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STATE OF WEST VIRGINIA

AUDIT REPORT

OF

SHEPHERD COLLEGE
SHEPHERDSTOWN, WEST VIRGINIA

NATIONAL DIRECT STUDENT LOAN PROGRAM
COLLEGE WORK-STUDY PROGRAM
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

U.S. OFFICE OF EDUCATION
ENTITY NUMBER: 1-55-6000-799-A1

FOR THE PERIOD
JULY 1, 19~~77~~⁷⁹ - JUNE 30, 1979



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

SHEPHERD COLLEGE
SHEPHERDSTOWN, WEST VIRGINIA

REPORT OF AUDIT
NATIONAL DIRECT STUDENT LOAN PROGRAM
COLLEGE WORK-STUDY PROGRAM
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LEGISLATIVE AUDITOR'S OFFICE
STATE OF WEST VIRGINIA

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

The Honorable Encil Bailey
Legislative Auditor
State Capitol - Main Unit
Charleston, West Virginia

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, Mr. John T. Davis was assigned to audit the National Direct Student Loan, College Work-Study, Supplemental Educational Opportunity Grants, and Basic Educational Opportunity Grant Programs at Shepherd College.

This audit covers the period July 1, 1979 through June 30, 1981. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

James R. Blake

James R. Blake, Supervisor
Legislative Postaudit Division

JRB:wmm

TABLE OF CONTENTS

<u>Part I - Introduction</u>	1
<u>Part II - Highlights of Audit Results</u>	3
<u>Part III - Financial</u>	
Auditors' Report on Financial Statements	3
<u>Part IV - Internal Accounting and Administrative Controls and Compliance</u>	
Auditors' Conclusions on Internal Accounting and Administrative Controls and Compliance Information	4
Findings and Recommendations - Internal Accounting and Administrative Controls and Compliance Information	5
All Federal Student Financial Aid Programs:	
Procedural Guidelines	5
National Direct Student Loan Program:	
Weakness in Internal Control	6
<u>Part V - Prior Audit Report for the Period July 1, 1976 - June 30, 1979</u> .	6
<u>Exhibits</u>	
National Direct Student Loan Program:	
Exhibit A - Balance Sheet as of June 30, 1981	7
Exhibit A-1 - Statement of Changes in Fund Balance for the Two Year Period Ended June 30, 1981, and the Period September 1, 1958 through June 30, 1981	8
College Work-Study Program:	
Exhibit B - Balance Sheet as of June 30, 1981	9
Exhibit B-1 - Statement of Changes in Fund Balance for the Two Year Period Ended June 30, 1981	10
Supplemental Educational Opportunity Grants Program:	
Exhibit C - Balance Sheet as of June 30, 1981	11
Exhibit C-1 - Statement of Changes in Fund Balance for the Two Year Period Ended June 30, 1981	12

Basic Educational Opportunity Grant Program:

Exhibit D - Balance Sheet as of June 30, 1981 13

Exhibit D-1 - Statement of Changes in Fund Balance for the
Two Year Period Ended June 30, 1981 14

Schedules

National Direct Student Loan Program

Schedule 1 - Analysis of Student Loans Receivable for the
Two Year Period Ended June 30, 1981 and the
Period September 1, 1958 through June 30, 1981 15

Schedule 2 - Computation of Default Rate as of June 30, 1981 16

Schedule 3 - Analysis of Cash Flow for the Two Year Period
Ended June 30, 1981 17

Schedule 4 - Statement of Changes in Fund Balance for the
Years Ended June 30, 1980 and June 30, 1981 18

Schedule 5 - Comparison of Fiscal Report With Accounting
Records as of June 30, 1981 19

College Work-Study Program

Schedule 6 - Statement of Changes in Fund Balance
for the Year Ended June 30, 1981 20

Schedule 7 - Statement of Changes in Fund Balance
for the Year Ended June 30, 1980 21

Supplemental Educational Opportunity Grants Program

Schedule 8 - Statement of Changes in Fund Balance
for the Year Ended June 30, 1981 22

Schedule 9 - Statement of Changes in Fund Balance
for the Year Ended June 30, 1980 23

Basic Educational Opportunity Grant Program

Schedule 10 - Statement of Changes in Fund Balance
for the Year Ended June 30, 1981 24

Schedule 11 - Statement of Changes in Fund Balance
for the Year Ended June 30, 1980 25

Certificate of Legislative Auditor 26

Shepherd College
Shepherdstown, West Virginia

Report of Audit
National Direct Student Loan Program
College Work-Study Program
Supplemental Educational Opportunity Grants Program
Basic Educational Opportunity Grant Program

U.S. Office of Education
Entity Number: 1-55-6000-799-A1

For the Period July 1, 1979 - June 30, 1981

Part I - Introduction

Background

Shepherd College is an institution of higher education and was last approved on June 22, 1978 by the U.S. Office of Education for participation in the student financial aid programs. Our examination of the National Direct Student Loan Program, College Work-Study Program, Supplemental Educational Opportunity Grants Program and Basic Educational Opportunity Grant Program for the two year period ended June 30, 1981 was directed toward the objectives set forth in the audit guides dated June, 1978 prepared by the U.S. Department of Health, Education, and Welfare (DHEW), and June 1980 prepared by the U.S. Department of Education (DE).

National Direct Student Loan Program (NDSLP)

In September 1958 the College established the NDSLP under the National Defense Education Act of 1958 which was transferred in 1972 to Part E of Title IV of the Higher Education Act of 1965. The records of the College indicate that loans aggregating \$2,285,008.94 have been made to 2,411 students since the program was established at the College. As of June 30, 1981 the principal outstanding on loans in default amounted to 5.97% of matured principal on all loans.

College Work-Study Program (CWSP)

On January 25, 1965 the College started the CWSP pursuant to Title IV, Part C, of the Higher Education Act of 1965, as amended. During the two year period ended June 30, 1981 up to 193 students participated in the program each year and expenditures for wages for the period aggregated \$224,537.91. The authorization award letters to the College were in the amounts of \$102,474.00 for the academic year 1979-80 and \$115,500.00 for the academic year 1980-81.

Supplemental Educational Opportunity Grants Program (SEOGP)

The SEOGP was established at the College on July 1, 1966 under Title IV, Part A, of the Higher Education Act of 1965, as amended. During the two year period ended June 30, 1981 up to 87 students participated in the program each year and awards aggregated \$90,097.00. The authorization award

letters to the College were in the amounts of \$32,000.00 for the academic year 1979-80 and \$45,000.00 for academic year 1980-81.

Basic Educational Opportunity Grant Program (BEOGP)

The BEOGP was started at the College on July 1, 1973. During the two year period ended June 30, 1981 up to 435 students participated in the program each year and awards aggregated \$706,967.77. The authorization award letters to the College were in the amounts of \$370,761.00 for the academic year 1979-80 and \$336,257.00 for the academic year 1980-81.

Administration of the Programs

The College officials responsible for overall administration of the programs are the Director of Financial Aid and the Director of Finance and Business Affairs. The Director of Financial Aid is responsible for application processing and loan approvals, as well as the College's compliance with the various U.S. Department of Education regulations governing the College's participation in federal and state financial aid programs. The Director of Finance and Business Affairs is responsible for the programs' financial management, general ledger accounts, payments, collections, and financial reports.

Scope of Audit

Our audit of the National Direct Student Loan Program, College Work-Study Program, Supplemental Educational Opportunity Grants Program and Basic Educational Opportunity Grant Program was performed in accordance with the financial and compliance elements of the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" issued by the U.S. Comptroller General (GAO) in June 1972 (1974 reprint), and the audit guides dated June 1978 (BEOGP) prescribed by the U.S. Department of Health, Education, and Welfare, and June 1980 (NDSLP, CWSP and SEOGP) prescribed by the U.S. Department of Education. The purpose of the audit was to formulate an opinion on the basic financial statements taken as a whole and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreement and DHEW and DE directives which are set forth in the audit guides.

The audit included:

1. Expressing an opinion on the balance sheets, related statements of changes in fund balance, and supplementary schedules.
2. Evaluation of the institution's policies, procedures and practices used to administer the programs.
3. Determination of compliance with applicable sections of the acts, related federal regulations and U.S. Department of Education policies and procedures.
4. Evaluation of the institution's system of internal control, accounting and reporting, and the controls maintained in the operation of and accounting for the funds provided for the programs.

5. Reconciliation of the information reported on the appropriate financial statements for the years audited.

As part of our audit we obtained confirmation from selected students on SEOGP and BEOGP awards, students participating in the CWSP and student NDSLPL loan balances as of June 30, 1981.

Part II - Highlights of Audit Results

During our audit nothing came to our attention which caused us to believe that Shepherd College had not generally administered its student financial aid programs (NDSLPL, CWSP, SEOGP and BEOGP) in accordance with the federal regulations and directives cited in the DHEW audit guide for the BEOGP and DE audit guide for the NDSLPL, CWSP and SEOGP. However, certain areas of the College's management of student financial aid programs were in need of attention. More specifically: for all programs, (1) procedural guidelines have not been prepared for handling and recording financial transactions involving the programs; for NDSLPL, (2) there is a weakness in internal control in that the same person receives cash collections on loans and posts transactions to the NDSLPL individual ledger cards. These matters are discussed more fully under the "Findings and Recommendations" sections of this report. (See page 5 and 6.) As to our opinion on the financial statements, see below.

Part III - Financial

Auditors' Report on Financial Statements

We have examined the balance sheets of the National Direct Student Loan Program (NDSLPL), College Work-Study Program (CWSP), Supplemental Educational Opportunity Grants Program (SEOGP) and Basic Educational Opportunity Grant Program (BEOGP) at Shepherd College as of June 30, 1981 and the related statements of changes in fund balances for the two year period then ended. (See Exhibits A through D-1.) Our examination was made in accordance with the financial and compliance elements of the "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" issued by the U.S. Comptroller General (GAO) in June, 1972 (1974 reprint). Accordingly, we conducted such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances. The audit guides dated June 1978 (BEOGP) prescribed by the U.S. Department of Health, Education, and Welfare, and June 1980 (NDSLPL, CWSP and SEOGP) prescribed by the U.S. Department of Education were used as guides in the examination.

In our opinion the aforementioned financial statements present fairly the financial position of the NDSLPL, CWSP, SEOGP and BEOGP of Shepherd College at June 30, 1981 and the changes in fund balances for the two year period then ended, in conformity with generally accepted accounting principles applied on a consistent basis except as indicated under "Note to Financial Statements" below.

The examination referred to above was directed primarily toward formulating an opinion on the aforementioned statements as of and for the two year period ended June 30, 1981 taken as a whole, and was not directed toward formulating an opinion on the balance sheet at June 30, 1980, or the state-

ments of changes in fund balances for the individual years ended June 30, 1980 and June 30, 1981. The supplemental data included in Schedules 1 through 11 have been subjected to the auditing procedures applied in the examination of the basic financial statements and in our opinion are stated fairly in all material respects only when considered in conjunction with the financial statements of the NDSLP, CWSP, SEOGP, and BEOGP taken as a whole.

Note to Financial Statements
For the Two Year Period Ended June 30, 1981

1. Summary of Significant Accounting Policies:

The financial statements of the NDSLP, CWSP, SEOGP and BEOGP at the College have been prepared in accordance with generally accepted accounting principles and provide for use of the accrual basis of accounting. Except as described in the following paragraph, generally accepted accounting principles are in agreement with the accounting practices prescribed for such programs by the U.S. Department of Education in the Terms of Agreement and in fiscal control and fund accounting procedures.

The prescribed practices for the NDSLP do not provide for accrual of interest on student loans receivable or for the establishment of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received; and uncollectible loans are not recognized until the loans are cancelled or written off in conformity with NDSLP requirements. These practices do not conform with generally accepted accounting principles.

Part IV - Internal Accounting and Administrative Controls and Compliance

Auditors' Conclusion on Internal Accounting and
Administrative Controls and Compliance Information

We have examined the financial statements of the NDSLP, CWSP, SEOGP and BEOGP at Shepherd College for the two year period ended June 30, 1981. Our opinion on the above statements is contained on page 3 of this report. As a part of our examination we have made a study of the College's system of internal accounting control to the extent we considered necessary to evaluate the system as required by "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" issued by the U.S. Comptroller General (GAO) in June 1972 (1974 reprint). Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

We have also made a study of those internal accounting control and administrative control procedures at Shepherd College that we considered relevant to the criteria established in the audit guides dated June 1978 (BEOGP) prescribed by the U.S. Department of Health, Education, and Welfare, and June 1980 (NDSLP, CWSP and SEOGP) prescribed by the U.S. Department of Education. Our study included tests of compliance with such procedures during the period July 1, 1979 through June 30, 1981.

The objectives of internal accounting control are to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We understand that the objective of those administrative control procedures comprehended in the U.S. Department of Education criteria is to provide similar assurance as to compliance with its related requirements. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

We understand that procedures in conformity with the criteria referred to in the second paragraph of this PART are considered by the U.S. Department of Education to be adequate for its purposes in accordance with the provisions of the Higher Education Act of 1965 and related regulations, and that procedures not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and our study, we believe Shepherd College's procedures were adequate for the Department's purposes, except for the conditions described on pages 5 and 6 , which we believe are not in conformity with the criteria referred to above.

Findings and Recommendations - Internal Accounting and Administrative Controls and Compliance

All Federal Student Financial Aid Programs

Procedural Guidelines

While the Financial Aid Office has prepared written procedures for making awards under the student financial aid programs, guidelines have not been prepared for handling and recording financial aid transactions after awards are made.

We recommend that procedural guidelines be developed for handling financial aid transactions, including recordkeeping, after awards are made. A well-defined set of guidelines could (1) contribute to the effectiveness of the programs, (2) ensure efficient and economical administration, and (3) facilitate program continuity when changes occur in personnel.

National Direct Student Loan Program

Weakness In Internal Control

At the time of our June 30, 1979 audit we found that the same person was handling cash collections on loans and posting transactions to the NDSLPL individual loan ledger cards. Subsequent to our June 30, 1979 audit, these duties were assigned to separate individuals. However, in July 1981, subsequent to the date of our current audit, the two functions were again assigned to one individual, in conjunction with new procedures put into effect July 1, 1981. This individual also distributes loan advance checks to students.

For internal control purposes, the person who posts transactions to the NDSLPL individual loan ledger cards should not receive payments on loans and should not distribute loan checks.

During the current audit, College officials made plans for separating the duties discussed above.

Part V - Prior Audit Report, for the Period
July 1, 1976 - June 30, 1979

The prior audit report included 2 findings, one of which has been cleared. The other finding, identified below, is repeated in this audit report:

National Direct Student Loan Program:

Weakness in Internal Control (See above.)

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 BALANCE SHEET AS OF JUNE 30, 1981

Assets

Cash on Hand and in Depository	\$ 109,698.66
Student Loans Receivable (See Schedule 1)	<u>720,407.86</u>
Total Assets	<u>\$ 830,106.52</u>

Liabilities and Fund Balances

Liabilities:	
Accrued Administrative Expenses Payable	<u>\$ 5,150.10</u>
Fund Balance:	
Capital:	
Federal Contributions:	
Authorized	1,171,546.00
Repaid	<u>90,000.00</u>
Balance	<u>1,081,546.00</u>
Institutional Contributions:	
Authorized	130,171.73
Repaid	<u>10,000.00</u>
Balance	<u>120,171.73</u>
Capital Fund Balance	1,201,717.73
Non-Capital Fund Deficit (See Exhibit A-1)	<u>(376,761.31)</u>
Total Liabilities and Fund Balance	<u>\$ 830,106.52</u>

Exhibit A

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 TWO YEAR PERIOD ENDED JUNE 30, 1981
 AND THE PERIOD SEPTEMBER 1, 1958 THROUGH JUNE 30, 1981

	For the Period September 1, 1958 Through June 30, 1981	Two Year Period Ended June 30, 1981
Non-Capital Fund Balance:		
Additions:		
Reimbursement on Loans - Cancelled	\$ 17,807.00	\$ 10,320.00
Interest on Loans - Collected	102,716.60	22,043.59
Interest on Loans - Cancelled	68,016.49	3,289.47
Other Income	23,334.90	9,224.11
	<u>211,874.99</u>	<u>44,877.17</u>
Deductions:		
Loan Principal and Interest Cancelled:-		
Teaching Service	482,132.79	31,643.31
Military Service	5,009.23	1,345.68
Death	9,315.27	1,288.40
Disability	1,303.00	-0-
Bankruptcy	1,343.58	-0-
Cost of Litigation	716.72	250.00
Administrative Expenses	65,524.02	8,518.30
Other Collection Costs	7,624.18	5,599.68
Other Costs or Losses	4.58	.67
Defaulted Loan Principal and Interest Assigned/Referred to and Received by the United States	<u>15,662.93</u>	<u>15,662.93</u>
	<u>588,636.30</u>	<u>64,308.97</u>
Net (Decrease) For the Period	(376,761.31)	(19,431.80)
Fund Deficit, Beginning of Period	<u>-0-</u>	<u>(357,329.51)</u>
Fund Deficit, End of Period	<u>(\$ 376,761.31)</u>	<u>(\$ 376,761.31)</u>
Capital Fund Balance:		
Federal Contributions	\$1,081,546.00	(\$ 90,000.00)
Institutional Contributions	<u>120,171.73</u>	<u>(10,000.00)</u>
Total Contributions	1,201,717.73	(\$ 100,000.00)
Fund Balance, Beginning of Period	<u>-0-</u>	<u>1,301,717.73</u>
Fund Balance, End of Period	<u>\$1,201,717.73</u>	<u>\$1,201,717.73</u>

Exhibit A-1

SHEPHERD COLLEGE
COLLEGE WORK-STUDY PROGRAM
BALANCE SHEET AS OF JUNE 30, 1981

Assets

Cash on Hand and in Depository	\$13,865.08
Accounts Receivable	<u>439.33</u>
Total Assets	<u>\$14,304.41</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Wages Payable	\$ 5,872.55
Accrued Administrative Expenses Payable	<u>5,978.87</u>
Total Liabilities	11,851.42
Fund Balance	<u>2,452.99</u>
Total Liabilities and Fund Balance	<u>\$14,303.41</u>

Exhibit B

SHEPHERD COLLEGE
 COLLEGE WORK-STUDY PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1981

Additions:	
Total Grant Award Authorization	\$217,974.00
Authorization Not Used	<u>(34,048.00)</u>
Net Federal Funds Provided	183,926.00
Funds Provided by Institution	<u>49,997.95</u>
 Total Additions	 <u>233,923.95</u>
Deductions:	
Wages:	
On Campus:	
Federal Share	136,965.25
Institutional Share	34,241.31
Off Campus:	
Federal Share	42,665.08
Institutional Share	10,666.27
Wages For Fiscal Year 1979: <u>1/</u>	
Federal Share	185.60
Institutional Share	46.40
FICA Matching	4,202.41
Administrative Expenses	<u>10,177.29</u>
 Total Deductions	 <u>239,149.61</u>
 Net (Decrease) For the Period	 (5,225.66)
 Fund Balance, Beginning of Period	 <u>7,678.65</u>
 Fund Balance, End of Period	 <u>\$ 2,452.99</u>

1/ Paid subsequent to prior audit as of June 30, 1979.

Exhibit B-1

SHEPHERD COLLEGE
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
BALANCE SHEET AS OF JUNE 30, 1981

Assets

Cash on Hand and in Depository	\$7,516.74
Accounts Receivable	<u>154.00</u>
Total Assets	<u>\$7,670.74</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Administrative Expenses Payable	<u>\$2,385.00</u>
Total Liabilities	2,385.00
Fund Balance	<u>5,285.74</u>
Total Liabilities and Fund Balance	<u>\$7,670.74</u>

Exhibit C

SHEPHERD COLLEGE
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1981

Additions:	
Total Grant Award Authorization	\$ 77,000.00
Additional Federal Funds Deposited	<u>40,590.00</u>
Total Additions	<u>117,590.00</u>
Deductions:	
Initial Awards	53,309.00
Continuing Awards	36,788.00
Administrative Expenses	<u>4,080.88</u>
Total Deductions	<u>94,177.88</u>
Net Increase For the Period	23,412.12
Fund Balance, Beginning of Period	<u>(18,126.38)</u>
Fund Balance, End of Period	<u>\$ 5,285.74</u>

Exhibit C-1

SHEPHERD COLLEGE
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
BALANCE SHEET AS OF JUNE 30, 1981

Assets

Cash on Hand and in Depository	\$9,282.99
Accounts Receivable	<u>395.90</u>
Total Assets	<u>\$9,678.89</u>

Liabilities and Fund Balance

Liabilities	\$ -0-
Fund Balance	<u>9,678.89</u>
Total Liabilities and Fund Balance	<u>\$9,678.89</u>

Exhibit D

SHEPHERD COLLEGE
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1981

Additions:	
Current Approved Authorization	\$707,018.00
Additional Federal Funds Deposited	<u>13,119.04</u>
Total Additions	<u>720,137.04</u>
Deductions:	
Net Awards to Students	706,967.77
Administrative Expenses	<u>3,490.00</u>
Total Deductions	<u>710,457.77</u>
Net Increase For the Period	9,679.27
Fund Balance, Beginning of Period	<u>(.38)</u>
Fund Balance, End of Period	<u>\$ 9,678.89</u>

Exhibit D-1

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 ANALYSIS OF STUDENT LOANS RECEIVABLE
 TWO YEAR PERIOD ENDED JUNE 30, 1981
 AND THE PERIOD SEPTEMBER 1, 1958 THROUGH JUNE 30, 1981

	For the Period September 1, 1958 Through June 30, 1981	Two Year Period Ended June 30, 1981
Balance, Beginning of Period	\$ -0-	\$ 819,243.37
Funds Advanced to Students	<u>2,285,008.94</u>	<u>175,539.06</u>
Total	<u>2,285,008.94</u>	<u>994,782.43</u>
Less Credits:		
Collections	1,117,647.09	227,723.05
Cancellations:		
Teaching Service	414,475.15	28,630.42
Military Service	4,803.14	1,212.50
Death	9,164.61	1,145.00
Disability	1,300.00	-0-
Bankruptcy	1,343.58	-0-
Loan Principal Adjustments - Other	204.58	.67
Defaulted Loan Principal Assigned/ Referred to and Receipted by the U.S.	<u>15,662.93</u>	<u>15,662.93</u>
Total Credits	<u>1,564,601.08</u>	<u>274,374.57</u>
Balance, June 30, 1981	\$ 720,407.86	<u>\$ 720,407.86</u>
Total of Individual Loan Balance	<u>720,407.86</u>	
Difference	<u>\$ -0-</u>	

Schedule 1

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 COMPUTATION OF DEFAULT RATE
 AS OF JUNE 30, 1981
 (CUMULATIVE INFORMATION)

Principal Outstanding on Loans in Default

Total Amount Advanced on Loans in Default	\$ 163,288.00
Deduct: Principal Amount Repaid or Cancelled	<u>43,330.00</u>
 Total Remaining Principal Amount Which Has Not Been Paid, Cancelled or Assigned on Notes in Default	 <u>\$ 119,958.00</u>

Total Amount of Matured Principal

Total Amount Advanced - All Borrowers	\$2,285,008.94
Deduct Amounts Not in Repayment Status:	
Student Status	\$ 195,964.00
Grace Period (Armed Forces, Peace Corps, Vista, Hardship)	<u>79,737.00</u>
Total Amount Not in Repayment Status	<u>275,701.00</u>
Total Amount of Matured Principal	<u>\$2,009,307.94</u>
 Percentage of Loans in Default (\$119,958.00 ÷ \$2,009,307.94)	 <u>5.97%</u>

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 ANALYSIS OF CASH FLOW
 TWO YEAR PERIOD ENDED JUNE 30, 1981

Fund Balance, Beginning of Period		\$129,416.98
Add:		
Reprogrammed Funds:		
Reimbursement on Loans Cancelled	\$ 10,320.00	
Collection on Loans	227,723.05	
Interest Collected on Loans	22,088.59	
Other Income	<u>9,224.11</u>	<u>269,355.75</u>
Total Cash Available For the Period		398,772.73
Cash Applied:		
Funds Advanced to Students	\$175,539.06	
Cost of Litigation	250.00	
Administrative Expenses	7,685.33	
Other Collection Costs	5,599.68	
Contributions Repaid:		
Federal Contributions	90,000.00	
Institutional Contributions	<u>10,000.00</u>	
Total Cash Applied		<u>289,074.07</u>
Cash Balance, End of Period		<u>\$109,698.66</u>

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED JUNE 30, 1980 AND JUNE 30, 1981

	<u>Year Ended</u> <u>June 30, 1980</u>	<u>Year Ended</u> <u>June 30, 1981</u>
Non-Capital Fund Balance:		
Additions:		
Reimbursement on Loans - Cancelled	\$ 5,260.00	\$ 5,060.00
Interest on Loans - Collected	12,812.86	12,520.20
Other Income	<u>8,461.21</u>	<u>762.90</u>
Total Additions	<u>26,534.07</u>	<u>18,343.10</u>
Deductions:		
Loan Principal and Interest Cancelled:		
Teaching Service	19,973.80	11,669.51
Military Service	1,011.51	334.17
Death	700.31	588.09
Cost of Litigation	250.00	-0-
Administrative Expenses	3,413.20	5,105.10
Other Collection Costs	747.16	4,852.52
Other Costs or Losses	.03	.64
Defaulted Loan Principal and Interest		
Assigned/Referred to and Received by the United States	<u>-0-</u>	<u>15,662.93</u>
Total Deductions	<u>26,096.01</u>	<u>38,212.96</u>
Net Increase (Decrease) for the Year	438.06	(19,869.86)
Fund Deficit, Beginning of Year	<u>(357,329.51)</u>	<u>(356,891.45)</u>
Fund Deficit, End of Year	<u>(\$ 356,891.45)</u>	<u>(\$ 376,761.31)</u>
Capital Fund Balance:		
Fund Balance, Beginning of Year:		
Federal	\$1,171,546.00	\$1,081,546.00
Institutional	<u>130,171.73</u>	<u>120,171.73</u>
	<u>1,301,717.73</u>	<u>1,201,717.73</u>
Deduct Repaid:		
Federal	90,000.00	-0-
Institutional	<u>10,000.00</u>	<u>-0-</u>
	<u>100,000.00</u>	<u>-0-</u>
Fund Balance, End of Year:		
Federal	1,081,546.00	1,081,546.00
Institutional	<u>120,171.73</u>	<u>120,171.73</u>
	<u>\$1,201,717.73</u>	<u>\$1,201,717.73</u>

Schedule 4

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 COMPARISON OF FISCAL REPORT WITH ACCOUNTING RECORDS
 AS OF JUNE 30, 1981

	Per OE 646	As Audited	Difference
<u>Debit Balances</u>			
Cash on Hand and in Depository	\$ 109,698.66	\$ 109,698.66	\$ -0-
Funds Advanced to Students	2,285,008.94	2,285,008.94	-0-
Defaulted Loan Principal and Interest Assigned/Referred to and Received by the United States	15,662.93	15,662.93	-0-
Cost of Litigation	716.72	716.72	-0-
Administrative Expenses	60,373.92	65,524.02	5,150.10 <u>1/</u>
Other Collection Costs	7,624.18	7,624.18	-0-
Loan Principal and Interest Cancelled for Teaching Service - Loans Made Prior to July 1, 1972	450,274.48	450,274.48	-0-
Loan Principal and Interest Cancelled for Teaching Service - Loans Made July 1, 1972 and After	31,858.31	31,858.31	-0-
Loan Principal and Interest Cancelled:			
Military Service	5,009.23	5,009.23	-0-
Death and Disability	10,618.27	10,618.27	-0-
Bankruptcy	1,343.58	1,343.58	-0-
Repayments:			
Federal Capital Contributions	90,000.00	90,000.00	-0-
Institutional Capital Contributions	10,000.00	10,000.00	-0-
Other Costs or Losses	4.58	4.58	-0-
Total Debit Balance	<u>\$3,078,193.80</u>	<u>\$3,083,343.90</u>	<u>\$ 5,150.10</u>

	Per OE 646	As Audited	Difference
<u>Credit Balances</u>			
Loan Principal Collected	\$1,117,647.09	\$1,117,647.09	\$ -0-
Defaulted Loan Principal Assigned/ Referred to and Received by the United States	15,662.93	15,662.93	-0-
Loan Principal Cancelled for Teach- ing Service - Loans Made Prior to July 1, 1972	385,405.09	385,405.09	-0-
Loan Principal Cancelled for Teach- ing Service - Loans Made July 1, 1972 and After	29,070.06	29,070.06	-0-
Loan Principal Cancelled for Military Service	4,803.14	4,803.14	-0-
Loan Principal Cancelled for Death and Disability	10,464.61	10,464.61	-0-
Loan Principal Cancelled for Bankruptcy	1,343.58	1,343.58	-0-
Federal Capital Contributions	1,171,546.00	1,171,546.00	-0-
Institutional Capital Contri- butions	130,171.73	130,171.73	-0-
Interest Income on Loans	170,733.09	170,733.09	-0-
Other Income	23,334.90	23,334.90	-0-
Reimbursement to Fund of Amounts Cancelled on Loans Made July 1, 1972 and After	17,807.00	17,807.00	-0-
Loan Principal Adjustments - Other	204.58	204.58	-0-
Accounts Payable - Administrative Expenses	-0-	5,150.10	5,150.10 ^{1/}
Total Credit Balance	<u>\$3,078,193.80</u>	<u>\$3,083,343.90</u>	<u>\$ 5,150.10</u>

^{1/} Administrative Expenses for Fiscal Year 1981 Withdrawn After June 30, 1981.

SHEPHERD COLLEGE
COLLEGE WORK-STUDY PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1981

	<u>Per OE 646</u>	<u>As Audited</u>
Additions:		
Total Grant Award Authorization	\$115,500.00	\$115,500.00
Additional Federal Funds Deposited	<u>698.00</u>	<u>698.00</u>
Total Federal Funds Provided	116,198.00	116,198.00
Funds Provided by Institution	<u>26,442.05</u>	<u>26,442.05</u>
Total Additions	<u>142,640.05</u>	<u>142,640.05</u>
Deductions:		
Wages:		
On Campus:		
Federal Share	78,809.01	78,809.01
Institutional Share	19,702.25	19,702.25
Off Campus:		
Federal Share	16,852.88	16,852.88
Institutional Share	4,213.22	4,213.22
FICA Matching	2,155.74	2,155.74
Administrative Expenses	<u>5,978.87</u>	<u>5,978.87</u>
Total Deductions	<u>127,711.97</u>	<u>127,711.97</u>
Net Increase For the Year	14,928.08	14,928.08
Fund Balance, Beginning of Year	<u>(12,475.09)</u>	<u>(12,475.09)</u>
Fund Balance, End of Year	<u>\$ 2,452.99</u>	<u>\$ 2,452.99</u>

Schedule 6

SHEPHERD COLLEGE
COLLEGE WORK-STUDY PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1980

	<u>Per</u> <u>OE 646</u>	<u>As</u> <u>Audited</u>
Additions:		
Total Grant Award Authorization	\$102,474.00	\$102,474.00
Authorization Not Used	<u>(34,746.00)</u>	<u>(34,746.00)</u>
Net Federal Funds Provided	67,728.00	67,728.00
Funds Provided by Institution	<u>23,555.90</u>	<u>23,555.90</u>
 Total Additions	 <u>91,283.90</u>	 <u>91,283.90</u>
Deductions:		
Wages:		
On Campus:		
Federal Share	\$ 58,156.24	\$ 58,156.24
Institutional Share	14,539.06	14,539.06
Off Campus:		
Federal Share	25,812.20	25,812.20
Institutional Share	6,453.05	6,453.05
Wages For Fiscal Year 1979: <u>1/</u>		
Federal Share	185.60	185.60
Institutional Share	46.40	46.40
FICA Matching	2,046.67	2,046.67
Administrative Expenses	<u>4,198.42</u>	<u>4,198.42</u>
 Total Deductions	 <u>111,437.64</u>	 <u>111,437.64</u>
 Net (Decrease) For the Year	 (20,153.74)	 (20,153.74)
 Fund Balance, Beginning of Year	 <u>7,678.65</u>	 <u>7,678.65</u>
 Fund Balance, End of Year	 <u>(\$ 12,475.09)</u>	 <u>(\$ 12,475.09)</u>

1/ Paid subsequent to prior audit as of June 30, 1979.

Schedule 7

SHEPHERD COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1981

	<u>Per OE 646</u>	<u>As Audited</u>
Additions:		
Total Grant Award Authorization	\$45,000.00	\$45,000.00
Additional Federal Funds Deposited	<u>5,900.00</u>	<u>5,900.00</u>
Total Additions	<u>\$50,900.00</u>	<u>50,900.00</u>
Deductions:		
Initial Awards	28,310.00	28,310.00
Continuing Awards	19,390.00	19,390.00
Administrative Expenses	<u>2,385.00</u>	<u>2,385.00</u>
Total Deductions	<u>50,085.00</u>	<u>50,085.00</u>
Net Increase For the Year	815.00	815.00
Fund Balance, Beginning of Year	<u>4,470.74</u>	<u>4,470.74</u>
Fund Balance, End of Year	<u>\$ 5,285.74</u>	<u>\$ 5,285.74</u>

Schedule 8

SHEPHERD COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1980

	<u>Per OE 646</u>	<u>As Audited</u>
Additions:		
Total Grant Award Authorization	\$32,000.00	\$32,000.00
Additional Federal Funds Deposited	<u>34,690.00</u>	<u>34,690.00</u>
Total Additions	<u>66,690.00</u>	<u>66,690.00</u>
Deductions:		
Initial Awards	24,999.00	24,999.00
Continuing Awards	17,398.00	17,398.00
Administrative Expenses	<u>1,695.88</u>	<u>1,695.88</u>
Total Deductions	<u>44,092.88</u>	<u>44,092.88</u>
Net Increase For the Year	22,597.12	22,597.12
Fund Balance, Beginning of Year	<u>(18,126.38)</u>	<u>(18,126.38)</u>
Fund Balance, End of Year	<u>\$ 4,470.74</u>	<u>\$ 4,470.74</u>

Schedule 9

SHEPHERD COLLEGE
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1981

	<u>Per 255-3</u>	<u>As Audited</u>
Additions:		
Current Approved Authorization	\$336,257.00	\$336,257.00
Authorization Not Used	<u>(1,156.96)</u>	<u>(1,156.96)</u>
Total Additions	<u>335,100.04</u>	<u>335,100.04</u>
Deductions:		
Net Awards to Students	336,207.17	336,207.17
Administrative Expenses	<u>3,490.00</u>	<u>3,490.00</u>
Total Deductions	<u>339,697.17</u>	<u>339,697.17</u>
Net (Decrease) For the Year	(4,597.13)	(4,597.13)
Fund Balance, Beginning of Year	<u>14,276.02</u>	<u>14,276.02</u>
Fund Balance, End of Year	<u>\$ 9,678.89</u>	<u>\$ 9,678.89</u>

Schedule 10

SHEPHERD COLLEGE
 BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1980

	<u>Per 255-3</u>	<u>As Audited</u>
Additions:		
Current Approved Authorization	\$370,761.00	\$370,761.00
Additional Federal Funds Deposited	<u>14,276.00</u>	<u>14,276.00</u>
Total Additions	<u>385,037.00</u>	<u>385,037.00</u>
Deductions:		
Net Awards to Students	<u>370,760.60</u>	<u>370,760.60</u>
Total Deductions	<u>370,760.60</u>	<u>370,760.60</u>
Net Increase For the Year	14,276.40	14,276.40
Fund Balance, Beginning of Year	<u>(.38)</u>	<u>(.38)</u>
Fund Balance, End of Year	<u>\$ 14,276.02</u>	<u>\$ 14,276.02</u>

Schedule 11

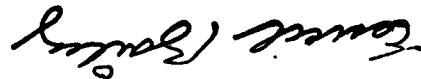
STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 8th day of December

1981.



Encil Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to the U.S. Department of Education; Shepherd College; West Virginia Board of Regents; Attorney General; Governor; and, State Auditor.