
Secretary of State

State of Oregon

OREGON STUDENT ASSISTANCE COMMISSION

Year Ended June 30, 2001



Audits Division

Contract Auditor: Merina & Co., LLP

Secretary of State

State of Oregon

OREGON STUDENT ASSISTANCE COMMISSION

Year Ended June 30, 2001



Audits Division

OFFICE OF THE
SECRETARY OF STATE

Bill Bradbury
Secretary of State



AUDITS DIVISION
Cathy Pollino
Director

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

Auditing for a Better Oregon

The Honorable John Kitzhaber, M.D.
Governor of Oregon
254 State Capitol
Salem, Oregon 97310-4047

Jeff Svejcar, Executive Director
Oregon Student Assistance Commission
1500 Valley River Drive, Suite 100
Eugene, Oregon 97401

This report contains the Oregon Student Assistance Commission's (OSAC) audited financial statements, reports on its internal control, legal compliance, federal financial assistance, and OSAC's response to the schedule of findings and questioned costs. The audit, performed by Merina & Co., LLP for the Oregon Audits Division, encompasses the year ended June 30, 2001.

OREGON AUDITS DIVISION

Cathy Pollino
Director

Fieldwork Completion Date:
November 8, 2001

STATE OF OREGON
Oregon Student Assistance Commission

FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA

For the Fiscal Year Ended

June 30, 2001

with

Independent Auditors' Report

MERINA
& COMPANY, LLP

Certified Public Accountants and Consultants

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GENERAL-PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' 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 Student Assistance Commission (OSAC) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the OSAC'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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

As discussed in Note 1, the financial statements of the OSAC are intended to present the financial position and results of operations and cash flows of general and fiduciary fund types of only that portion of the financial reporting entity of the State that is attributable to the transactions of the OSAC.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Oregon Student Assistance Commission as of June 30, 2001, and the results of its operations and cash flows of its nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2001 on our consideration of the OSAC's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP
West Linn, Oregon
November 8, 2001

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNTS
JUNE 30, 2001**

ASSETS	Governmental Fund Types	
	General	Special Revenue
Cash and cash equivalents	\$ —	\$7,303,031
Designated investments	—	7,020,790
Receivables (net of allowance for uncollectables):		
Federal	—	1,771,534
Interest	—	142,333
Due from other funds/agencies	19,157	152,060
Other receivables – noncurrent	319,694	451,305
Fixed assets:		
Equipment and machinery	—	—
Data processing software	—	—
Amount to be provided for vacation payable	—	—
	\$338,851	\$16,841,053
Total assets	\$338,851	\$16,841,053
LIABILITIES, FUND EQUITY AND OTHER CREDITS		
Liabilities:		
Accounts payable	\$ 2,253	\$141,400
Due to other funds/agencies	—	122,661
Vacation payable – short-term	16,904	81,523
Vacation payable – long-term	—	—
	19,157	345,584
Total liabilities	19,157	345,584
Fund equity and other credits:		
Investment in fixed assets	—	—
Fund balance:		
Reserved for receivables	319,694	451,305
Reserved for trust fund principal	—	570,296
Unreserved/restricted for Federal Reserve fund	—	2,709,889
Unreserved/unrestricted fund balance	—	12,763,979
	319,694	16,495,469
Total fund equity and other credits	319,694	16,495,469
Total liabilities, fund equity and other credits	\$338,851	\$16,841,053

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

Fiduciary Fund Type	Account Groups		Entity
Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)
\$1,649,144	\$ -	\$ -	\$ 8,952,175
-	-	-	7,020,790
-	-	-	1,771,534
-	-	-	142,333
-	-	-	171,217
251,528	-	-	1,022,527
-	546,790	-	546,790
-	241,366	-	241,366
-	-	141,712	141,712
<u>\$1,900,672</u>	<u>\$788,156</u>	<u>\$141,712</u>	<u>\$20,010,444</u>
\$ 600	\$-	\$-	\$ 144,253
-	-	-	122,661
-	-	-	98,427
-	-	141,712	141,712
<u>600</u>	<u>-</u>	<u>141,712</u>	<u>507,053</u>
-	788,156	-	788,156
251,528	-	-	1,022,527
938,265	-	-	1,508,561
-	-	-	2,709,889
710,279	-	-	13,474,258
<u>1,900,072</u>	<u>788,156</u>	<u>-</u>	<u>19,503,391</u>
<u>\$1,900,672</u>	<u>\$788,156</u>	<u>\$141,712</u>	<u>\$20,010,444</u>

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STATE OF OREGON
OREGON STUDENT ASSISTANCE 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, 2001

	Governmental Fund Types		Fiduciary Fund Type	Total Reporting Entity
	General	Special Revenue	Expensible Trust	(Memorandum Only)
REVENUES:				
Federal	\$ –	\$ 5,788,331	\$ –	\$ 5,788,331
Charges for services	–	370,332	–	370,332
Interest income	–	1,189,256	40,336	1,229,592
Donations and grants	–	6,893,049	371,584	7,264,633
Borrower payments	74,220	9,688,425	35,478	9,798,123
Inc/(dec) in the fair value of investments	–	96,250	–	96,250
Other	–	213,540	13,773	227,313
Total revenues	74,220	24,239,183	461,171	24,774,574
EXPENDITURES:				
General government	428,399	–	–	428,399
Federal Family Education Loan Program (FFELP)	–	18,463,884	–	18,463,884
Grants and private awards	14,215,177	13,990,429	893,349	29,098,955
Office of Degree Authorization	109,702	20,440	–	130,142
Total expenditures	14,753,278	32,474,753	893,349	48,121,380
Excess (deficiency) of revenues over (under) expenditures	(14,679,058)	(8,235,570)	(432,178)	(23,346,806)
OTHER FINANCING SOURCES (USES):				
Transfers in	38,804	3,654,335	531,931	4,225,070
Transfers out	(113,024)	(769,721)	(29,907)	(912,652)
Appropriations	14,753,278	–	–	14,753,278
Total other financing sources (uses)	14,679,058	2,884,614	502,024	18,065,696
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	–	(5,350,956)	69,846	(5,281,110)
Fund balance – beginning	288,148	21,821,386	738,348	22,847,882
Increase (decrease) in reserve for receivables	31,546	25,039	28,701	85,286
Increase (decrease) in reserve – other	–	–	–	–
Fund balance – ending	\$ 319,694	\$16,495,469	\$ 836,895	\$ 17,652,058

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

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL – GENERAL AND SPECIAL FUND REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General Fund				Variance Favorable (Unfavorable)
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$ –	\$ –
Charges for services	–	–	–	–	–
Interest income	–	–	–	–	–
Donations and grants	–	–	–	–	–
Borrower payments	111,245	74,220	185,465	102,895	82,570
Inc/(dec) in the fair value of investments	–	–	–	–	–
Other	–	–	–	–	–
Total revenues	111,245	74,220	185,465	102,895	82,570
EXPENDITURES:					
General government	499,105	428,399	927,504	914,529	(12,975)
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and private awards	17,192,202	14,215,177	31,407,379	31,958,317	550,938
Office of Degree Authorization	75,557	109,702	185,259	184,317	(942)
Total expenditures	17,766,864	14,753,278	32,520,142	33,057,163	537,021
Excess (deficiency) of revenues over (under) expenditures	(17,655,619)	(14,679,058)	(32,334,677)	(32,954,268)	619,591
OTHER FINANCING SOURCES (USES):					
Transfers in	70,976	38,804	109,780	100,000	9,780
Transfers out	(605,839)	(113,024)	(718,863)	(626,513)	(92,350)
Appropriations	18,190,482	14,753,278	32,943,760	33,480,781	(537,021)
Total other financing sources (uses)	17,655,619	14,679,058	32,334,677	32,954,268	(619,591)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	–	–	–	\$ –	\$ –
Fund balance – beginning	1,497,668	288,148	1,497,668		
Increase (decrease) in reserve for receivables	65,050	31,546	96,596		
Increase (decrease) in reserve – other	(1,274,570)	–	(1,274,570)		
Fund balance – ending	\$ 288,148	\$ 319,694	\$ 319,694		

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

Special Revenue Funds

FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
\$ 4,090,189	\$ 5,788,331	\$ 9,878,520	\$ 43,795,669	\$ (33,917,149)
58,433	370,332	428,765	2,433,181	(2,004,416)
1,341,639	1,189,256	2,530,895	2,605,045	(74,150)
6,037,820	6,893,049	12,930,869	10,275,654	2,655,215
11,416,827	9,688,425	21,105,252	44,673,162	(23,567,910)
(96,250)	96,250	—	—	—
6,174	213,540	219,714	—	219,714
22,854,832	24,239,183	47,094,015	103,782,711	(56,688,696)
—	—	—	—	—
18,022,938	18,463,884	36,486,822	91,080,021	54,593,199
7,232,728	13,990,429	21,223,157	19,537,229	(1,685,928)
72,024	20,440	92,464	170,793	78,329
25,327,690	32,474,753	57,802,443	110,788,043	52,985,600
(2,472,858)	(8,235,570)	(10,708,428)	(7,005,332)	(3,703,096)
6,160,478	3,654,335	9,814,813	26,049,163	(16,234,350)
(1,071,652)	(769,721)	(1,841,373)	(18,650,604)	16,809,231
—	—	—	—	—
5,088,826	2,884,614	7,973,440	7,398,559	574,881
2,615,968	(5,350,956)	(2,734,988)	\$ 393,227	\$ (3,128,215)
20,460,719	21,821,386	20,460,719		
(1,236,765)	25,039	(1,211,726)		
(18,536)	—	(18,536)		
<u>\$21,821,386</u>	<u>\$16,495,469</u>	<u>\$16,495,469</u>		

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND BALANCES – NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Nonexpendable Trust Fund</u>
OPERATING EXPENSES:	
Grants and private awards	<u>\$ 16,556</u>
Total operating expenses	<u>16,556</u>
Operating income (loss)	<u>(16,556)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest income	55,848
Decrease in the fair value of investments	(6,000)
Transfer out	<u>(88,206)</u>
Total nonoperating revenues (expenses)	<u>(38,358)</u>
Net income (loss)	(54,914)
Fund balance – beginning	<u>1,118,091</u>
Fund balance – ending	<u><u>\$1,063,177</u></u>

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

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Nonexpendable Trust Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	\$ (16,556)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in investment interest receivable	23,335
Total adjustments	23,335
Net cash provided by operating activities	6,779
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer to other funds	(88,206)
Net cash used in noncapital financing activities	(88,206)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	55,848
Decrease in investments	800,000
Securities lending expense	-
Net cash provided by investing activities	855,848
NET INCREASE IN CASH AND CASH EQUIVALENTS	774,421
CASH AND CASH EQUIVALENTS – beginning	288,756
CASH AND CASH EQUIVALENTS – ending	\$1,063,177

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

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STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

a. Reporting Entity

The Oregon Student Assistance Commission (OSAC) 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. 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 Student Assistance 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:

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Governmental Fund Types

Transactions related to OSAC'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 OSAC 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 OSAC are accounted for in fiduciary funds.

Expendable Trust Funds account for resources held by OSAC, 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 OSAC, 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 OSAC'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.

OSAC will adopt GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

effective for the periods beginning after June 15, 2002. OSAC has not completed the process of evaluating the impact on its financial position and results of operations that will result from adopting the Statement and therefore is unable to disclose that impact.

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. In accounting and reporting for its nonexpendable trust fund, OSAC applies all applicable Governmental Accounting Standards Board (GASB) pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARB) issued on or before November, 1989, unless they conflict with or contradict GASB pronouncements.

e. 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 OSAC.

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

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

General Fund

The Commission's General Fund Appropriation and expenditures for the 1999-01 biennium are as follows:

	Legislatively <u>Approved</u>	Emergency <u>Board</u>	Budget Biennium <u>1999-01</u>	Actual Expenditures As of <u>June 30, 2001</u>
General Fund				
Appropriation	\$ 33,216,626	\$ 264,155	\$ 33,480,781	\$ 32,943,760

Special Revenue Fund

The Commission's Other Funds, Federal Funds, and Lottery Funds Limitation and expenditures for the 1999-01 biennium are as follows:

	Legislatively <u>Approved</u>	Emergency <u>Board</u>	Budget Biennium <u>1999-01</u>	Actual Expenditures As of <u>June 30, 2001</u>
Limited Funds	\$ 18,333,928	\$1,330,137	\$ 19,664,065	\$ 18,419,292
Nonlimited Funds	91,123,978	—	91,123,978	39,383,151
	<hr/>			
Total	\$109,457,906	\$1,330,137	\$110,788,043	\$ 57,802,443

Fiduciary Funds

The Commission's Expendable and Nonexpendable Trust Fund Limitation and expenditures for the 1999-01 biennium are as follows:

	Legislatively <u>Approved</u>	Emergency <u>Board</u>	Budget Biennium <u>1999-01</u>	Actual Expenditures As of <u>June 30, 2001</u>
Expendable Trust Fund-Nonlimited Fund	\$ 1,695,212	\$ —	\$ 1,695,212	\$ 1,682,662
Nonexpendable Trust Fund-Nonlimited Fund	127,402	—	127,402	51,290
Total	\$ 1,822,614	\$ —	\$ 1,822,614	\$ 1,733,952

f. Cash and Cash Equivalents

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

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

g. Receivables

Receivables are shown net of an allowance for uncollectible accounts of \$614,104. 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 OSAC'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. 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.

j. Compensated Absences Payable

Employees accrue annual vacation leave at a rate of 8 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

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

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.

k. Interfund Transactions

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

l. 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.

m. 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.

n. Statement of Cash Flows

The Fiduciary Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

o. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets, and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

2. DEPOSITS AND INVESTMENTS.

Statute and the Oregon Investment Council (Council) govern OSAC’s investment policies. The Oregon State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the Oregon 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 Oregon 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 Oregon 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 OSAC:
1. Insured or collateralized with securities held by the Oregon 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.

As of June 30, 2001, deposit balances are as follows:

	<u>Category</u>			Book	Bank
	1	2	3	Balance	Balance
Student Assistance Commission	\$8,952,175			\$8,952,175	\$9,263,985

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

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

As of June 30, 2001, investment balances are as follows:

	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Student Assistance Commission—U.S. Government Securities				
	\$7,020,790			\$7,020,790

OSAC investment reporting complies with *Governmental Accounting Standards Board Statement No. 31* "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This statement is applicable to governmental investments whose value is affected by market (interest rate) changes.

Per Statement No. 31, OSAC 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).

3. FIXED ASSETS.

Changes in the General Fixed Assets Account Group for the year ended June 30, 2001, are as follows:

<u>Fixed Assets</u>	<u>Balance as of June 30, 2000</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance as of June 30, 2001</u>
Equipment and Machinery	\$ 636,597	\$ —	\$ (89,807)	\$ 546,790
Data Processing Software	114,791	256,040	(129,465)	241,366
Total Fixed Assets	\$ 751,388	\$ 256,040	\$ (219,272)	\$ 788,156

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 OSAC. 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.

OSAC's employees participate in the PERS cost sharing multiple employer defined benefit pension plan. The payroll for OSAC employees covered by PERS for the year ended June 30, 2001, was \$2,795,107; the total OSAC payroll for that period was \$3,034,859.

**STATE OF OREGON
 OREGON STUDENT ASSISTANCE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2001**

All OSAC 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 OSAC employees are required by state law to contribute six percent of their salary to the plan. OSAC's employee contributions are currently paid for by OSAC. OSAC is required by state law to contribute actuarially computed amounts as determined by PERS (the contribution rate for the year ending June 30, 2001, was 16.31 percent). For the year ended June 30, 2001, the total amount paid by OSAC was \$455,882, which consisted of \$288,209 for the employer contribution and \$167,673 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, 2000	\$ 168,011
Additions/Payments Net	<u>(26,299)</u>
Balance, June 30, 2001	<u><u>\$141,712.00</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.

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
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JUNE 30, 2001**

Moneys accumulated by the state plan are held in a trust fund for the benefit of participating employees. 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 OSAC has is for the rental of real property. The Department of Administrative Services approves leases for real property. This lease may be extended to 1/31/03 for a monthly rental of:

7/1/00 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.

OSAC administers the Federal Family Educational Loan Program (FFELP). As part of this process OSAC 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, 2001, totaled approximately \$136 million. The outstanding receivable balance of loans being collected for the federal government as of June 30, 2001, totaled approximately \$99 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 a five year period, for deposit to the U.S. Treasury in the year 2002. OSAC'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 2001, this amount was transferred from the Federal Reserve Fund to the escrow account.

10. UNEMPLOYMENT

State agencies are subject to the Department of Employment Act. State employees who qualify are entitled to benefit payments during periods of unemployment. Each state agency is required to reimburse the Department of Employment for benefit payments that may be made to former employees for wage credits earned prior to June 30, 2001. Consequently, this potential obligation is not included in the accompanying financial statements.

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

11. RISK MANAGEMENT

The state of Oregon administers property and casualty insurance programs covering state government through its Insurance Fund. The Insurance Fund services claims for direct physical loss or damage to state property; tort liability claims brought against the state, its officers, employees, or agents; worker's compensation; employee dishonesty; and faithful performance coverage for certain key positions required by law to be covered, and other key positions.

12. 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 OSAC 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 OSAC will begin the process of federal purchase, increasing from 180 days in previous periods. Lenders will only receive 95 percent of the value of the loan at purchase if the loan originated October 1998 and after, decreasing from 98 percent for loans originated previously, and the U.S. Department of Education will only reimburse the Federal Reserve Account for 95 percent of the balance paid to the lender.

Prior to the Reauthorization of the Higher Education Act of 1965, all activities of the FFELP conducted by OSAC were accounted for in two funds: the FFELP Non-limited Fund and the FFELP Limited Fund. Both funds were used by OSAC to record program activities, and shared the same bank account at the Oregon State Treasury. The newly enacted reauthorization required OSAC to account for program activities in two separate and distinct accounts that do not co-mingle assets.

Federal Reserve Fund

A Federal Reserve Fund has been established to account for FFELP assets, liabilities, and fund equity. Expenditures for the purchase of borrower loans, payment of default aversion fees, and payments to the escrow account are made from this fund. Revenue received from U.S. Department of Education for reinsurance, cash and investment interest, and the reinsurance compliment due from OSAC is also recorded here. This fund is maintained for the U.S. Department of Education.

Federal Family Education Loan Program–Limited Fund

This fund has been established to account for OSAC'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

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

equal to 180 days of operating expenses and the principal balance and accrued interest of state funds previously commingled with federal funds. Account revenues include a Loan Portfolio Maintenance Fee of 0.12 percent of the average loan portfolio balance, an administrative expense allowance of 0.65 percent of net loan guarantee volume, default aversion fees, 24 percent of agency collections from purchased loans, default management revenue, and interest from cash and investment balances. Expenditures include agency operating costs and default management program expenditures.

13. RESTRICTED FUND BALANCE

OSAC has restricted \$2,709,889 of the Federal Family Education Loan Program's fund balance for future transfers to the Federal Reserve Fund. The restriction represents the cost of 180 days of operating expenses that were transferred from the Federal Reserve Fund to the Federal Family Education Loan Program Fund when the fund was established

14. CONTINGENCIES

The establishment of the Federal Family Education Loan Program-Limited Fund was accomplished, in part, by a transfer of funds representing the remaining principal balance of state funds and accrued interest thereon which had been held in the FFELP Reserve Account for the period October 1976 through November 1998. The U.S. Department of Education Office of Inspector General has questions concerning the state's claim to these funds. OSAC is in the process of responding to the U.S. Department of Education. It is not possible to ascertain the outcome of these discussions.

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COMBINING FINANCIAL STATEMENTS

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING BALANCE SHEET
SPECIAL REVENUE FUND
JUNE 30, 2001**

	U.S. Department of Education Federal Reserve Fund -Nonlimited Fund	Federal Family Education Loan Program -Nonlimited Fund	Federal Family Education Loan Program -Limited Fund	Federal Fund -Limited Fund	Office of Degree Authorization -Limited Fund
ASSETS					
Cash and cash equivalents	\$ 912,587	\$18,779	\$ 2,390,244	\$270	\$-
Designated investments	3,008,910	-	4,011,880	-	-
Receivables (net of allowance for uncollectables):					
Federal	1,447,451	-	324,083	-	-
Interest	54,392	-	87,941	-	-
Due from other funds/agencies	-	-	-	-	-
Other receivables - noncurrent	413,282	-	-	-	-
Total assets	<u>\$5,836,622</u>	<u>\$18,779</u>	<u>\$6,814,148</u>	<u>\$270</u>	<u>\$-</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 1,717	\$ 5,667	\$ 121,517	\$ -	\$-
Due to other funds/agencies	-	13,112	109,549	-	-
Vacation payable - short-term	-	-	66,732	-	-
Total liabilities	<u>1,717</u>	<u>18,779</u>	<u>297,798</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Reserved for receivables	413,282	-	-	-	-
Reserved for trust fund principal	-	-	-	-	-
Unreserved/restricted for Federal Reserve fund	-	-	2,709,889	-	-
Unreserved/unrestricted fund balance	5,421,623	-	3,806,461	270	-
Total fund balance	<u>5,834,905</u>	<u>-</u>	<u>6,516,350</u>	<u>270</u>	<u>-</u>
Total liabilities and fund balance	<u>\$5,836,622</u>	<u>\$18,779</u>	<u>\$6,814,148</u>	<u>\$270</u>	<u>\$-</u>

Private Awards– Service Agreements –Nonlimited Fund	Private Awards– Administration –Limited Fund	Oregon Teachers Corporation –Limited Fund	Jobs Plus Education –Nonlimited Fund	Jobs Plus –Limited Fund	VISTO –Limited Fund	Education Endowment Fund –Limited Fund	Rural Health Loan Grants –Limited Fund	Total Special Revenue Funds
\$1,363,446	\$27,290	\$3,640	\$1,684,615	\$–	\$6,989	\$20	\$895,151	\$7,303,031
–	–	–	–	–	–	–	–	7,020,790
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	1,771,534
–	–	–	–	–	–	152,060	–	142,333
5,543	–	32,480	–	–	–	–	–	152,060
–	–	–	–	–	–	–	–	451,305
\$1,368,989	\$27,290	\$36,120	\$1,684,615	\$–	\$6,989	\$152,080	\$895,151	\$16,841,053

\$ –	\$12,499	\$ –	\$ –	\$–	\$ –	\$ –	\$ –	\$ 141,400
–	–	–	–	–	–	–	–	122,661
–	14,791	–	–	–	–	–	–	81,523
–	27,290	–	–	–	–	–	–	345,584
5,543	–	32,480	–	–	–	–	–	451,305
–	–	–	570,296	–	–	–	–	570,296
–	–	–	–	–	–	–	–	2,709,889
1,363,446	–	3,640	1,114,319	–	6,989	152,080	895,151	12,763,979
1,368,989	–	36,120	1,684,615	–	6,989	152,080	895,151	16,495,469
\$1,368,989	\$27,290	\$36,120	\$1,684,615	\$–	\$6,989	\$152,080	\$895,151	\$16,841,053

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	U.S. Department of Education Federal Reserve Fund –Nonlimited Fund	Federal Family Education Loan Program –Nonlimited Fund	Federal Family Education Loan Program –Limited Fund	Federal Fund –Limited Fund	Office of Degree Authorization –Limited Fund
REVENUES:					
Federal	\$ 3,283,537	\$ –	\$1,965,345	\$539,449	\$ –
Other charges for services	153	–	–	–	–
Interest income	370,046	–	528,241	–	–
Donations and grants	–	–	–	–	–
Borrower payments	6,884,835	3,293	2,782,656	–	–
Increase (decrease) in the fair value of investments	52,030	–	44,220	–	–
Other	46,243	–	121,641	–	–
Total revenues	10,636,844	3,293	5,442,103	539,449	–
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	12,782,860	403,935	5,277,089	–	–
Grants and private awards	–	–	–	539,179	–
Office of Degree Authorization	–	–	–	–	20,440
Total expenditures	12,782,860	403,935	5,277,089	539,179	20,440
Excess (deficiency) of revenues over (under) expenditures	(2,146,016)	(400,642)	165,014	270	(20,440)
OTHER FINANCING SOURCES (USES):					
Transfers in	4,296	401,004	799	–	–
Transfers out	–	(362)	(401,004)	–	(16)
Total other financing sources (uses)	4,296	400,642	(400,205)	–	(16)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(2,141,720)	–	(235,191)	270	(20,456)
Fund balance–beginning	7,949,450	–	6,751,541	–	20,456
Increase (decrease) in reserve for receivables	27,175	–	–	–	–
Increase (decrease) in reserve – other	–	–	–	–	–
Fund balance – ending	\$ 5,834,905	\$ –	\$6,516,350	\$ 270	\$ –

Private Awards– Service Agreements –Nonlimited Fund	Private Awards– Administration –Limited Fund	Oregon Teachers Corporation –Limited Fund	Jobs Plus Education –Nonlimited Fund	Jobs Plus –Limited Fund	VISTO –Limited Fund	Education Endowment Fund –Limited Fund	Rural Health Loan Grants –Limited Fund	Total Special Revenue Funds
\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 5,788,331
–	370,179	–	–	–	–	–	–	370,332
129,400	10,920	6,375	83,147	–	390	–	60,737	1,189,256
6,864,802	28,247	–	–	–	–	–	–	6,893,049
1,177	–	16,464	–	–	–	–	–	9,688,425
–	–	–	–	–	–	–	–	96,250
2,996	41,777	320	348	–	215	–	–	213,540
6,998,375	451,123	23,159	83,495	–	605	–	60,737	24,239,183
–	–	–	–	–	–	–	–	18,463,884
7,164,507	839,367	–	185,080	–	–	4,960,655	301,641	13,990,429
–	–	–	–	–	–	–	–	20,440
7,164,507	839,367	–	185,080	–	–	4,960,655	301,641	32,474,753
(166,132)	(388,244)	23,159	(101,585)	–	605	(4,960,655)	(240,904)	(8,235,570)
121,510	228,897	–	671,881	–	–	2,225,948	–	3,654,335
(205,221)	(4,996)	(115,000)	–	(43,122)	–	–	–	(769,721)
(83,711)	223,901	(115,000)	671,881	(43,122)	–	2,225,948	–	2,884,614
(249,843)	(164,343)	(91,841)	570,296	(43,122)	605	(2,734,707)	(240,904)	(5,350,956)
1,613,734	164,343	135,195	1,114,319	43,122	6,384	2,886,787	1,136,055	21,821,386
5,098	–	(7,234)	–	–	–	–	–	25,039
–	–	–	–	–	–	–	–	–
\$1,368,989	\$ –	\$ 36,120	\$1,684,615	\$ –	\$6,989	\$ 152,080	\$ 895,151	\$16,495,469

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	U.S. Department of Education Federal Reserve Fund –Nonlimited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ 242,138	\$ 3,283,537	\$ 3,525,675	\$ 40,970,056	\$(37,444,381)
Other charges for services	32,843	153	32,996	–	32,996
Interest income	498,159	370,046	868,205	–	868,205
Donations and grants	–	–	–	–	–
Borrower payments	8,141,755	6,884,835	15,026,590	43,240,876	(28,214,286)
Inc/(dec) in the fair value of investments	(55,000)	52,030	(2,970)	–	(2,970)
Other	92,334	46,243	138,577	–	138,577
Total revenues	8,952,229	10,636,844	19,589,073	84,210,932	(64,621,859)
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	12,639,997	12,782,860	25,422,857	78,951,707	53,528,850
Grants and private awards	–	–	–	–	–
Office of Degree Authorization	–	–	–	–	–
Total expenditures	12,639,997	12,782,860	25,422,857	78,951,707	53,528,850
Excess (deficiency) of revenues over (under) expenditures	(3,687,768)	(2,146,016)	(5,833,784)	5,259,225	(11,093,009)
OTHER FINANCING SOURCES (USES):					
Transfers in	47,919	4,296	52,215	–	52,215
Transfers out	(62,775)	–	(62,775)	(5,259,225)	5,196,450
Total other financing sources (uses)	(14,856)	4,296	(10,560)	(5,259,225)	5,248,665
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(3,702,624)	(2,141,720)	(5,844,344)	\$ –	\$(5,844,344)
Fund balance – beginning	11,664,697	7,949,450	11,664,697		
Increase (decrease) in reserve for receivables	(12,623)	27,175	–		
Increase (decrease) in reserve – other	–	–	–		
Fund balance – ending	\$ 7,949,450	\$ 5,834,905	\$ 5,820,353		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Federal Family
Education Loan Program
–Nonlimited Fund

	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$–	\$ –
Other charges for services	–	–	–	–	–
Interest income	–	–	–	–	–
Donations and grants	–	–	–	–	–
Borrower payments	–	3,293	3,293	–	3,293
Inc/(dec) in the fair value of investments	–	–	–	–	–
Other	–	–	–	–	–
Total revenues	–	3,293	3,293	–	3,293
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	293	403,935	404,228	–	(404,228)
Grants and private awards	–	–	–	–	–
Office of Degree Authorization	–	–	–	–	–
Total expenditures	293	403,935	404,228	–	(404,228)
Excess (deficiency) of revenues over (under) expenditures	(293)	(400,642)	(400,935)	–	(400,935)
OTHER FINANCING SOURCES (USES):					
Transfers in	108,884	401,004	509,888	–	509,888
Transfers out	(108,591)	(362)	(108,953)	–	(108,953)
Total other financing sources (uses)	293	400,642	400,935	–	400,935
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	–	–	–	\$–	\$ –
Fund balance – beginning	–	–	–		
Increase (decrease) in reserve for receivables	–	–	–		
Increase (decrease) in reserve – other	–	–	–		
Fund balance – ending	\$ –	\$ –	\$ –		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Federal Family Education Loan Program —Limited Fund				Variance
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Favorable (Unfavorable)
REVENUES:					
Federal	\$3,519,977	\$1,965,345	\$5,485,322	\$ 1,984,054	\$ 3,501,268
Other charges for services	—	—	—	2,334,181	(2,334,181)
Interest income	599,352	528,241	1,127,593	2,262,666	(1,135,073)
Donations and grants	—	—	—	—	—
Borrower payments	3,262,941	2,782,656	6,045,597	1,368,517	4,677,080
Inc/(dec) in the fair value of investments	(41,250)	44,220	2,970	—	2,970
Other	(93,435)	121,641	28,206	—	28,206
Total revenues	7,247,585	5,442,103	12,689,688	7,949,418	4,740,270
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	5,382,648	5,277,089	10,659,737	12,128,314	1,468,577
Grants and private awards	—	—	—	—	—
Office of Degree Authorization	—	—	—	—	—
Total expenditures	5,382,648	5,277,089	10,659,737	12,128,314	1,468,577
Excess (deficiency) of revenues over (under) expenditures	1,864,937	165,014	2,029,951	(4,178,896)	6,208,847
OTHER FINANCING SOURCES (USES):					
Transfers in	55,661	799	56,460	17,384,655	(17,328,195)
Transfers out	(46,108)	(401,004)	(447,112)	(12,125,430)	11,678,318
Total other financing sources (uses)	9,553	(400,205)	(390,652)	5,259,225	(5,649,877)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	1,874,490	(235,191)	1,639,299	\$ 1,080,329	\$ 558,970
Fund balance – beginning	6,120,866	6,751,541	6,120,866		
Increase (decrease) in reserve for receivables	(1,237,902)	—	(1,237,902)		
Increase (decrease) in reserve – other	(5,913)	—	(5,913)		
Fund balance – ending	\$6,751,541	\$6,516,350	\$6,516,350		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Federal Funds —Limited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$328,074	\$539,449	\$867,523	\$841,559	\$ 25,964
Other charges for services	—	—	—	—	—
Interest income	—	—	—	—	—
Donations and grants	—	—	—	—	—
Borrower payments	—	—	—	—	—
Inc/(dec) in the fair value of investments	—	—	—	—	—
Other	—	—	—	—	—
Total revenues	328,074	539,449	867,523	841,559	25,964
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	—	—	—	—	—
Grants and private awards	328,074	539,179	867,253	841,559	(25,694)
Office of Degree Authorization	—	—	—	—	—
Total expenditures	328,074	539,179	867,253	841,559	(25,694)
Excess (deficiency) of revenues over (under) expenditures	—	270	270	—	270
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	—	270	270	\$ —	\$ 270
Fund balance – beginning	—	—	—		
Increase (decrease) in reserve for receivables	—	—	—		
Increase (decrease) in reserve – other	—	—	—		
Fund balance – ending	\$ —	\$ 270	\$ 270		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Office of Degree Authorization –Limited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$ –	\$ –
Other charges for services	25,590	–	25,590	99,000	(73,410)
Interest income	1,121	–	1,121	–	1,121
Donations and grants	–	–	–	–	–
Borrower payments	–	–	–	–	–
Inc/(dec) in the fair value of investments	–	–	–	–	–
Other	–	–	–	–	–
Total revenues	26,711	–	26,711	99,000	(72,289)
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and private awards	–	–	–	–	–
Office of Degree Authorization	72,024	20,440	92,464	170,793	78,329
Total expenditures	72,024	20,440	92,464	170,793	78,329
Excess (deficiency) of revenues over (under) expenditures	(45,313)	(20,440)	(65,753)	(71,793)	6,040
OTHER FINANCING SOURCES (USES):					
Transfers in	–	–	–	–	–
Transfers out	–	(16)	(16)	–	(16)
Total other financing sources (uses)	–	(16)	(16)	–	(16)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(45,313)	(20,456)	(65,769)	\$(71,793)	\$ 6,024
Fund balance – beginning	65,769	20,456	65,769		
Increase (decrease) in reserve for receivables	–	–	–		
Increase (decrease) in reserve – other	–	–	–		
Fund balance – ending	\$20,456	\$ –	\$ –		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Private Awards— Service Agreements —Nonlimited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ —	\$ —	\$ —	\$ —	\$ —
Other charges for services	—	—	—	—	—
Interest income	103,188	129,400	232,588	145,529	87,059
Donations and grants	5,988,257	6,864,802	12,853,059	10,275,654	2,577,405
Borrower payments	3,441	1,177	4,618	39,571	(34,953)
Inc/(dec) in the fair value of investments	—	—	—	—	—
Other	4,023	2,996	7,019	—	7,019
Total revenues	6,098,909	6,998,375	13,097,284	10,460,754	2,636,530
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	—	—	—	—	—
Grants and private awards Office of Degree Authorization	6,084,901	7,164,507	13,249,408	12,024,695	(1,224,713)
Total expenditures	6,084,901	7,164,507	13,249,408	12,024,695	(1,224,713)
Excess (deficiency) of revenues over (under) expenditures	14,008	(166,132)	(152,124)	(1,563,941)	1,411,817
OTHER FINANCING SOURCES (USES):					
Transfers in	1,470,813	121,510	1,592,323	1,536,141	56,182
Transfers out	(384,754)	(205,221)	(589,975)	(859,535)	269,560
Total other financing sources (uses)	1,086,059	(83,711)	1,002,348	676,606	325,742
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	1,100,067	(249,843)	850,224	\$ (887,335)	\$ 1,737,559
Fund balance – beginning	513,222	1,613,734	513,222		
Increase (decrease) in reserve for receivables	445	5,098	5,543		
Increase (decrease) in reserve – other	—	—	—		
Fund balance – ending	\$1,613,734	\$1,368,989	\$ 1,368,989		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Private Awards- Administration -Limited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	370,179	370,179	-	370,179
Interest income	11,581	10,920	22,501	-	22,501
Donations and grants	49,563	28,247	77,810	-	77,810
Borrower payments	-	-	-	-	-
Inc/(dec) in the fair value of investments	-	-	-	-	-
Other	3,252	41,777	45,029	-	45,029
Total revenues	64,396	451,123	515,519	-	515,519
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and private awards	485,899	839,367	1,325,266	823,858	(501,408)
Office of Degree Authorization	-	-	-	-	-
Total expenditures	485,899	839,367	1,325,266	823,858	(501,408)
Excess (deficiency) of revenues over (under) expenditures	(421,503)	(388,244)	(809,747)	(823,858)	14,111
OTHER FINANCING SOURCES (USES):					
Transfers in	545,373	228,897	774,270	995,661	(221,391)
Transfers out	(113)	(4,996)	(5,109)	-	5,109
Total other financing sources (uses)	545,260	223,901	769,161	995,661	(216,282)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	123,757	(164,343)	(40,586)	<u>\$ 171,803</u>	<u>\$(202,171)</u>
Fund balance – beginning	40,586	164,343	40,586		
Increase (decrease) in reserve for receivables	-	-	-		
Increase (decrease) in reserve – other	-	-	-		
Fund balance – ending	<u>\$ 164,343</u>	<u>\$ -</u>	<u>\$ -</u>		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Oregon Teachers Corporation —Limited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ —	\$ —	\$ —	\$ —	\$ —
Other charges for services	—	—	—	—	—
Interest income	5,659	6,375	12,034	—	12,034
Donations and grants	—	—	—	—	—
Borrower payments	8,690	16,464	25,154	24,198	956
Inc/(dec) in the fair value of investments	—	—	—	—	—
Other	—	320	320	—	320
Total revenues	14,349	23,159	37,508	24,198	13,310
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	—	—	—	—	—
Grants and private awards	—	—	—	—	—
Office of Degree Authorization	—	—	—	—	—
Total expenditures	—	—	—	—	—
Excess (deficiency) of revenues over (under) expenditures	14,349	23,159	37,508	24,198	13,310
OTHER FINANCING SOURCES (USES):					
Transfers in	—	—	—	—	—
Transfers out	(24,198)	(115,000)	(139,198)	(24,198)	(115,000)
Total other financing sources (uses)	(24,198)	—	(139,198)	(24,198)	(115,000)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(9,849)	(91,841)	(101,690)	\$ —	\$(101,690)
Fund balance – beginning	144,352	135,195	144,352		
Increase (decrease) in reserve for receivables	692	(7,234)	(6,542)		
Increase (decrease) in reserve – other	—		—		
Fund balance – ending	\$135,195	\$36,120	\$36,120		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Jobs Plus Education —Nonlimited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ —	\$ —	\$ —	\$ —	\$ —
Other charges for services	—	—	—	—	—
Interest income	—	83,147	83,147	—	83,147
Donations and grants	—	—	—	—	—
Borrower payments	—	—	—	—	—
Inc/(dec) in the fair value of investments	—	—	—	—	—
Other	—	348	348	—	348
Total revenues	—	83,495	83,495	—	83,495
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	—	—	—	—	—
Grants and private awards	121,578	185,080	306,658	147,576	(159,082)
Office of Degree Authorization	—	—	—	—	—
Total expenditures	121,578	185,080	306,658	147,576	(159,082)
Excess (deficiency) of revenues over (under) expenditures	(121,578)	(101,585)	(223,163)	(147,576)	(75,587)
OTHER FINANCING SOURCES (USES):					
Transfers in	624,589	671,881	1,296,470	533,000	763,470
Transfers out	(148,890)	—	(148,890)	(108,988)	(39,902)
Total other financing sources (uses)	475,699	671,881	1,147,580	424,012	723,568
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	354,121	570,296	924,417	\$ 276,436	\$ 647,981
Fund balance – beginning	760,198	1,114,319	760,198		
Increase (decrease) in reserve for receivables	—	—	—		
Increase (decrease) in reserve – other	—	—	—		
Fund balance – ending	\$1,114,319	\$1,684,615	\$1,684,615		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Jobs Plus -Limited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-	-
Interest income	54,355	-	54,355	81,988	(27,633)
Donations and grants	-	-	-	-	-
Borrower payments	-	-	-	-	-
Inc/(dec) in the fair value of investments	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	54,355	-	54,355	81,988	(27,633)
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and private awards	-	-	-	-	-
Office of Degree Authorization	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	54,355	-	54,355	81,988	(27,633)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(66,539)	(43,122)	(109,661)	(39,902)	(69,759)
Total other financing sources (uses)	(66,539)	-	(109,661)	(39,902)	(69,759)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(12,184)	(43,122)	(55,306)	\$42,086	\$(97,392)
Fund balance – beginning	55,306	43,122	55,306		
Increase (decrease) in reserve for receivables	-	-	-		
Increase (decrease) in reserve – other	-	-	-		
Fund balance – ending	\$43,122	\$ -	\$ -		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	VISTO -Limited Fund				Variance Favorable (Unfavorable)
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-	-
Interest income	4,328	390	4,718	14,564	(9,846)
Donations and grants	-	-	-	-	-
Borrower payments	-	-	-	-	-
Inc/(dec) in the fair value of investments	-	-	-	-	-
Other	-	215	215	-	215
Total revenues	4,328	605	4,933	14,564	(9,631)
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and private awards	1,461	-	1,461	12,200	10,739
Office of Degree Authorization	-	-	-	-	-
Total expenditures	1,461	-	1,461	12,200	10,739
Excess (deficiency) of revenues over (under) expenditures	2,867	605	3,472	2,364	1,108
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(215,448)	-	(215,448)	(219,090)	3,642
Total other financing sources (uses)	(215,448)	-	(215,448)	(219,090)	3,642
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(212,581)	605	(211,976)	\$(216,726)	\$ 4,750
Fund balance – beginning	218,965	6,384	218,965		
Increase (decrease) in reserve for receivables	-	-	-		
Increase (decrease) in reserve – other	-	-	-		
Fund balance – ending	\$ 6,384	\$6,989	\$ 6,989		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Education Endowment Fund
–Limited Fund

	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ –	\$ –	\$ –	\$ –	\$ –
Other charges for services	–	–	–	–	–
Interest income	3,286	–	3,286	–	3,286
Donations and grants	–	–	–	–	–
Borrower payments	–	–	–	–	–
Inc/(dec) in the fair value of investments	–	–	–	–	–
Other	–	–	–	–	–
Total revenues	3,286	–	3,286	–	3,286
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	–	–	–	–	–
Grants and private awards	120	4,960,655	4,960,775	5,176,088	215,313
Office of Degree Authorization	–	–	–	–	–
Total expenditures	120	4,960,655	4,960,775	5,176,088	215,313
Excess (deficiency) of revenues over (under) expenditures	3,166	(4,960,655)	(4,957,489)	(5,176,088)	218,599
OTHER FINANCING SOURCES (USES):					
Transfers in	2,883,621	2,225,948	5,109,569	5,176,088	(66,519)
Transfers out	–	–	–	–	–
Total other financing sources (uses)	2,883,621	2,225,948	5,109,569	5,176,088	(66,519)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	2,886,787	(2,734,707)	152,080	\$ –	\$152,080
Fund balance – beginning	–	2,886,787	–		
Increase (decrease) in reserve for receivables	–	–	–		
Increase (decrease) in reserve – other	–	–	–		
Fund balance – ending	\$2,886,787	\$ 152,080	\$ 152,080		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Rural Health Loan Grants -Limited Fund				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUES:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-	-
Interest income	60,610	60,737	121,347	100,298	21,049
Donations and grants	-	-	-	-	-
Borrower payments	-	-	-	-	-
Inc/(dec) in the fair value of investments	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	60,610	60,737	121,347	100,298	21,049
EXPENDITURES:					
Federal Family Education Loan Program (FFELP)	-	-	-	-	-
Grants and private awards	210,695	301,641	512,336	511,253	(1,083)
Office of Degree Authorization	-	-	-	-	-
Total expenditures	210,695	301,641	512,336	511,253	(1,083)
Excess (deficiency) of revenues over (under) expenditures	(150,085)	(240,904)	(390,989)	(410,955)	19,966
OTHER FINANCING SOURCES (USES):					
Transfers in	423,618	-	423,618	423,618	-
Transfers out	(14,236)	-	(14,236)	(14,236)	-
Total other financing sources (uses)	409,382	-	409,382	409,382	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	259,297	(240,904)	18,393	\$ (1,573)	\$19,966
Fund balance – beginning	876,758	1,136,055	876,758		
Increase (decrease) in reserve for receivables	-	-	-		
Increase (decrease) in reserve – other	-	-	-		
Fund balance – ending	\$1,136,055	\$ 895,151	\$ 895,151		

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
COMBINING BALANCE SHEET
ALL TRUST FUNDS
JUNE 30, 2001**

	Expendable Trust– Private Awards	Nonexpendable Trust– Private Awards	Total
ASSETS			
Cash and cash equivalents	\$585,967	\$1,063,177	\$1,649,144
Designated investments	–	–	–
Interest receivable	–	–	–
Other receivables – noncurrent	251,528	–	251,528
Total assets	<u>\$837,495</u>	<u>\$1,063,177</u>	<u>\$1,900,672</u>
LIABILITIES AND FUND BALANCE			
Liabilities:	\$ 600	\$ –	\$ 600
Total liabilities	<u>600</u>	<u>–</u>	<u>600</u>
Fund balance:			
Reserve for receivables	251,528	–	251,528
Reserve for trust fund principal	69,845	868,420	938,265
Unreserved fund balance	515,522	194,757	710,279
Total fund balance	<u>836,895</u>	<u>1,063,177</u>	<u>1,900,072</u>
Total liabilities and fund balance	<u>\$837,495</u>	<u>\$1,063,177</u>	<u>\$1,900,672</u>

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SUPPLEMENTAL SCHEDULES

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**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
ACTIVITY ANALYSIS—BALANCE SHEET ACCOUNTS
GENERAL FUND
JUNE 30, 2001**

	Administration	Office of Degree Authorization	Revenue	Total General Fund
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from general fund	18,057	1,100	-	19,157
Other receivables – noncurrent	-	-	319,694	319,694
Total assets	<u>\$18,057</u>	<u>\$1,100</u>	<u>\$319,694</u>	<u>\$338,851</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 2,252	\$ 1	\$-	\$ 2,253
Vacation payable – short-term	15,805	1,099	-	16,904
Total liabilities	<u>18,057</u>	<u>1,100</u>	<u>-</u>	<u>19,157</u>
Fund balance:				
Reserved for receivables	-	-	319,694	319,694
Total fund balance	<u>-</u>	<u>-</u>	<u>319,694</u>	<u>319,694</u>
Total liabilities and fund balance	<u>\$18,057</u>	<u>\$1,100</u>	<u>\$ 319,694</u>	<u>\$338,851</u>

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
ACTIVITY ANALYSIS—REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

	Administration	Private College Supplement (SSIG)	Student Community Services
REVENUE:			
Borrower payments	\$ —	\$ —	\$ —
Total revenues	—	—	—
EXPENDITURES:			
General government	428,399	—	—
Grants and private awards	12,106,735	2,097,217	11,225
Office of Degree Authorization	—	—	—
Total expenditures	12,535,134	2,097,217	11,225
Excess (deficiency) of revenues over (under) expenditures	(12,535,134)	(2,097,217)	(11,225)
OTHER FINANCING SOURCES (USES):			
Transfers in	—	—	—
Transfers out	—	—	—
Appropriations	12,535,134	2,097,217	11,225
Total other financing sources (uses)	12,535,134	2,097,217	11,225
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	—	—	—
Fund balance – beginning	—	—	—
Increase (decrease) in reserve for receivables	—	—	—
Increase (decrease) in reserve – other	—	—	—
Fund balance – ending	\$ —	\$ —	\$ —

Office of Degree Authorization	Revenue	Total General Fund
\$ -	\$ 74,220	\$ 74,220
-	74,220	74,220
-	-	428,399
-	-	14,215,177
109,702	-	109,702
109,702	-	14,753,278
(109,702)	74,220	(14,679,058)
-	38,804	38,804
-	(113,024)	(113,024)
109,702	-	14,753,278
109,702	(74,220)	14,679,058
-	-	-
-	288,148	288,148
-	31,546	31,546
-	-	-
\$ -	\$319,694	\$ 319,694

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
ACTIVITY ANALYSIS—REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Administration				Variance Favorable (Unfavorable)
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	
REVENUE:					
Borrower payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
EXPENDITURES:					
General government	499,105	428,399	927,504	914,529	(12,975)
Grants and private awards	15,742,392	12,106,735	27,849,127	28,823,683	974,556
Office of Degree Authorization	-	-	-	-	-
Total expenditures	16,241,497	12,535,134	28,776,631	29,738,212	961,581
Excess (deficiency) of revenues over (under) expenditures	(16,241,497)	(12,535,134)	(28,776,631)	(29,738,212)	961,581
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Appropriations	16,241,497	12,535,134	28,776,631	29,738,212	(961,581)
Total other financing sources (uses)	16,241,497	12,535,134	28,776,631	29,738,212	(961,581)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	-	-	\$ -	\$ -
Fund balance – beginning	1,275,441	-	1,275,441		
Increase (decrease) in reserve for receivables	-	-	-		
Increase (decrease) in reserve – other	(1,275,441)	-	(1,275,441)		
Fund balance – ending	\$ -	\$ -	\$ -		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
ACTIVITY ANALYSIS—REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Student Community Services				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUE:					
Borrower payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
EXPENDITURES:					
General government	-	-	-	-	-
Grants and private awards	18,216	11,225	29,441	29,441	-
Office of Degree Authorization	-	-	-	-	-
Total expenditures	18,216	11,225	29,441	29,441	-
Excess (deficiency) of revenues over (under) expenditures	(18,216)	(11,225)	(29,441)	(29,441)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Appropriations	18,216	11,225	29,441	29,441	-
Total other financing sources (uses)	18,216	11,225	29,441	29,441	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	-	-	\$ -	\$ -
Fund balance – beginning	-	-	-		
Increase (decrease) in reserve for receivables	-	-	-		
Increase (decrease) in reserve – other	-	-	-		
Fund balance – ending	\$ -	\$ -	\$ -		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
ACTIVITY ANALYSIS—REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Private College Supplement (SSIG)				
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	Variance Favorable (Unfavorable)
REVENUE:					
Borrower payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
EXPENDITURES:					
General government	-	-	-	-	-
Grants and private awards	1,431,594	2,097,217	3,528,811	3,105,193	(423,618)
Office of Degree Authorization	-	-	-	-	-
Total expenditures	1,431,594	2,097,217	3,528,811	3,105,193	(423,618)
Excess (deficiency) of revenues over (under) expenditures	(1,431,594)	(2,097,217)	(3,528,811)	(3,105,193)	(423,618)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(423,618)	-	(423,618)	(423,618)	-
Appropriations	1,855,212	2,097,217	3,952,429	3,528,811	423,618
Total other financing sources (uses)	1,431,594	2,097,217	3,528,811	3,105,193	423,618
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	-	-	\$ -	\$ -
Fund balance – beginning	-	-	-		
Increase (decrease) in reserve for receivables	-	-	-		
Increase (decrease) in reserve – other	-	-	-		
Fund balance – ending	\$ -	\$ -	\$ -		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
ACTIVITY ANALYSIS—REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Office of Degree Authorization				Variance Favorable (Unfavorable)
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	
REVENUE:					
Borrower payments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
EXPENDITURES:					
General government	-	-	-	-	-
Grants and private awards	-	-	-	-	-
Office of Degree Authorization	75,557	109,702	185,259	184,317	(942)
Total expenditures	75,557	109,702	185,259	184,317	(942)
Excess (deficiency) of revenues over (under) expenditures	(75,557)	(109,702)	(185,259)	(184,317)	(942)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Appropriations	75,557	109,702	185,259	184,317	942
Total other financing sources (uses)	75,557	109,702	185,259	184,317	942
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	-	-	\$ -	\$ -
Fund balance – beginning	(849)	-	(849)		
Increase (decrease) in reserve for receivables	(22)	-	(22)		
Increase (decrease) in reserve – other	871	-	871		
Fund balance – ending	\$ -	\$ -	\$ -		

STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
ACTIVITY ANALYSIS—REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Revenue				Variance Favorable (Unfavorable)
	FY 2000 Actuals	FY 2001 Actuals	Biennial Actuals	Biennial Budget	
REVENUE:					
Borrower payments	\$ 111,245	\$ 74,220	\$ 185,465	\$ 102,895	\$ 82,570
Total revenues	111,245	74,220	185,465	102,895	82,570
EXPENDITURES:					
General government	-	-	-	-	-
Grants and private awards	-	-	-	-	-
Office of Degree Authorization	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	111,245	74,220	185,465	102,895	82,570
OTHER FINANCING SOURCES (USES):					
Transfers in	70,976	38,804	109,780	100,000	9,780
Transfers out	(182,221)	(113,024)	(295,245)	(202,895)	(92,350)
Appropriations	-	-	-	-	-
Total other financing sources (uses)	(111,245)	(74,220)	(185,465)	(102,895)	(82,570)
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	-	-	\$ -	\$ -
Fund balance – beginning	223,076	288,148	223,076		
Increase (decrease) in reserve for receivables	65,072	31,546	96,618		
Increase (decrease) in reserve – other	-	-	-		
Fund balance – ending	\$ 288,148	\$ 319,694	\$ 319,694		

OTHER REPORTS

**INDEPENDENT AUDITORS' 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 Student Assistance Commission (OSAC), as of and for the year ended June 30, 2001, and have issued our report thereon dated November 8, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the OSAC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose 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 general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of

performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weakness.

This report is intended solely for the information and use of the Oregon Student Assistance 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 these specified parties.

Merina & Company

Merina & Company, LLP
West Linn, Oregon
November 8, 2001

**INDEPENDENT AUDITORS' 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 Student Assistance Commission (OSAC) 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, 2001. OSAC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements is the responsibility of the management of the OSAC. 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 auditing standards generally accepted in the United States of America 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 OSAC'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 OSAC's compliance with those requirements.

In our opinion, the OSAC, 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, 2001. However, the results of our auditing procedures disclosed three instance 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 01-1 through 01-3.

Internal Control Over Compliance

The management of the OSAC 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 OSAC'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 Oregon Student Assistance Commission, the Oregon Secretary of State Audits Division and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties.



Merina and Company, LLP
West Linn, Oregon
November 8, 2001

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**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

<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	\$138,468,482	\$ -	\$138,468,482
84.069	Leveraging Education Assistance Program	539,449	-	539,449
84.185	Bryd Honors Scholarship	<u>438,250</u>	<u>-</u>	<u>438,250</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS	<u><u>\$139,446,181</u></u>	<u><u>\$ -</u></u>	<u><u>\$139,446,181</u></u>

The accompanying notes are an integral part of this schedule.

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Oregon Student Assistance Commission (OSAC). The reporting entity is defined in Note 1 to OSAC's general-purpose financial statements.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to OSAC's general-purpose financial statements.

Note 3. Relationship to the General-Purpose Financial Statements

The information in the schedule of expenditures of federal awards 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	\$136,096,120	Loans guaranteed for the year ended June 30, 2001

Note 5. Loans Outstanding

OSAC had the following loan balances outstanding at June 30, 2001, which were not included in the schedule.

Federal CFDA Number	Title	Balance 6/30/01
84.032	Federal Family Education Loan Program	\$759,105,612

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor’s report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Reportable conditions(s) identified that are
Not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal Control over major programs:

Material weakness(es) identified? yes no

Reportable conditions(s) identified that are
Not considered to be material weaknesses? yes none reported

Type of auditor’s report issued on compliance for major
Programs: Unqualified

Any audit findings disclosed that are required to be
Reported in accordance with OMB Circular A-133,
section 510(a)? yes no

Identification of major programs:

CFDA Number **Name of Federal Program or Cluster**

84.032 Federal Family Educational Loan Program

Dollar threshold used to distinguish between type A and
Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

01-1

Federal Family Education Loan Program

A U.S. Department of Education “Dear Guaranty Agency” letter, dated July 18, 2000, requires that the guarantor agency calculate and transfer into the Federal Fund interest that accrued on the Federal share of borrower collections beginning October 1, 1998 through August 31, 2000. Such interest must be calculated through the time of deposit.

OSAC calculated the interest accrued on the Federal share of borrower collections beginning October 1, 1998 through August 31, 2000, but has not yet transferred the interest income into the Federal Fund.

As a result of ongoing discussions with the U.S. Department of Education on the payment of retroactive interest, OSAC has postponed the transfer until further guidance has been received.

We recommend that interest accrued on the Federal share of borrower collections be transferred to the Federal Fund unless OSAC receives different guidance from the U.S. Department of Education.

AGENCY’S RESPONSE:

OSAC partially agrees with this finding. OSAC, through its national association, NCHelp, is working with the U.S. Department of Education to resolve this issue. OSAC is under the impression that until a final decision is made requiring all guarantee agencies to transfer monies owed, we are not required to do so.

01-2

Federal Family Education Loan Program

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 6, 1998. The Act specified, among other things, the timing and type of allowable receipts and expenditures in each of the funds.

For the period from October 1, 1998 through August 31, 2000, the Federal Fund’s equitable share of borrower repayments were required to be transferred to the Federal Fund within 45 days of receipt.

For the month of August 2000, the Federal Fund’s equitable share of borrower repayments were not transferred to the Federal Fund until October of 2000.

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

This instance of noncompliance appears to be due to lack of documented accounting procedures and policies designed to insure compliance with Federal requirements.

We recommend that accounting procedures and policies to comply with Federal requirements be developed and formally documented. A monthly checklist should be developed to insure that all required procedures have been completed.

AGENCY'S RESPONSE:

OSAC agrees with the finding, but has already corrected the issue. OSAC has received permission from the US Department of Education to deposit all monies immediately into the federal fund. OSAC's portion is then transferred to the operating fund.

01-3

Federal Family Education Loan Program

During our testing, we determined that the Cost Allocation Plan prepared by OSAC for the year ended June 30, 2001 did not conform to the requirements of OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* in several respects.

1. Support for personnel activity was not based on time sheets or other after the fact documentation. Accordingly, prior approval by the cognizant agency should have been obtained for the method used.
2. Employees who work solely on Federal awards have not been re-certified at least semi-annually on a form signed by the employee or their direct supervisor.
3. The cost allocation plan was not certified using the Certificate of Cost Allocation Plan and signed by an official at a level no lower than the Chief Financial Officer.

This instance of noncompliance appears to be due to constraints on accounting personnel resources.

We recommend that the cost allocation plan be redrafted in accordance with the provisions of OMB Circular A-87. The Commission has adequately staffed the accounting department and OSAC should prepare a revised plan as soon as time allows and use an approved method of determining personnel costs.

AGENCY'S RESPONSE:

*While OSAC recognizes and, in hindsight, agrees with the finding, the person who prepared our cost allocation felt that the method used to allocate personnel costs was conceptually allowable under OMB Circular A-87. With regard to the re-certification of employees allocated 100% to the FFELP program every six months and signing of the cost allocation plan
The accompanying notes are an integral part of this schedule.*

**STATE OF OREGON
OREGON STUDENT ASSISTANCE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

by an official at a level no lower than CFO, OSAC will take corrective action immediately. OSAC plans to immediately prepare and design a new cost allocation plan that conforms to the requirements of OMB Circular A-87.

Section IV – Schedule of Prior Federal Award Findings and Questioned Costs for the Years Ended June 30, 2000

This section includes the current status of all audit findings from fiscal year ended June 30, 2000.

Finding: 00-1 Required notices not sent to borrowers

Recommendation: We recommend that procedures should be developed to ensure that generation of required written notices to borrowers is a fully automated process.

Status: The Oregon Student Assistance Commission has fully computerized the letter generation process, and it no longer requires manual intervention. Internal controls are in place to provide reasonable assurance that any system failure will be detected and corrected in a timely manner by OSAC staff.

FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION

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

<i>Director</i>	Cathy Pollino, CGFM
<i>Acting Deputy Director</i>	Charles Hibner, CPA
<i>Deputy Director</i>	Mary E. Wenger, CPA

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

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Public Service Building
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