

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
LEWISBURG, WEST VIRGINIA

REPORT OF AUDIT  
NATIONAL DIRECT STUDENT LOAN PROGRAM  
COLLEGE WORK-STUDY PROGRAM  
GUARANTEED STUDENT LOAN PROGRAM

U.S. OFFICE OF EDUCATION  
ENTITY NUMBER: 1-55-0532-668-AI

FOR THE PERIOD  
JULY 1, 1981 - JUNE 30, 1985

LEGISLATIVE AUDITOR'S OFFICE  
STATE OF WEST VIRGINIA

*West Virginia*



**LEGISLATIVE AUDITOR**

**CHARLESTON**

The Honorable Encll 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, we have examined the National Direct Student Loan, College Work-Study, and Guaranteed Student Loan Programs at West Virginia School of Osteopathic Medicine.

Our examination covers the period July 1, 1981 through June 30, 1985. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

*Theodore L. Shanklin*

Theodore L. Shanklin, CPA, Director  
Legislative Postaudit Division

TLS/nkk

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West Virginia School of Osteopathic Medicine  
Lewisburg, West Virginia

Report of Audit  
National Direct Student Loan Program  
College Work-Study Program  
Guaranteed Student Loan Program

U.S. Office of Education  
Entity Number: 1-55-0532-668-A1

For the Period July 1, 1981 - June 30, 1985

Part I - Introduction

Background

West Virginia School of Osteopathic Medicine is an institution of higher education and was last approved on December 14, 1981 by the U.S. Office of Education for participation in the student financial aid programs. Our examination of the National Direct Student Loan Program and the College Work-Study Program for the four-year period ended June 30, 1985 and the Guaranteed Student Loan Program for the two-year period ended June 30, 1985 was directed toward the objectives set forth in the audit guide dated March 1984 prepared by the U.S. Department of Education (DE).

National Direct Student Loan Program (NDSLP)

The School established the National Direct Student Loan Program July 1, 1976 under Part E of Title IV of the Higher Education Act of 1965. The records of the School indicate that loans aggregating \$1,340,455.50 have been made to 328 students since the program was established at the School. As of June 30, 1985 the principal outstanding on loans in default amounted to 3.29% of matured principal on all loans.

College Work-Study Program (CWSP)

On July 1, 1975 the School established the CWSP pursuant to Title IV, Part C, of the Higher Education Act of 1965, as amended. During the four-year period ended June 30, 1985 an average of 17 students participated in the program each year and expenditures for wages for the period aggregated \$27,908.51. The authorization award letters to the School were in the amounts of \$4,600.00, \$5,600.00, \$6,900.00, and \$5,600.00 for the academic years of 1981-82, 1982-83, 1983-84, and 1984-85, respectively.

Guaranteed Student Loan Program (GSLP)

The Guaranteed Student Loan Program was authorized under Part B of Title IV of the Higher Education Act of 1965. On December 14, 1981 the School was authorized to participate in the Guaranteed Student Loan Program. During the two-year period ended June 30, 1985 loans were received by 379 students, with 188 students receiving loans during the academic year of 1983-84 and 191 students receiving loans during the academic year of 1984-85.

## Administration of Programs

The School officials responsible for the overall administration of the programs are the Coordinator of Financial Aid and the Comptroller. The Coordinator of Financial Aid is responsible for application processing and loan approvals, as well as the School's compliance with various U.S. Department of Education regulations governing the School's participation in Federal and State financial aid programs. The Comptroller is responsible for the programs' financial management, general ledger accounting, payments, collections and financial reports.

## Scope of Audit

Our audit of the National Direct Student Loan Program, the College Work-Study Program and the Guaranteed Student Loan 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 and revised in February 1981, and the audit guide dated March 1984 prescribed by the U.S. Department of Education. The purpose of our 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 DE directives which are set forth in the audit guide.

The audit included:

1. Expressing an opinion on the statement 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 for the years audited.

As part of our audit we obtained confirmation from selected students participating in the College Work-Study Program and National Direct Student Loan Program of loan balances as of June 30, 1985.

## Part II - Highlights of Audit Results

During our audit nothing came to our attention which caused us to believe that the West Virginia School of Osteopathic Medicine had not generally administered its student financial aid programs (NDSLIP, CWSP, and GSLP) in accordance with the Federal regulations and directives cited in the DE audit guide for the NDSLIP, CWSP, and GSLP. However, certain areas of the

School's management of student financial aid programs were in need of attention. More specifically, (1) the institution's share of capital contributions for National Direct Student Loan Program and College Work-Study Program was not always deposited on a timely basis, (2) the FISAP for the National Direct Student Loan Program included incorrect amounts of expenditures reported for the year ended June 30, 1985, (3) procedures for refund calculation and overpayment determination for National Direct Student Loan Program and Guaranteed Student Loan Program were not established, and (4) proper accounts which were specified in the "Blue Book" were not maintained for the College Work-Study Program. These matters are more fully discussed on page 12 of this report. As to our opinion on the financial statement see page 4.

Part III - Auditors' Report on Statement of Changes in Student Financial Assistance Programs Fund Balances

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

Sir:

We have examined the accompanying statement of changes in the National Direct Student Loan Program (NDSLP) and the College Work-Study Program (CWSP) fund balances of the West Virginia School of Osteopathic Medicine for the four-year period ended June 30, 1985. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying statement was prepared for the purpose of complying with the audit requirement relating to the Student Financial Assistance Programs of the U.S. Department of Education and is limited to activities related to these programs.

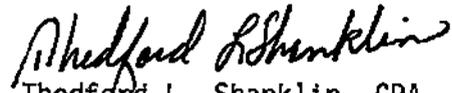
The School had not accrued interest on student loans receivable or provided for an allowance for doubtful loans receivable on the National Direct Student Loan Program. Accordingly, interest on loans is recorded when received. Uncollectible loans are not recognized until cancelled or written-off in conformity with National Direct Student Loan Program requirements.

In our opinion, except for the effects of not accruing interest on student loans receivable when earned and of not providing an allowance for doubtful loans receivable, the statement referred to above presents fairly the changes in Student Financial Assistance Programs fund balances of the West Virginia School of Osteopathic Medicine for the four-year period ended June 30, 1985 in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the accompanying statement of changes in Student Financial Assistance Programs fund balances taken as a whole. The information included in the supplementary schedule of disbursements and expenditures for each Student Financial Assistance Program for the four-year period ended June 30, 1985, is presented for purposes of additional analysis and is not a required part of the accompanying statement of changes in Student Financial Assistance Programs fund balances. The information has been subjected to the auditing procedures applied in the examination of the accompanying statement of changes in Student

Financial Assistance Program fund balances of the West Virginia School of Osteopathic Medicine and, in our opinion, is fairly stated in all material respects in relation to the accompanying statement taken as a whole.

Respectfully submitted,



Theodora L. Shanklin, CPA, Director  
Legislative Postaudit Division

December 31, 1985

Auditors: Delbert Pullen, Supervisor  
Donald T. Moore, Auditor-in-Charge  
Charles W. Carpenter

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
STATEMENT OF CHANGES IN STUDENT FINANCIAL ASSISTANCE  
PROGRAMS FUND BALANCES  
FOR THE FOUR-YEAR PERIOD ENDED JUNE 30, 1985

	<u>CWSP</u>	<u>NDSL</u>	<u>Total</u>
Additions:			
Federal Awards	\$ 22,700.00	\$ 394,582.00	\$ 417,282.00
Institutional Matching Funds	7,595.63	43,842.89	51,438.52
Interest Collected on Loans	-0-	50,477.38	50,477.38
Other Income	100.42	8,254.08	8,354.50
	<u>30,396.05</u>	<u>497,156.35</u>	<u>527,552.40</u>
Total Additions			
Deductions:			
Wages	27,908.51	-0-	27,908.51
FICA Matching	1,899.83	-0-	1,899.83
Collection Costs	-0-	22.56	22.56
Administrative Cost Allowance	216.56	32,751.61	32,968.17
	<u>30,024.90</u>	<u>32,774.17</u>	<u>62,799.07</u>
Total Deductions			
Net Increase in Fund Balances	371.15	464,382.18	464,753.33
Beginning Fund Balance, July 1, 1981	<u>402.57</u>	<u>659,772.47</u>	<u>660,175.04</u>
Ending Fund Balance, June 30, 1985	<u>\$ 773.72</u>	<u>\$1,124,154.65</u>	<u>\$1,124,928.37</u>

See Note to Financial Statement

Exhibit A

Note to Statement of Changes in Student Financial Assistance Programs Fund Balances

(1) Basis of Presentation

The accompanying statement of changes in Student Financial Assistance Program fund balances has been prepared in accordance with generally accepted accounting principles and the format as set forth in the publication Audit Guide for Student Financial Assistance Programs. The purpose of the statement is to present, in summary form, Student Financial Assistance activities of the West Virginia School of Osteopathic Medicine for the four-year period ended June 30, 1985, which have been financed by the U.S. Department of Education. Except as described in the following paragraph, generally accepted accounting principles are in agreement with the accounting practices prescribed for such programs by the Department of Education's fiscal control and fund accounting procedures.

The prescribed practices for the National Direct Student Loan Program do not provide for accrual of interest on student loans receivable or for a provision of allowance for doubtful loans. Accordingly, interest on loans is recorded as received; uncollectible loans are not recognized until the loans are cancelled or written-off in conformity with the National Direct Student Loan Program requirements. These practices do not conform with generally accepted accounting principles.

Because the statement of changes in fund balances presents only a selected portion of the activities of the West Virginia School of Osteopathic Medicine, it is not intended to and does not present either the financial position, changes in fund balances or the current funds, revenues, expenditures and other changes in fund balances of the institution.

Part IV - Auditors' Report on Internal Accounting Control

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

Sir:

We have examined the statement of changes in fund balances for the Student Financial Assistance Programs of the West Virginia School of Osteopathic Medicine for the four-year period ended June 30, 1985, and have issued our report thereon dated December 31, 1985.

As part of our examination, we made a study and evaluation of the system of internal accounting control of the West Virginia School of Osteopathic Medicine to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

1. Receipts
2. Disbursements
3. Granting of Loans
4. Payment of Administrative Expenses
5. Collection of Loan Principal and Interest
6. Payment of Litigation Costs
7. Cancellation of Loans
8. Federal and Institution Capital Contribution
9. Posting of Transactions

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of performing the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

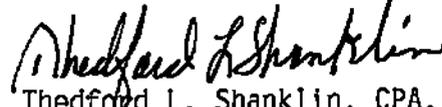
The management of the West Virginia School of Osteopathic Medicine is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the West Virginia School of Osteopathic Medicine taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management and the U.S. Department of Education and should not be used for any other purpose.

Respectfully submitted,



Thedford L. Shanklin, CPA, Director  
Legislative Postaudit Division

December 31, 1985

Auditors: Delbert Pullen, Supervisor  
Donald T. Moore, Auditor-in-Charge  
Charles W. Carpenter

Part V - Auditors' Report on Compliance

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

Sir:

We have examined the accompanying statement of changes in Student Financial Assistance Programs fund balances of the West Virginia School of Osteopathic Medicine for the four-year period ended June 30, 1985 and have issued our report thereon dated December 31, 1985. As part of our examination, we made a study and evaluation of those internal administrative methods and procedures established by the West Virginia School of Osteopathic Medicine to administer and account for Student Financial Assistance Programs in accordance with the significant administrative requirements of the Department of Education's (Education) March 1984 Audit Guide for Student Financial Assistance Programs (Guide) Section II and the following compliance requirements:

- I. Cash Management
- II. Financial Reporting
- III. Institutional Eligibility and Participation
- IV. Coordination of Student Aid Programs
- V. Student File Maintenance Fiscal Procedures and Record Keeping
- VI. Student Eligibility
- VII. Institutional Disbursements to Award Recipients
- VIII. Refund Calculation and Overpayment Determination Procedures

We understand that procedures and systems in conformity with the criteria contained in these significant administrative requirements are considered by Education to be adequate for its purposes in accordance with the provisions of the Higher Education Act, as amended. Based on this understanding of our study and evaluation, we believe the institution's procedures and systems were adequate for Education's purposes.

In addition, our examination also included tests of controls to ensure compliance with the provisions of certain major program terms and conditions identified in Section II - Compliance Requirements of the Guide. Based upon our examination, we found that for the items tested the institution complied with the material terms and conditions of the Student Financial Assistance award agreements except as described in the "Findings and Recommendations" section of this report.

Further, based on our examination and the procedures referred to above, except as discussed in the preceding paragraph, nothing came to our attention to indicate that the West Virginia School of Osteopathic Medicine had not complied with the material terms and conditions identified in the first paragraph

above of the West Virginia School of Osteopathic Medicine's Student Financial Assistance Programs.

This report is intended solely for the use of the West Virginia School of Osteopathic Medicine, the cognizant audit agency and other Federal audit agencies and should not be used for any other purpose.

Respectfully submitted,

  
Theford L. Shanklin, CPA, Director  
Legislative Postaudit Division

December 31, 1985

Auditors: Delbert Pullen, Supervisor  
Donald T. Moore, Auditor-in-Charge  
Charles W. Carpenter

## Findings and Recommendations

### Institution's Capital Contribution Not Deposited Timely

The institution did not always deposit its NDSLPL and CWSP matching on a timely basis. Our review showed that one National Direct Student Loan Program matching deposit was as much as five months late. In addition, one College Work-Study Program matching deposit was as much as two months late.

Federal criteria is very specific regarding the matching of Federal capital contributions and their subsequent deposit in the program fund account. 34 CFR 674.21 of the National Direct Student Loan Program Regulations states, "when an institution deposits any Federal capital contribution to its fund it must deposit its institutional capital contribution at the same time." 34 CFR 675.26 of the College Work-Study Program Regulations states, "the Federal share of College Work-Study compensation paid to a student may not exceed 80%, unless the Secretary approves a higher share." In order for the 20% matching to be available it must have been deposited prior to the payment of the compensation in order for funds to be available to meet 100 percent of the payroll.

Our review of the National Direct Student Loan Program accounting records showed that during the period July 1, 1981 through June 30, 1985 the School deposited matching funds into the National Direct Student Loan Fund Account on 11 occasions. We reviewed the timeliness of these deposits and determined on three of these occasions the deposits were late. One deposit was seven days late, another was 17 days late, and the remaining one was five months and four days late.

We reviewed the College Work-Study Program accounting records and determined that during the same period of time there were eight deposits of matching funds made to the College Work-Study Fund. We determined these deposits were late on three occasions. One deposit was five days late, another was late by 14 days, while the remaining one was late by about two months.

We recommend the School take the necessary steps to implement immediately procedures needed to prevent the recurrence of this violation of the applicable Federal criteria.

### School's Response

*A procedure has been developed which will help to ensure that the deposits for matching funds are processed in a timely manner.*

### The FISAP for 1985 Reported Incorrect Balances for NDSLPL

Our review of the amounts reported on the 1985 FISAP and a comparison with the amount supported by the general ledger accounts for the same period showed that incorrect amounts were reported on the FISAP. The School reported \$57,818.00 on line 16 - Interest Income on Loans and \$8,227.00 on line 17 - Other Income. A review of these same accounts in the general ledger for the period ended June 30, 1985 showed that \$57,790.83 and \$8,254.48 should have been reported respectively for these two accounts

We recommend an amended FISAP reflecting these corrected amounts be submitted to the Department of Education.

#### School's Response

*A corrected report has already been submitted; in fact, it was submitted prior to the conclusion of the audit.*

#### Refund Calculation and Overpayment Determination Procedures

The School has not established formal refund calculation and overpayment determination procedures as required by Federal criteria. 34 CFR Part 668.21 of the Student Assistance General Provisions provides that the institution shall develop written policies allocating the Title IV portion of the refund to the various Title IV programs from which the student received aid.

Currently, the School's procedures are contained in 1982-85 college catalog and this simply states, "refunds are subject to the withholding of any advances made on Federal Loans." However, the catalog does not elaborate on how any refund is to be allocated between the Title IV programs.

Since the School participates in two Title IV programs, National Direct Student Loan and Guaranteed Student Loan which would be affected by such a refund calculation and overpayment determination, we recommend formal written policies be established as required.

#### School's Response

*Steps have been taken to establish a written policy regarding the allocation of refunds to Title IV programs. This policy shall be made a part of published financial aid materials.*

#### Proper College Work-Study Program Accounts Not Established or Maintained

The School failed to establish the necessary College Work-Study Program accounts as identified in Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally - Funded Student Financial Aid Programs, October 1981. (The Blue Book). As a result, considerable audit time was devoted to the reconstruction of the School's available accounting records in order to determine the allowability and correctness of amounts reported on the College Work-Study Program's FISAP.

The Blue Book provides a summary listing of the accounts considered to be necessary for the School to account properly for the College Work-Study Program. Although the School is not required to establish the accounts specified in the Blue Book, it must devise its own set of accounts and its own accounting system so long as these accounts and the system provide for the necessary documentation required by the Department of Education.

It is our opinion that the current system of accounting and the accounts maintained do not meet the Department of Education's requirement. We therefore recommend the School establish and maintain the accounts identified in the Blue Book.

School's Response

*The accounting program will be modified to add the necessary accounts to provide adequate documentation for the auditing process.*

Part VI - Auditors' Comments on Audit Resolution Matters  
Relating to the SFA Programs

The School has taken corrective action on findings from prior audit report of the National Direct Student Loan Program and the College Work-Study Program for the period July 1, 1979 through June 30, 1981.

- Finding No. 1 . . . . . The School had not been requiring all students to provide a financial aid transcript before granting them Federal financial aid.
- Action Taken . . . . . Current procedures in effect require that a financial aid transcript be obtained by the student from any undergraduate school attended before Federal financial aid is granted. A review of 50 students' files showed that in each case a financial aid transcript was obtained.
- Finding No. 2 . . . . . The necessary documentation was not on file to support the data used in the application process for fiscal years 1981 and 1982.
- Action Taken . . . . . Documentation was on file to support the data used in the application process for fiscal years 1983, 1984, 1985 and 1986.
- Finding No. 3 . . . . . The School has not established a self-evaluation system to monitor and evaluate the Federal student financial aid programs to ensure that their objectives are being met.
- Action Taken . . . . . This finding was addressed in the two previous audits of the School, however, our review showed that the self-evaluation system is not a requirement, just a recommendation. Therefore, this finding will be dropped from this audit and all future audits.

SUPPLEMENTAL SCHEDULES AND INFORMATION

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
 SCHEDULE OF DISBURSEMENTS AND EXPENDITURES  
 FOR EACH STUDENT FINANCIAL ASSISTANCE PROGRAM  
 FOR THE PERIOD JULY 1, 1981 THROUGH JUNE 30, 1985

<u>Disbursements</u>	<u>1985</u>	<u>Year Ended June 30,</u>		<u>1982</u>
		<u>1984</u>	<u>1983</u>	
National Direct Student Loan Program:				
Funds Advanced to Students	\$149,900.00	\$143,550.00	\$170,287.00	\$169,716.50
Administrative Expenses	7,760.55	7,589.01	8,863.22	8,540.22
Collection Costs	22.56	-0-	-0-	-0-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Disbursements	<u>\$157,683.11</u>	<u>\$151,139.01</u>	<u>\$179,150.22</u>	<u>\$178,256.72</u>
 <u>Expenditures</u>				
College Work-Study Program	<u>\$ 6,817.70</u>	<u>\$ 9,202.88</u>	<u>\$ 8,066.08</u>	<u>\$ 5,938.24</u>

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
STATEMENT OF CHANGES IN STUDENT FINANCIAL ASSISTANCE  
PROGRAMS FUND BALANCES  
FOR THE PERIOD ENDED JUNE 30, 1985

	<u>CWSP</u>	<u>NDSL</u>	<u>Total</u>
Additions:			
Federal Awards	\$ 5,600.00	\$ -0-	\$ 5,600.00
Institutional Matching Funds	1,891.00	-0-	1,891.00
Interest Collected on Loans	-0-	15,523.45	15,523.45
Other Income	100.42	3,058.56	3,158.98
	<hr/>	<hr/>	<hr/>
Total Additions	7,591.42	18,582.01	26,173.43
Deductions:			
Wages	6,360.60	-0-	6,360.60
FICA Matching	457.10	-0-	457.10
Collection Costs	-0-	22.56	22.56
Administrative Cost	-0-	7,759.16	7,759.16
	<hr/>	<hr/>	<hr/>
Total Deductions	6,817.70	7,781.72	14,599.42
Net Increase in Fund Balance	773.72	10,800.29	11,574.01
Beginning Fund Balance, July 1, 1984	<hr/>	<hr/>	<hr/>
	-0-	1,113,354.36	1,113,354.36
Ending Fund Balance, June 30, 1985	<hr/>	<hr/>	<hr/>
	\$ 773.72	\$1,124,154.65	\$1,124,928.37

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
 STATEMENT OF CHANGES IN STUDENT FINANCIAL ASSISTANCE  
 PROGRAMS FUND BALANCES  
 FOR THE PERIOD ENDED JUNE 30, 1984

	<u>CWSP</u>	<u>NDSL</u>	<u>Total</u>
Additions:			
Federal Awards	\$ 6,900.00	\$ 164,663.00	\$ 171,563.00
Institutional Matching Funds	2,302.88	18,295.89	20,598.77
Interest Collected on Loans	-0-	14,665.58	14,665.58
Other Income	-0-	2,858.64	2,858.64
	<hr/>	<hr/>	<hr/>
Total Additions	9,202.88	200,483.11	209,685.99
Deductions:			
Wages	8,623.36	-0-	8,623.36
FICA Matching	577.76	-0-	577.76
Administrative Costs	1.76	7,589.01	7,590.77
	<hr/>	<hr/>	<hr/>
Total Deductions	9,202.88	7,589.01	16,791.89
Net Increase in Fund Balance	-0-	192,894.10	192,894.10
Beginning Fund Balance, July 1, 1983	<hr/>	<hr/>	<hr/>
	-0-	920,460.26	920,460.26
Ending Fund Balance, June 30, 1984	<hr/> <u>\$ -0-</u>	<hr/> <u>\$1,113,354.36</u>	<hr/> <u>\$1,113,354.36</u>

Schedule 3

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
 STATEMENT OF CHANGES IN STUDENT FINANCIAL ASSISTANCE  
 PROGRAMS FUND BALANCES  
 FOR THE PERIOD ENDED JUNE 30, 1983

	<u>CWSP</u>	<u>NDSLP</u>	<u>Total</u>
Additions:			
Federal Awards	\$ 5,600.00	\$109,574.00	\$115,174.00
Institutional Matching Funds	1,869.00	12,175.00	14,044.00
Interest Collected on Loans	-0-	11,829.49	11,829.49
Other Income	-0-	1,664.57	1,664.57
	<hr/>	<hr/>	<hr/>
Total Additions	7,469.00	135,243.06	142,712.06
Deductions:			
Wages	7,558.53	-0-	7,558.53
FICA Matching	506.42	-0-	506.42
Collection Costs	1.13	-0-	1.13
Administrative Costs	-0-	8,863.22	8,863.22
	<hr/>	<hr/>	<hr/>
Total Deductions	8,066.08	8,863.22	16,929.30
Net (Decrease) Increase in Fund Balance	(597.08)	126,379.84	125,782.76
Beginning Fund Balance, July 1, 1982	<hr/>	<hr/>	<hr/>
	597.08	794,080.42	794,677.50
Ending Fund Balance, June 30, 1983	<u>\$ -0-</u>	<u>\$920,460.26</u>	<u>\$920,460.26</u>

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
STATEMENT OF CHANGES IN STUDENT FINANCIAL ASSISTANCE  
PROGRAMS FUND BALANCES  
FOR THE PERIOD ENDED JUNE 30, 1982

	<u>CWSP</u>	<u>NDSL</u>	<u>Total</u>
Additions:			
Federal Awards	\$ 4,600.00	\$120,345.00	\$124,945.00
Institutional Matching Funds	1,532.75	13,372.00	14,904.75
Interest Collected on Loans	-0-	8,458.86	8,458.86
Other Income	-0-	672.31	672.31
	<u>6,132.75</u>	<u>142,848.17</u>	<u>148,980.92</u>
Total Additions			
Deductions:			
Wages	5,366.02	-0-	5,366.02
FICA Matching	358.55	-0-	358.55
Administrative Costs	213.67	8,540.22	8,753.89
	<u>5,938.24</u>	<u>8,530.22</u>	<u>14,478.46</u>
Total Deductions			
Net Increase in Fund Balance	194.51	134,307.95	134,502.46
Beginning Fund Balance, July 1, 1981	<u>402.57</u>	<u>659,772.47</u>	<u>660,175.04</u>
Ending Fund Balance, June 30, 1982	<u>\$ 597.08</u>	<u>\$794,080.42</u>	<u>\$794,677.50</u>

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 BALANCE SHEET AS OF JUNE 30, 1985

Assets

Cash on Hand and in Deposit	\$ 67,996.41
Student Loans Receivable (See Schedule 7)	1,049,934.96
Funds Receivable from Federal Government	<u>6,223.28</u>
Total Assets	<u><u>\$1,124,154.65</u></u>

Liabilities and Fund Balance

Liabilities	\$ -0-
Fund Balance:	
Capital:	
Federal Contributions:	
Authorized	1,010,428.00
Repaid	<u>-0-</u>
Balance	1,010,428.00
Institutional Contributions:	
Authorized	113,271.00
Repaid	<u>-0-</u>
Balance	<u>113,271.00</u>
Capital Fund Balance	1,123,699.00
Non-Capital Fund Balance (See Schedule 8)	<u>455.65</u>
Total Fund Balance	<u><u>1,124,154.65</u></u>
Total Liabilities and Fund Balance	<u><u>\$1,124,154.65</u></u>

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 ANALYSIS OF STUDENT LOANS RECEIVABLE  
 FOUR-YEAR PERIOD ENDED JUNE 30, 1985  
 AND THE PERIOD JULY 1, 1976 THROUGH JUNE 30, 1985

	For the Period July 1, 1976 Through June 30, 1985	Four-Year Period Ended June 30, 1985
Balance Beginning of Period	\$ -0-	\$ 654,565.40
Funds Advanced to Students	<u>1,340,455.50</u>	<u>633,453.50</u>
Total	<u>1,340,455.50</u>	<u>1,288,018.90</u>
Less Credits:		
Collections	287,633.19	238,083.94
Cancellations:		
Death	<u>2,887.35</u>	<u>-0-</u>
Total Credits	<u>290,520.54</u>	<u>238,083.94</u>
Balance, June 30, 1985	1,049,934.96	<u>\$1,049,934.96</u>
Total of Individual Loan Balances	<u>1,049,934.96</u>	
Difference	<u>\$ -0-</u>	

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 STATEMENT OF CHANGES IN NON-CAPITAL FUND BALANCE  
 FOUR-YEAR PERIOD ENDED JUNE 30, 1985

<u>Non-Capital Fund Balance</u>	<u>1985</u>	<u>Year Ended June 30,</u>		<u>1982</u>
		<u>1984</u>	<u>1983</u>	
Additions:				
Interest on Loans - Collected	\$ 15,523.45	\$ 14,665.58	\$ 11,829.49	\$ 8,458.86
Other Income	<u>3,058.56</u>	<u>2,858.64</u>	<u>1,664.57</u>	<u>672.31</u>
Total Additions	18,582.01	17,524.22	13,494.06	9,131.17
Deductions:				
Administrative Expenses	7,759.16	7,589.01	8,863.22	8,540.22
Other Collection Costs	<u>22.56</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Deductions	<u>7,781.72</u>	<u>7,589.01</u>	<u>8,863.22</u>	<u>8,540.22</u>
Net Increase for the Year	10,800.29	9,935.21	4,630.84	590.95
Fund Balance, Beginning of Year	<u>(10,344.64)</u>	<u>(20,279.85)</u>	<u>(24,910.69)</u>	<u>(25,501.64)</u>
Fund Balance, End of Year	<u>\$ 455.65</u>	<u>(\$ 10,344.64)</u>	<u>(\$ 20,279.85)</u>	<u>(\$ 24,910.69)</u>

<u>Capital Fund Balance</u>	<u>Federal</u>	<u>Institutional</u>	<u>Total</u>
Fund Balance, Beginning of Period	\$ 615,846.00	\$ 69,428.11	\$ 685,274.11
Add Contributions:			
July 1, 1981 - June 30, 1982	120,345.00	13,372.00	133,717.00
July 1, 1982 - June 30, 1983	109,574.00	12,175.00	121,749.00
July 1, 1983 - June 30, 1984	164,663.00	18,295.89	182,958.89
July 1, 1984 - June 30, 1985	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Capital Fund Balance, End of Period	<u>\$1,010,428.00</u>	<u>\$ 113,271.00</u>	<u>\$1,123,699.00</u>

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
 NATIONAL DIRECT STUDENT LOAN PROGRAM  
 COMPUTATION OF DEFAULT RATE  
 AS OF JUNE 30, 1985  
 (CUMULATIVE INFORMATION)

Principal Outstanding on Loans in Default

Total Amount Advanced on Loans in Default	\$ 34,465.00
Deduct: Principal Amount Repaid or Cancelled	<u>4,014.00</u>
Total Remaining Principal Amount Which has Not Been Paid, Cancelled or Assigned Referred on All Notes in Default	<u>\$ 30,451.00</u>

Total Amount of Matured Principal

Total Amount Advanced - All Borrowers	\$1,340,455.50
Deduct: Amount Not in Repayment Status:	
Student Status of West Virginia School of Osteopathic Medicine	\$242,012.00
Grace Period (Armed Forces, Peace Corps, Vista, Hardship)	<u>172,062.00</u>
Total Amount Not in Repayment Status	<u>414,074.00</u>
Total Amount of Matured Principal	<u>\$ 926,381.50</u>

Percentage of Loans in Default ( $\$30,451.00 \div \$926,381.50$ ) 3.29%

WEST VIRGINIA SCHOOL OF OSTEOPATHIC MEDICINE  
COLLEGE WORK-STUDY PROGRAM  
BALANCE SHEET AS OF JUNE 30, 1985

Assets

Cash on Hand and in Deposit	<u>\$847.70</u>
Total Assets	<u>\$847.70</u>

Liabilities and Fund Balance

Liabilities:	
Accrued FICA Matching Payable	\$ 73.98
Fund Balance	<u>773.72</u>
Total Liabilities and Fund Balance	<u>\$847.70</u>

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 7th day of October,  
1986.

*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; West Virginia School of Osteopathic Medicine; West Virginia Board of Regents; Governor; Attorney General; and, State Auditor.