ 626,889</u>	<u>\$ 1,076,208</u>	<u>\$ 1,703,097</u>

SUPPLEMENTAL SCHEDULES

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
ACTIVITY ANALYSIS — BALANCE SHEET ACCOUNTS
GENERAL FUND
JUNE 30, 1999

	Administration	Office of Degree Authorization	Revenue	Total General Fund
ASSETS				
Cash and Cash Equivalents	\$ 942,027	\$ —	\$ 360,241	\$ 1,302,268
Due From Other Agencies	338,598	22	—	338,620
Other Receivables – Noncurrent	—	—	223,076	223,076
Total Assets	<u>\$ 1,280,625</u>	<u>\$ 22</u>	<u>\$ 583,317</u>	<u>\$ 1,863,964</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 1,889	\$ —	\$ —	\$ 1,889
Due to General Fund	—	—	360,241	360,241
Vacation Payable – Short-term	3,295	871	—	4,166
Total Liabilities	<u>5,184</u>	<u>871</u>	<u>360,241</u>	<u>366,296</u>
Fund Balance:				
Reserved for Receivables	—	22	223,076	223,098
Reserves – Other	1,275,441	(871)	—	1,274,570
Unreserved Fund Balance	—	—	—	—
Total Fund Balance	<u>1,275,441</u>	<u>(849)</u>	<u>223,076</u>	<u>1,497,668</u>
Total Liabilities and Fund Balance	<u>\$ 1,280,625</u>	<u>\$ 22</u>	<u>\$ 583,317</u>	<u>\$ 1,863,964</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, 1999

	Administration	Private College Supplement (SSIG)	Student Community Services	Office of Degree Authorization
REVENUE:				
Borrower Payments	\$ -	\$ -	\$ -	\$ -
Other	1,275,441	-	-	-
Total Revenues	1,275,441	-	-	-
EXPENDITURES:				
General Government	415,149	-	-	-
Grants and Private Awards	14,321,903	1,515,408	11,333	-
Office of Degree Authorization	-	-	-	115,624
Total Expenditures	14,737,052	1,515,408	11,333	115,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,461,611)	(1,515,408)	(11,333)	(115,624)
Other Financing Sources (Uses):				
Transfers In	-	38,956	-	-
Transfers Out	(18,352)	-	(1,432)	-
Appropriations	14,759,428	1,476,452	12,765	115,602
Total Other Financing Sources (Uses)	14,741,076	1,515,408	11,333	115,602
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	1,279,465	-	-	(22)
Fund Balance – Beginning	(1,022)	-	-	(1,981)
Increase (Decrease) in Reserve for Inventories	-	-	-	-
Increase (Decrease) in Reserve for Receivables	-	-	-	22
Increase (Decrease) in Reserve – Other	(3,002)	-	-	1,132
Fund Balance – Ending	\$ 1,275,441	\$ -	\$ -	\$ (849)

Revenue	Total General Fund
\$ 73,757	\$ 73,757
-	1,275,441
<u>73,757</u>	<u>1,349,198</u>
-	415,149
-	15,848,644
-	115,624
<u>-</u>	<u>16,379,417</u>
<u>73,757</u>	<u>(15,030,219)</u>
79,701	118,657
-	(19,784)
<u>(153,458)</u>	<u>16,210,789</u>
<u>(73,757)</u>	<u>16,309,662</u>
-	1,279,443
148,709	145,706
-	-
74,367	74,389
<u>-</u>	<u>(1,870)</u>
<u>\$ 223,076</u>	<u>\$ 1,497,668</u>

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, 1999

	Administration				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUE:					
Borrower Payments	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	1,275,441	1,275,441	-	1,275,441
Total Revenues	-	1,275,441	1,275,441	-	1,275,441
EXPENDITURES:					
General Government	442,651	415,149	857,800	852,598	(5,202)
Grants and Private Awards	13,558,319	14,321,903	27,880,222	27,879,257	(965)
Office of Degree Authorization	-	-	-	-	-
Total Expenditures	14,000,970	14,737,052	28,738,022	28,731,855	(6,167)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000,970)	(13,461,611)	(27,462,581)	(28,731,855)	1,269,274
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(412,080)	-	(412,080)	(412,080)	-
General Fund Reversion	-	(18,352)	(18,352)	-	(18,352)
Appropriations	14,390,674	14,759,428	29,150,102	29,143,935	6,167
Total Other Financing Sources (Uses)	13,978,594	14,741,076	28,719,670	28,731,855	(12,185)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(22,376)	1,279,465	1,257,089	\$ -	\$ 1,257,089
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)	(3,002)	(3,967)		
Fund Balance – Ending	\$ (1,022)	\$ 1,275,441	\$ 1,275,441		

		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	1,515,408	3,000,000	3,000,000	-
Office of Degree Authorization		-	-	-	-	-
Total Expenditures		1,484,592	1,515,408	3,000,000	3,000,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures		(1,484,592)	(1,515,408)	(3,000,000)	(3,000,000)	-
Other Financing Sources (Uses):						
Transfers In		-	38,956	38,956	-	38,956
Transfers Out		-	-	-	-	-
General Fund Reversion		-	-	-	-	-
Appropriations		1,523,548	1,476,452	3,000,000	3,000,000	-
Total Other Financing Sources (Uses)		1,523,548	1,515,408	3,038,956	3,000,000	38,956
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, 1999

		Student Community Services				
		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		10,198	11,333	21,531	28,639	7,108
Office of Degree Authorization		-	-	-	-	-
Total Expenditures		10,198	11,333	21,531	28,639	7,108
Excess (Deficiency) of Revenues Over (Under) Expenditures		(10,198)	(11,333)	(21,531)	(28,639)	7,108
Other Financing Sources (Uses):						
Transfers In		-	-	-	-	-
Transfers Out		-	-	-	-	-
General Fund Reversion		-	(1,432)	(1,432)	-	(1,432)
Appropriations		10,198	12,765	22,963	28,639	(5,676)
Total Other Financing Sources (Uses)		10,198	11,333	21,531	28,639	(7,108)
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	115,624	235,507	237,532	2,025
Total Expenditures	119,883	115,624	235,507	237,532	2,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,883)	(115,624)	(235,507)	(237,532)	2,025
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
General Fund Reversion	-	-	-	-	-
Appropriations	119,905	115,602	235,507	237,532	(2,025)
Total Other Financing Sources (Uses)	119,905	115,602	235,507	237,532	(2,025)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	22	(22)	-	\$ -	\$ -
Fund Balance – Beginning	-	(1,981)	-		
Increase (Decrease) in Reserve for Inventories	-	-	-		
Increase (Decrease) in Reserve for Receivables	-	22	22		
Increase (Decrease) in Reserve – Other	(2,003)	1,132	(871)		
Fund Balance – Ending	\$ (1,981)	\$ (849)	\$ (849)		

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, 1999

	Revenue				Variance Favorable (Unfavorable)
	FY 1998 Actuals	FY 1999 Actuals	Biennial Actuals	Biennial Budget	
REVENUE:					
Borrower Payments	\$ 46,719	\$ 73,757	\$ 120,476	\$ —	\$ 120,476
Total Revenues	<u>46,719</u>	<u>73,757</u>	<u>120,476</u>	<u>—</u>	<u>120,476</u>
EXPENDITURES:					
General Government	—	—	—	—	—
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>46,719</u>	<u>73,757</u>	<u>120,476</u>	<u>—</u>	<u>120,476</u>
Other Financing Sources (Uses):					
Transfers In	32,843	79,701	112,544	—	112,544
Transfers Out	—	—	—	—	—
Appropriations	<u>(114,562)</u>	<u>(153,458)</u>	<u>(268,020)</u>	<u>—</u>	<u>(268,020)</u>
Total Other Financing Sources (Uses)	<u>(81,719)</u>	<u>(73,757)</u>	<u>(155,476)</u>	<u>—</u>	<u>(155,476)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(35,000)	—	(35,000)	<u>\$ —</u>	<u>\$ (35,000)</u>
Fund Balance – Beginning	169,337	148,709	169,337		
Increase (Decrease) in Reserve for Inventories	—	—	—		
Increase (Decrease) in Reserve for Receivables	14,372	74,367	88,739		
Increase (Decrease) in Reserve – Other	—	—	—		
Fund Balance – Ending	<u>\$ 148,709</u>	<u>\$ 223,076</u>	<u>\$ 223,076</u>		

OTHER REPORTS

**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**

Oregon Secretary of State
Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

We have audited the general-purpose financial statements of the Oregon State Scholarship Commission (OSSC), as of and for the year ended June 30, 1999, and have issued our report thereon dated January 19, 2000. 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 general-purpose 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

The management of the OSSC, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. 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 separately reported to management of the OSSC.

This report is intended solely for the information and use of the Oregon State Scholarship Commission, the Oregon Secretary of State Audits Division and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Merina, McCoy & Co., CPA's, PC
West Linn, Oregon
January 19, 2000

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Oregon Secretary of State
Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

Compliance

We have audited the compliance of the Oregon State Scholarship Commission (OSSC) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. OSSC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements is the responsibility of the management of the OSSC. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the OSSC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the OSSC's compliance with those requirements.

In our opinion, the OSSC, complied, in all material respects, with the specific program requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as item 99-1.

Internal Control Over Compliance

The management of the OSSC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the OSSC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified.

Merina, McCoy & Co., CPAs, P.C.

Merina, McCoy & Co., CPA's, PC
West Linn, Oregon
January 19, 2000

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR END JUNE 30, 1999

<u>Federal CFDA Number</u>	<u>Federal Funding Agencies and Program Titles</u>	<u>Direct Expenditures</u>	<u>Amounts Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Education				
84.032	Federal Family Education Loan Program	\$103,326,560	\$ -	\$103,326,560
84.069	Leveraging Education Assistance Program	328,073	-	328,073
84.185	Bryd Honors Scholarship	<u>431,410</u>	<u>-</u>	<u>431,410</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 104,086,043</u>	<u>\$ -</u>	<u>\$104,086,043</u>

STATE OF OREGON
OREGON STATE SCHOLARSHIP COMMISSION
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR END JUNE 30, 1999

Note 1. General

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of the Oregon State Scholarship Commission (OSSC). The reporting entity is defined in Note 1 to OSSC's financial statements.

Note 2. Basis of Accounting

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to OSSC's financial statements.

Note 3. Relationship to the General-Purpose Financial Statements

The information in the Schedule of Federal Financial Assistance is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in the preparation of the general purpose financial statements.

Note 4. Programs Involving Non-Cash Assistance

Federal expenditures reported in the schedule include non-cash assistance. The following is a list of the non-cash assistance included in the schedule.

Federal CFDA Number	Title	Type of Assistance	Value	How Value Determined
84.032	Federal Family Education Loan Program	Student Loan Guarantees	\$101,761,627	Loans guaranteed for the year ended June 30, 1999

Note 5. Loans Outstanding

OSSC had the following loan balances outstanding at June 30, 1999, which were not included in the schedule.

Federal CFDA Number	Title	Balance 6/30/99
84.032	Federal Family Education Loan Program	\$ 664,574,007

State of Oregon
Oregon State Scholarship Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the Oregon State Scholarship Commission.
2. No reportable conditions relating to the audit of the financial statements are reported in the **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.**
3. No instances of noncompliance material to the financial statements of the Oregon State Scholarship Commission were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.**
5. The auditor's report on compliance for the major federal award programs for the Oregon State Scholarship Commission expresses an unqualified opinion on all major federal award programs, however, there is one instance of noncompliance that is required to be reported under OMB Circular A-133.
6. Audit findings relative to the major federal award programs for the Oregon State Scholarship Commission are reported in this schedule.
7. The programs tested as major programs included:

CFDA No.	<i>Program</i>
84.032	Federal Family Education Loan Program
84.185	Byrd Honors Scholarship
84.069	Leveraging Educational Assistance Program

8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. The Oregon State Scholarship Commission does not qualify as a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

QUESTIONED COSTS

None

FINDINGS

DEPARTMENT OF EDUCATION

Federal Family Education Loan Program

CFDA No. 84.032

99-1 Year ended June 30, 1999

Condition and Criteria: The Reauthorization of The Higher Education Act of 1965 required a Federal Student Loan Reserve Fund (the Federal Fund) and an Agency Operating Fund (the Operating Fund) be established as of December 7, 1998. The Act specified, among other things, the timing and type of allowable receipts and expenditures in each of the funds. During the transitional period following the required use of the funds, the Oregon State Scholarship Commission:

- Did not transfer to the Federal Fund its equitable share of borrower repayments within 45 days of receipt as required.
- Paid lender claims from the Operating Fund instead of from the Federal Fund.
- Deposited payment of reinsurance on loans in the Operating Fund instead of the Federal Fund.

Effect: The noncompliance occurred during the period of December, 1998 to February, 1999 at which time the Commission discover the noncompliance and took corrective action. Both funds were restored to their proper balances resulting in no questioned costs.

Cause: A proper transitional plan was not in place or closely monitored.

State of Oregon
Oregon State Scholarship Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

Auditor's Recommendation: Procedures to comply with all aspects of new requirements should be developed when transitions are mandated by future changes in laws, rules or regulation.

Agency Response:

- Did not transfer to the Federal Fund its equitable share of borrower repayments within 45 days of receipt as required.

When the 1998 Reauthorization Act became effective, the OSSC's policy regarding transfer of agency collections was to effect transfer of funds when the Federal Department of Education communicated approval of the monthly 1189 Federal report. After several months, it became evident that the Department of Education was not able to sustain a 45-day turn-around for these reports. The OSSC, therefore, modified its policy to transfer amounts collected as soon as the monthly 1189 report was submitted to the Department of Education (i.e. within 15 days after month end). The three months effected were November 1998, December 1998, and January 1999. From that point forward, amounts were transferred in compliance with the 45-day federal requirement.

Agency Response:

- Paid lender claims from the Operating Fund instead of from the Federal Fund.
- Deposited payment of reinsurance on loans in the Operating fund instead of the Federal Fund.

The Oregon State Scholarship Commission (OSSC) did have a transition plan in effect. However, due to staff turnover during this transition period, the efforts of this agency, the Oregon State Treasury and US Bank were not sufficiently coordinated to prevent claims being paid out of the Agency Operating Fund. The errors noted in the audit report were identified at the end of January, 1999 when the reconciliation process was brought up to date. OSSC began work with the State Treasury and US Bank in February to correct all financial records, with final corrections occurring at the beginning of March 1999. All amounts were subsequently transferred to the correct accounts, as noted in the *Effect* portion of the audit finding, with no negative effect on the income of the Department of Education Federal Reserve Fund.

APPENDIX A

**Follow Up on Prior Year Federal Award Finding for the
Year Ended June 30, 1998**

OREGON STATE SCHOLARSHIP COMMISSION

PRIOR AUDIT FINDING

YEAR ENDED JUNE 30, 1998

This section was prepared by the Oregon Secretary of State Audits Division and reports follow-up action taken by the Oregon State Scholarship Commission for Federal Compliance Finding 98-17. This finding is presented in the State of Oregon Federal Compliance Report and Internal Control Report No. 1999-21 for the Year Ending June 30, 1998, issued by the Audits Division.

Federal Family Education Loan Program, CFDA 84.032

The Oregon State Scholarship Commission (OSSC) reports annual financial information to the U.S. Department of Education on the September ED Form 1130, Part E (Sources and Uses of Funds). Financial information is also to be submitted annually on ED Form 704, Grantor Projection Model. The OSSC was to use the annual financial information from the September 1997 ED Form 1130 to complete the ED Form 704. Based on information received from the U.S. Department of Education, however, we noted differences between the two forms. Due to staff turnover, different individuals prepared the forms, and no reconciliation of differences between the forms was prepared.

Status: Corrective action was taken by OSSC. Using BRIO query software and the Statewide Financial Management System (SFMS) the accounting staff was able to correctly calculate revenues and expenditures for federal fiscal years 1997 and 1998. Federal forms 704 and 1130 were revised accordingly and submitted to the Federal Department of Education.

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/audithp.htm>

Auditing to Protect the Public Interest and Improve Oregon Government