

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
PELL GRANT PROGRAM

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

FOR THE PERIOD
JULY 1, 1981 - JUNE 30, 1983



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

SHEPHERD COLLEGE
SHEPHERDSTOWN, WEST VIRGINIA

REPORT OF AUDIT
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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 - West Wing
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, Collage Work-Study, Supplemental Educational Opportunity Grants and Pell Grant Programs at Shepherd College.

This audit covered the period July 1, 1981 through June 30, 1983. 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/chw

SHEPHERD COLLEGE

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Shepherd College
Shepherdstown, West Virginia

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

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

For the Period July 1, 1981 - June 30, 1983

Part I - Introduction

Background

Shepherd College is an institution of higher education and was last approved on November 18, 1981 by the U.S. Department 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 Pell Grant Program at Shepherd College for the two year period ended June 30, 1983 was directed toward the objectives set forth in the U.S. Department of Education's audit guides dated June 1980 and June 1981, and its August-September 1981 Bulletin.

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. Loans aggregating \$2,493,515.14 have been made to 2,695 students since the program was established at the College. As of June 30, 1983, the principal outstanding on loans in default amounted to 4.13% 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, 1983, up to 223 students participated in the program each year and expenditures for wages for the period aggregated \$216,013.88. The authorization award letters to the College were in the amounts of \$99,680.00 for the academic year 1981-82 and \$88,167.00 for 1982-83.

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, 1983, up to 87 students participated in the program each year and awards aggregated \$86,775.00. The authorization award letters to the College were in the amounts of \$44,092.00 for the academic year 1981-82 and \$42,063.00 for 1982-83.

Pell Grant Program (PGP)

The PGP (formerly the BEOGP) was started at the College on July 1, 1973. During the two year period ended June 30, 1983, up to 385 students participated in the program each year and awards aggregated \$641,039.20. The authorization award letters to the College were in the amounts of \$313,581.00 for the academic year 1981-82 and \$327,501.00 for 1982-83.

Administration of the Programs

The College officials responsible for the overall administration of the programs are the Director of Financial Aid and the Dean of Finance and Facilities. 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 Dean of Finance and Facilities is responsible for the programs' financial management, general ledger accounts, payments, collections and financial reports.

Scope of Audit

The audit of the National Direct Student Loan Program, College Work-Study Program, Supplemental Educational Opportunity Grants Program and Pell Grant Program was performed in accordance with the financial and compliance elements of the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (revised 1981) and the U.S. Department of Education's audit guides dated June 1980 and June 1981 and its August-September 1981 Bulletin. 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, agreements to participate and U.S. Department of Education 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 balances 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, with ED Form 646-1 and ED Form 255-4 for the years audited.

As a part of our audit, we obtained confirmation from selected students on SEOGP and PGP awards, students participating in the CWSP and students' NDSLPL loan balances as of June 30, 1983.

Part II - Highlights of Audit Results

During our audit, nothing came to our attention which caused us to believe Shepherd College had not generally administered its student financial aid programs (NDSLPL, CWSP, SEOGP and PGP) in accordance with the U.S. Department of Education federal regulations and directives cited in the Department's audit guides for the NDSLPL, CWSP, SEOGP and PGP. However, certain areas of the College's management of the student financial aid programs were in need of attention. More specifically: For all programs, (1) the College did not have a self-evaluation system during the period of this audit; for NDSLPL, (1) there is a weakness in internal control in that the person who posts transactions to the NDSLPL individual loan ledger cards also distributes loan advance checks to students, (2) student loan ledger cards are not kept in fireproof containers as required by federal regulations, and (3) as of June 30, 1983, the College had in excess of \$100,000.00 deposited in a local bank; for CWSP, (1) the time record in use reflects the time a work-study student worked each day but does not identify the exact hours worked. These matters are discussed more fully in the "Findings and Recommendations" section of this report. (See pages 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 Pell Grant Program (PGP) at Shepherd College as of June 30, 1983 and the related statements of changes in fund balances for the two years 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" (revised 1981). Accordingly, we conducted such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances. The U.S. Department of Education's audit guides dated June 1980 and June 1981, and its August-September 1981 Bulletin, 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 PGP at Shepherd College at June 30, 1983 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". (See page 4.)

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, 1983 taken as a whole, and was not directed toward formulating an opinion on the balance sheets at June 30, 1982, or the statements of changes in fund balances for the individual years ended June 30, 1982 and June 30, 1983. The supplemental data included in Schedules 1 through 14 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 PGP taken as a whole.

Note to Financial Statements
For the Two Year Period Ended June 30, 1983

1. Summary of Significant Accounting Policies:

The financial statements of the NDSLP, CWSP, SEOGP and PGP at Shepherd College have been prepared in accordance with generally accepted accounting principles and provide for the 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 the 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' Conclusions on Internal Accounting and
Administrative Controls and Compliance Information

We have examined the financial statements of the NDSLP, CWSP, SEOGP and PGP at Shepherd College for the two year period ended June 30, 1983. 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 the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (revised 1981). 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 U.S. Department of Education's audit guides dated June 1980 and June 1981, and its August-September 1981 Bulletin. Our study included tests of compliance with such procedures during the period July 1, 1981 through June 30, 1983.

The objective of internal accounting control is 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 intentionally by management 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 followed procedures which 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

Self-Evaluation System

During this audit period the College did not have a self-evaluation system in effect to monitor and evaluate the federal student financial aid programs to ensure that their objectives were being met.

The purpose of a self-evaluation system is to encourage an institution to provide continuous monitoring of the programs' activities to assure that the programs are being operated in an effective, efficient and economical manner.

During this audit, in October 1983, the College reestablished its self-evaluation system.

National Direct Student Loan Program

Weakness in Internal Control

At the time of our June 30, 1981 audit, we noted a weakness in internal control in that the person who posted transactions to the NDSLP individual loan ledger cards also distributed loan advance checks to students. During the current audit we found this procedure has continued.

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

College officials indicated an effort will be made to reassign duties in the business office so as to have another person distribute loan checks to students.

Safeguarding of Student Loan Ledgers

Student loan ledgers are not being kept in fireproof containers as required by federal regulations, but are kept in posting trays.

Federal regulations for the NDSLPL state, in part: "Promissory notes and student loan ledgers shall be maintained in good order in a locked fireproof container."

We recommend student loan ledgers be kept in locked fireproof containers for safety, in accordance with federal regulations. College officials indicated this matter will be given appropriate attention.

Investment of Excess Funds

As of June 30, 1983, the College had \$191,548.92 in a checking account, investment account and a certificate of deposit at a local bank. Since FDIC insurance is limited to \$100,000.00, the \$91,548.92 in excess thereof in the local bank is not insured.

For protection of NDSLPL funds they should be invested only in federally insured accounts or securities.

At the time of this audit, in October 1983, all NDSLPL funds were insured.

We recommend, in the future, any temporarily excess funds be invested in federally secured U.S. Treasury bills or notes or in other federally insured accounts or investments.

College Work-Study Program

Inadequate Time Record

The time record card in use reflects the time a work-study student worked each day but does not identify the exact hours worked.

Part 675.19 of the federal regulations for CWSP requires use of a time record showing the hours each student worked.

We recommend the College revise the time record in use to reflect the specific hours a student works.

Part V - Prior Audit Reports for the Period July 1, 1979 - June 30, 1981

The prior audit report included two findings which were discussed in subsequent correspondence between the College and the U.S. Department of Education. These two findings have been cleared.

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 BALANCE SHEET AS OF JUNE 30, 1983 1/

Assets

Cash on Hand and in Depository	\$ 191,548.92
Student Loans Receivable (See Schedule 1)	<u>641,714.00</u>
Total Assets	<u>\$ 833,262.92</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Administrative Expenses Payable *	\$ 5,451.75
Fund Balance:	
Capital:	
Federal Contributions:	
Authorized	1,171,546.00
Repaid	<u>90,000.00</u>
Balance	1,081,546.00
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>(373,906.56)</u>
Total Fund Balances	<u>827,811.17</u>
Total Liabilities and Fund Balance	<u>\$ 833,262.92</u>

* An additional \$766.27 administrative expenses, for CWSP, was charged to NDSLFP in October 1983, subsequent to the date of this audit.

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

Exhibit A

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 TWO YEAR PERIOD ENDED JUNE 30, 1983
 AND THE PERIOD SEPTEMBER 1, 1958 THROUGH JUNE 30, 1983

<u>Non-Capital Fund Balance</u>	For the Period September 1, 1958 Through June 30, 1983 ^{1/}	Two Year Period Ended June 30, 1983
Additions:		
Reimbursement on Loans - Cancelled	\$ 31,858.00	\$ 14,051.00
Interest Income on Loans - Collected	129,197.54	19,765.66
Interest Income on Loans - Cancelled	68,737.21	7,436.00
Other Income	<u>42,809.96</u>	<u>19,475.06</u>
Total Additions	272,602.71	60,727.72
Deductions:		
Loan Principal and Interest Cancelled:		
Teaching Service	492,259.31	10,126.52
Military Service	5,504.11	494.88
Death	9,315.27	-0-
Disability	1,303.00	-0-
Bankruptcy	9,759.10	8,415.52
Cost of Litigation	3,625.23	2,908.51
Administrative Expenses*	75,992.99	10,468.97
Other Collection Costs	9,024.73	1,400.55
Other Costs or Losses	891.63	887.05
Defaulted Loan Principal and Interest Assigned/ Referred to and Accepted by the United States	<u>38,833.90</u>	<u>23,170.97</u>
Total Deductions	<u>646,509.27</u>	<u>57,872.97</u>
Net Increase (Decrease) For the Period	(373,906.56)	2,854.75
Fund Deficit, Beginning of Period	<u>-0-</u>	<u>(376,761.31)</u>
Non-Capital Fund Deficit, June 30, 1983	<u>(\$ 373,906.56)</u>	<u>(\$ 373,906.56)</u>

SHEPHERD COLLEGE
COLLEGE WORK-STUDY PROGRAM
BALANCE SHEET AS OF JUNE 30, 1983

Assets

Cash on Hand and in Depository	\$13,561.73
Accounts Receivable <u>1/</u>	<u>403.20</u>
 Total Assets	 <u>\$13,964.93</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Wages Payable	\$ 4,670.40
Accrued Administrative Expenses Payable	<u>4,213.00</u>
 Total Liabilities	 8,883.40
 Fund Balance	 <u>5,081.53</u>
 Total Liabilities and Fund Balance	 <u>\$13,964.93</u>

1/ 1982-83 recoveries received in 1983-84.

Exhibit B

SHEPHERD COLLEGE
 COLLEGE WORK-STUDY PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1983

Additions:	
Total Grant Award Authorization	\$187,847.00
1980-81 Funds Carried Forward and Spent in 1981-82	8,774.00
Authorization Transferred to SEOGP	(4,959.25)
1982-83 Funds Carried Forward to be Spent in 1983-84	(8,816.46)
Additional Federal Funds	<u>591.71</u>
Net Federal Funds Provided	183,437.00
Funds Provided by Institution	<u>46,504.58</u>
 Total Additions	 229,941.58
Deductions:	
Wages:	
Federal Share	172,811.11
Institutional Share	43,202.77
FICA Matching	1,264.74
Administrative Expenses	<u>10,034.42</u>
 Total Deductions	 <u>227,313.04</u>
 Net Increase For the Period	 2,628.54
 Fund Balance, Beginning of Period	 <u>2,452.99</u>
 Fund Balance, End of Period	 <u>\$ 5,081.53</u>

Exhibit B-1

SHEPHERD COLLEGE
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
BALANCE SHEET AS OF JUNE 30, 1983

Assets

Cash on Hand and in Depository	<u>(\$1,610.76)</u>
Total Assets	<u>(\$1,610.76)</u>

Liabilities and Fund Balance

Liabilities:	
Accrued Administrative Expenses Payable	\$2,154.25
Fund Balance	<u>(3,765.01)</u>
Total Liabilities and Fund Balance	<u>(\$1,610.76)</u>

Exhibit C

SHEPHERD COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1983

Additions:	
Total Grant Award Authorization	\$86,155.00
Authorization Transferred From CWSP	4,959.25
Federal Funds not Requested	<u>(9,051.25)</u>
 Total Additions	 82,063.00
Deductions:	
Initial Awards	44,710.00
Continuing Awards	42,065.00
Administrative Expenses	<u>4,338.75</u>
 Total Deductions	 <u>91,113.75</u>
 Net (Decrease) For the Period	 (9,050.75)
 Fund Balance, Beginning of Period	 <u>5,285.74</u>
 Fund Balance, End of Period	 <u>(\$ 3,765.01)</u>

Exhibit C-1

SHEPHERD COLLEGE
PELL GRANT PROGRAM
BALANCE SHEET AS OF JUNE 30, 1983

Assets

Cash on Hand and in Depository	(\$4,341.08)
Accounts Receivable	<u>867.70</u>
 Total Assets	 <u>(\$3,473.38)</u>

Liabilities and Fund Balance

Liabilities	\$ -0-
Fund Balance	<u>(3,473.38)</u>
 Total Liabilities and Fund Balance	 <u>(\$3,473.38)</u>

Exhibit D

SHEPHERD COLLEGE
PELL GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1983

Additions:	
Current Approved Authorization	\$641,082.00
Federal Funds not Requested	<u>(11,815.07)</u>
Total Additions	629,266.93
Deductions:	
Net Awards to Students	641,039.20
Administrative Expenses	<u>1,380.00</u>
Total Deductions	<u>642,419.20</u>
Net (Decrease) For the Period	(13,152.27)
Fund Balance, Beginning of Period	<u>9,678.89</u>
Fund Balance, End of Period	<u>(\$ 3,473.38)</u>

Exhibit D-1

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 ANALYSIS OF STUDENT LOANS RECEIVABLE
 TWO YEAR PERIOD ENDED JUNE 30, 1983
 AND THE PERIOD SEPTEMBER 1, 1958 THROUGH JUNE 30, 1983

	For the Period September 1, 1958 Through June 30, 1983 ^{1/}	Two Year Period Ended June 30, 1983
Balance, Beginning of Period	\$ -0-	\$ 720,407.86
Funds Advanced to Students	<u>2,493,515.14</u>	<u>208,506.20</u>
Total	2,493,515.14	928,914.06
Less Credits:		
Collections	1,369,152.40	251,505.31
Cancellations:		
Teaching Service	423,900.83	9,425.68
Military Service	5,278.14	475.00
Death	9,164.61	-0-
Disability	1,300.00	-0-
Bankruptcy	9,759.10	8,415.52
Loan Principal Adjustments - Other	1,091.63	887.05
Defaulted Loan Principal Assigned/ Referred to and Accepted by the United States	<u>32,154.43</u>	<u>16,491.50</u>
Total Credits	<u>1,851,801.14</u>	<u>287,200.06</u>
Balance, June 30, 1983	641,714.00	<u>\$ 641,714.00</u>
Total of Individual Loan Balances	<u>641,714.00</u>	
Difference	<u>\$ -0-</u>	

^{1/} The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 COMPUTATION OF DEFAULT RATE
 AS OF JUNE 30, 1983^{1/}
 (CUMULATIVE INFORMATION)

Principal Outstanding on Loans in Default

Total Amount Advanced on Loans in Default	\$ 131,362.00
Deduct Principal Amount Repaid or Cancelled	<u>39,682.00</u>
Total Remaining Principal Amount Which Has not Been Paid, Cancelled or Assigned on Notes in Default	<u>\$ 91,680.00</u>

Total Amount of Matured Principal

Total Amount Advanced - All Borrowers	\$2,493,515.00
Deduct: Amount not in Repayment Status:	
Student Status	206,706.00
Grace Period (Armed Forces, Peace Corps, Vista, Hardship)	<u>67,692.00</u>
Total Amount not in Repayment Status	<u>274,398.00</u>
Total Amount of Matured Principal	<u>\$2,219,117.00</u>
Percentage of Loans in Default (\$91,680.00 ÷ \$2,219,117.00)	<u>4.13%</u>

^{1/} The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 ANALYSIS OF CASH FLOW
 TWO YEAR PERIOD ENDED JUNE 30, 1983

Cash Balance, Beginning of Period		\$109,698.66
Add:		
Reimbursement on Loans - Cancelled		14,051.00
Reprogrammed Funds:		
Collections on Loans	251,505.31	
Interest Collected on Loans	19,765.66	
Other Income	<u>19,475.06</u>	<u>290,746.03</u>
Total Cash Available For the Period		414,495.69
Cash Applied:		
Funds Advances to Students	208,506.20	
Cost of Litigation	2,908.51	
Administrative Expenses	10,131.51	
Other Collections Costs	<u>1,400.55</u>	
Total Cash Applied		<u>222,946.77</u>
Cash Balance, End of Period ^{1/}		<u>\$191,548.92</u>

^{1/} The amount reported agrees with the figure reported on the Fiscal-Operations Report, ED Form 646-1.

SHEPHERD COLLEGE
 SCHEDULE OF ADMINISTRATIVE COST ALLOWANCE
 FOR THE TWO YEAR PERIOD ENDED JUNE 30, 1983
 (UNAUDITED)

Total Administrative Cost Allowance (NDSLPL, CWSP, SEOGP and PGP)	\$26,952.60
Deduct Expenses Related to Student Consumer Information Service:	
Preparation of Information Dissemination Topics	2,040.00
Dissemination of Information to Students	2,092.00
Salaries of Employaees	<u>13,372.00</u>
Total Expenditures Related to Student Consumer Information Service	<u>17,504.00</u>
Balance of Allowance	9,448.60
Deduct Expenditures Directly Related to Administering all Title IV Federal Student Financial Aid Programs:	
Office Supplies	4,046.00
Postage	2,478.00
Telephone Expense	634.00
Miscellaneous	1,686.00
Salaries of Employees	<u>71,012.00</u>
Total Expenditures Directly Related to Administering all Title IV Federal Student Financial Aid Programs	<u>79,856.00</u>
Excess of Expenditures Over Total Administrative Cost Allowance	<u>(\$70,407.40)</u>

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED JUNE 30, 1982 AND JUNE 30, 1983

<u>Non-Capital Fund Balance</u>	<u>Year Ended June 30, 1982</u>	<u>Year Ended June 30, 1983</u>
Additions:		
Reimbursement on Loans - Cancelled	\$ 7,985.00	\$ 6,066.00
Interest Income on Loans	10,861.15	16,340.51
Other Income	<u>8,665.35</u>	<u>10,809.71</u>
Total Additions	27,511.50	33,216.22
Deductions:		
Loan Principal and Interest Cancelled:		
Teaching Service	6,548.57	3,577.95
Military Service	301.75	193.13
Disability	416.15	(416.15)
Bankruptcy	7,522.48	893.04
Cost of Litigation	1,391.73	1,516.78
Administrative Expenses	35.81	10,433.16*
Other Collection Costs	565.05	835.50
Other Costs or Losses	.01	887.04
Defaulted Loan Principal and Interest Assigned/ Referred to and Accepted by the United States	<u>.03</u>	<u>23,170.94</u>
Total Deductions	<u>16,781.58</u>	<u>41,091.39</u>
Net Increase (Decrease) For the Year	10,729.92	(7,875.17)
Fund Deficit, Beginning of Year	<u>(376,761.31)</u>	<u>(366,031.39)</u>
Fund Deficit, End of Year	<u>(\$ 366,031.39)</u>	<u>(\$ 373,906.56)</u>

<u>Capital Fund Balance</u>	<u>Federal</u>	<u>Institutional</u>	<u>Total</u>
Fund Balance, Beginning of Period	\$1,081,546.00	\$ 120,171.73	\$1,201,717.73
Add Contributions:			
July 1, 1981 - June 30, 1982	-0-	-0-	-0-
July 1, 1982 - June 30, 1983	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Capital Fund Balance, End of Period <u>1/</u>	<u>\$1,081,546.00</u>	<u>\$ 120,171.73</u>	<u>\$1,201,717.73</u>

* An additional \$766.27 of administrative expenses, for CWSP, was charged to NDSLP in October 1983, subsequent to the date of this audit.

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

Schedule 5

SHEPHERD COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 COMPARISON OF FISCAL REPORT (ED FORM 646-1) WITH ACCOUNTING RECORDS AS AUDITED

	<u>Per 646-1</u>	<u>As Audited</u>
<u>Debit Balances</u>		
Cash on Hand and in Depository	\$ 191,548.92	\$ 191,548.92
Funds Advanced to Students	2,493,515.14	2,493,515.14
Defaulted Loan Principal and Interest Assigned/ Referred to and Accepted by the United States	38,833.90	38,833.90
Cost of Litigation	3,625.23	3,625.23
Administrative Expenses*	75,992.99	75,992.99
Other Collection Costs	9,024.73	9,024.73
Loan Principal and Interest Cancelled:		
Teaching Service - Loans Made Prior to July 1, 1972	453,041.49	453,041.49
Teaching Service - Loans Made July 1, 1972 and After	39,217.82	39,217.82
Military Service	5,504.11	5,504.11
Death	9,315.27	9,315.27
Disability	1,303.00	1,303.00
Bankruptcy	9,759.10	9,759.10
Other Costs or Losses	891.63	891.63
Repayments:		
Federal Capital Contributions	90,000.00	90,000.00
Institutional Capital Contributions	10,000.00	10,000.00
 Total Debit Balances	 <u>\$3,431,573.33</u>	 <u>\$3,431,573.33</u>

<u>Credit Balances</u>		
Loan Principal Collected	\$1,369,152.40	\$1,369,152.40
Defaulted Loan Principal Assigned/Referred to and Accepted by the United States	32,154.43	32,154.43
Loan Principal Cancelled:		
Teaching Service - Loans Made Prior to July 1, 1972	387,985.45	387,985.45
Teaching Service - Loans Made July 1, 1972 and After	35,915.38	35,915.38

SHEPHERD COLLEGE
 SCHEDULE OF DISTRIBUTION OF ADMINISTRATIVE EXPENSES EARNED
 (NDSLPL, CWSP, SEOGP AND PGP)
 FISCAL YEAR 1983

<u>Program</u>	<u>Administrative Expenses Claimed</u>	<u>Distribution of Charges for Administrative Expenses Claimed</u>			
		<u>NDSLPL</u>	<u>CWSP</u>	<u>SEOGP</u>	<u>PGP</u>
National Direct Student Loan Program	\$ 5,451.75	\$ 5,451.75	\$ -0-	\$ -0-	\$ -0-
College Work-Study Program	4,979.27	766.27	4,213.00	-0-	-0-
Supplemental Educational Opportunity Grants Program	2,154.25	-0-	-0-	2,154.25	-0-
Pell Grant Program	<u>1,380.00</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,380.00</u>
Totals	<u>\$13,965.27</u>	<u>\$ 6,218.02</u>	<u>\$ 4,213.00</u>	<u>\$ 2,154.25</u>	<u>\$ 1,380.00</u>

Schedule 7

SHEPHERD COLLEGE
 SCHEDULE OF DISTRIBUTIONS OF ADMINISTRATIVE EXPENSES CLAIMED
 (NDSLP, CWSP AND SEOGP)
 FISCAL YEAR 1982

<u>Program</u>	<u>Administrative Expenses Claimed</u>	<u>Distribution of Charges For Administrative Expenses Claimed</u>		
		<u>NDSLP</u>	<u>CWSP</u>	<u>SEOGP</u>
National Direct Student Loan Program	\$ 4,981.41	\$ 4,981.41	\$ -0-	\$ -0-
College Work-Study Program	5,821.42	-0-	5,821.42	-0-
Supplemental Educational Opportunity Grants Program	<u>2,184.50</u>	<u>-0-</u>	<u>-0-</u>	<u>2,184.50</u>
Totals	<u>\$12,987.33</u>	<u>\$ 4,981.41</u>	<u>\$ 5,821.42</u>	<u>\$ 2,184.50</u>

Schedule 8

SHEPHERD COLLEGE
COLLEGE WORK-STUDY PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1983 1/

	<u>Per</u> <u>ED 646-1</u>	<u>As Audited</u>
Additions:		
Total Grant Award Authorization	\$ 88,167.00	\$ 88,167.00
1981-82 Funds Carried Forward and Spent in 1982-83	7,707.00	7,707.00
Authorization Transferred to SEOGP 1982-83 Funds Carried Forward to be Spent in 1983-84	(3,176.25)	(3,176.25)
Additional Federal Funds Deposited	(8,816.46)	(8,816.46)
Net Federal Funds Provided	<u>24,555.71</u>	<u>24,555.71</u>
Funds Provided by Institution	<u>108,437.00</u>	<u>108,437.00</u>
	<u>23,831.13</u>	<u>23,831.13</u>
Total Additions	132,268.13	132,268.13
Deductions:		
Wages:		
Federal Share	79,668.29	79,668.29
Institutional Share	19,917.07	19,917.07
FICA Matching	393.84	393.84
Administrative Expenses *	<u>4,213.00</u>	<u>4,213.00</u>
Total Deductions	<u>104,192.20</u>	<u>104,192.20</u>
Net Increase For the Year	28,075.93	28,075.93
Fund Balance, Beginning of Year	<u>(22,994.40)</u>	<u>(22,994.40)</u>
Fund Balance, End of Year	<u>\$ 5,081.53</u>	<u>\$ 5,081.53</u>

* An additional \$766.27 of earned administrative expenses was charged to NDSL P in October 1983, subsequent to the date of this audit, (See Schedule 7.)

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

Schedule 9

SHEPHERD COLLEGE
COLLEGE WORK-STUDY PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1982 1/

	<u>Per</u> <u>ED 646-1</u>	<u>As Audited</u>
Additions:		
Total Grant Award Authorization	\$ 99,680.00	\$ 99,680.00
1980-81 Funds Carried Forward and Spent in 1981-82	8,774.00	8,774.00
Authorization Transferred to SEOGP 1981-82 Funds Carried Forward and Spent in 1982-83	(1,783.00)	(1,783.00)
Federal Funds Not Requested	(7,707.00)	(7,707.00)
Net Federal Funds Provided	(23,964.00)	(23,964.00)
Funds Provided by Institution	<u>75,000.00</u>	<u>75,000.00</u>
	<u>22,673.45</u>	<u>22,673.45</u>
Total Additions	97,673.45	97,673.45
Deductions:		
Wages:		
Federal Share	93,142.82	93,142.82
Institutional Share	23,285.70	23,285.70
FIGA Matching	870.90	870.90
Administrative Expenses	<u>5,821.42</u>	<u>5,821.42</u>
Total Deductions	<u>123,120.84</u>	<u>123,120.84</u>
Net (Decrease) For the Year	(25,447.39)	(25,447.39)
Fund Balance, Beginning of Year	<u>2,452.99</u>	<u>2,452.99</u>
Fund Balance, End of Year	<u>(\$ 22,994.40)</u>	<u>(\$ 22,994.40)</u>

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

SHEPHERD COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1983 1/

	<u>Per</u> <u>ED 646-1</u>	<u>As Audited</u>
Additions:		
Total Grant Award Authorization	\$42,063.00	\$42,063.00
Authorization Transferred From CWSP	3,176.25	3,176.25
Federal Funds Not Requested	<u>(3,176.25)</u>	<u>(3,176.25)</u>
Total Additions	42,063.00	42,063.00
Deductions:		
Initial Awards	20,855.00	20,855.00
Continuing Awards	22,230.00	22,230.00
Administrative Expenses	<u>2,154.25</u>	<u>2,154.25</u>
Total Deductions	<u>45,239.25</u>	<u>45,239.25</u>
Net (Decrease) For the Year	(3,176.25)	(3,176.25)
Fund Balance, Beginning of Year	<u>(588.76)</u>	<u>(588.76)</u>
Fund Balance, End of Year	<u>(\$ 3,765.01)</u>	<u>(\$ 3,765.01)</u>

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

SHEPHERD COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1982 1/

	<u>Per</u> <u>ED 646-1</u>	<u>As Audited</u>
Additions:		
Total Grant Award Authorization	\$44,092.00	\$44,092.00
Authorization Transferred From GWSP	1,783.00	1,783.00
Federal Funds Not Requested	<u>(5,875.00)</u>	<u>(5,875.00)</u>
Total Additions	40,000.00	40,000.00
Deductions:		
Initial Awards	23,855.00	23,855.00
Continuing Awards	19,835.00	19,835.00
Administrative Expenses	<u>2,184.50</u>	<u>2,184.50</u>
Total Deductions	<u>45,874.50</u>	<u>45,874.50</u>
Net (Decrease) For the Year	(5,874.50)	(5,874.50)
Fund Balance, Beginning of Year	<u>5,285.74</u>	<u>5,285.74</u>
Fund Balance, End of Year	<u>(\$ 588.76)</u>	<u>(\$ 588.76)</u>

1/ The amounts reported agree with the figures reported on the Fiscal-Operations Report, ED Form 646-1.

SHEPHERD COLLEGE
PELL GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1983

	<u>Per 255-3</u>	<u>As Audited</u>
Additions:		
Current Approved Authorization	\$327,501.00	\$327,501.00
Federal Funds Not Requested	<u>(17,037.00)</u>	<u>(17,037.00)</u>
Total Additions	310,464.00	310,464.00
Deductions:		
Net Awards to Students	327,458.42	327,458.42
Administrative Expenses	<u>1,380.00</u>	<u>1,380.00</u>
Total Deductions	<u>328,838.42</u>	<u>328,838.42</u>
Net (Decrease) For the Year	(18,374.42)	(18,374.42)
Fund Balance, Beginning of Year	<u>14,901.04</u>	<u>14,901.04</u>
Fund Balance, End of Year	<u>(\$ 3,473.38)</u>	<u>(\$ 3,473.38)</u>

Schedule 13

SHEPHERD COLLEGE
PELL GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1982

	<u>Per 255-3</u>	<u>As Audited</u>
Additions:		
Current Approved Authorization	\$313,581.00	\$313,581.00
Additional Federal Funds Deposited	<u>5,221.93</u>	<u>5,221.93</u>
Total Additions	318,802.93	318,802.93
Deductions:		
Net Awards to Students	<u>313,580.78</u>	<u>313,580.78</u>
Total Deductions	<u>313,580.78</u>	<u>313,580.78</u>
Net Increase For the Year	5,222.15	5,222.15
Fund Balance, Beginning of Year	<u>9,678.89</u>	<u>9,678.89</u>
Fund Balance, End of Year	<u>\$ 14,901.04</u>	<u>\$ 14,901.04</u>

Schedule 14

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 20th day of December,
1983.

Encil Bailey

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.