

**STATE OF WEST VIRGINIA**  
**AUDIT REPORT**  
**OF**

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER  
FOR THE PERIOD  
JULY 1, 1985 - JUNE 30, 1987



**OFFICE OF LEGISLATIVE AUDITOR**

**CAPITOL BUILDING**

**CHARLESTON 5. WEST VIRGINIA**

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

FOR THE PERIOD

JULY 1, 1985 - JUNE 30, 1987

*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 60, Article 2, Section 21, as amended, we have examined the accounts of the West Virginia Alcohol Beverage Control Commissioner.

Our examination covers the period July 1, 1985 through June 30, 1987. The results of the examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Theodora L. Shanklin".

Theodora L. Shanklin, CPA, Director  
Legislative Postaudit Division

TLS/gkc,ela

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

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WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

EXIT CONFERENCE

We held an exit conference on May 12, 1988 with the West Virginia Alcohol Beverage Control Commissioner and all findings and recommendations were reviewed and discussed. The above official's responses are included in italics in Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks sections of this report.

## WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

### INTRODUCTION

The 21st Amendment of 1933 repealed national prohibition and gave each state the right to make and enforce its own laws governing alcoholic beverages.

In 1934 the people of West Virginia repealed an amendment to the State's constitution which, since July 1, 1914, had made absolute prohibition a part of their law. The West Virginia Legislature on February 22, 1935, repealing Chapter 60 providing for the State control of alcoholic liquors and as subsequently amended by Senate Bill No. 294 passed March 8, 1935, created the West Virginia Liquor Control Commission.

The purpose of this act is to give effect to the mandate of the people expressed in the repeal of the State prohibition amendment; and to assure the greatest degree of personal freedom that is consistent with the health, safety and good morals of the people of the State. To these ends the police power of the State is pledged to the sound control and the temperate use of alcoholic liquors.

The West Virginia Liquor Control Commission was abolished by Acts of the 1957 Legislature, C.5, which created the Office of the West Virginia Liquor Control Commissioner and transferred to him all powers and authority vested in the former Commissioner.

All forms of alcoholic beverages whose whole alcoholic contents exceeds 3.2% by weight was under the Commissioner's jurisdiction during our audit period. Alcoholic beverages may be transported into and within West Virginia only by the holders of transportation permits issued by the Commissioner and only when consigned to the West Virginia Alcohol Beverage Control Commissioner or when transported or shipped directly to persons licensed to purchase and receive alcoholic beverages at wholesale. They may be transported through the State, for delivery outside the State, only by holders of transportation permits issued by the Commissioner.

The statement of purposes as interpreted by the Commissioner is to make alcoholic beverages of good quality, obtainable under decent conditions, available to the consuming public at a fair price, but that it must not encourage the sale or consumption. This is done through establishment of State stores and agencies throughout the State. These stores do not encourage patronage. The sole purpose is to stand ready to serve consumers only when those consumers enter the doors uninvited.

The main office and warehouse of the West Virginia Alcohol Beverage Control Commissioner are located at 310 57th Street, Charleston, West Virginia.

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER  
IMPLEMENTATION OF PRIOR AUDIT RECOMMENDATIONS

In the prior audit covering the period July 1, 1983 through June 30, 1985, 12 recommendations were made. Of these, it appears that three have not been implemented. These are as follows:

1. The Commissioner did not exercise sufficient control over cash receipts as required by Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, and internal policy regarding deposits. (See pages 14-15.)
2. Sick leave privileges may have been abused in noncompliance with Section 16.05 of the Civil Service Rules and Regulations. (See pages 18-19.)
3. Employees were not always familiar with or had not complied with applicable sections of the Governor's Travel Regulations. (See pages 16-18.)



WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

ADMINISTRATIVE OFFICERS AND STAFF

JUNE 30, 1987

Ralph N. Steele . . . . . Commissioner  
L. Yeager, Jr. . . . . Assistant Commissioner, Accounting and Administration  
Guy Givens . . . . . Assistant Commissioner, Marketing/Operations/Sales  
Jack B. Lavender . . . . . Director, Enforcement Division  
Kevin J. Sikora . . . . . Deputy Commissioner of Stores  
Ellen Harless . . . . . Division Director, Purchasing/Distribution/Supply Room  
Curtis Harper . . . . . Director, Warehouse Division  
Patricia Holtsclaw . . . . . Accounting/Auditing Director  
Lynn Schillings . . . . . Director, Personnel/Payroll Division  
William James . . . . . Communications  
Carl White . . . . . Director of Inventory

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER  
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

Misappropriation of Inventory - Informational Summary

1. The Assistant Store Manager at Store #88, located in Bluefield, West Virginia, misappropriated \$1,498.50 in receipts during the period of December 1986 through February 1987.

*The situation has been corrected and the amount of \$1,498.50 has been recovered. (See page 12.)*

Purchase of Liquor

2. Based on our examination of liquor purchases, we noted an excessive amount of lag time in the payment of liquor purchases by the Alcohol Beverage Control Commissioner, apparently in noncompliance with Chapter 60, Article 2, Section 11 of the West Virginia Code, as amended.

We recommend the Commissioner comply with Chapter 60, Article 2, Section 11 of the West Virginia Code, as amended.

*The Commission has since 1980 transferred \$6.3 million in excess of net profits to the General Revenue Fund. This has prevented timely payments of liquor bills. (See pages 12-14.)*

Deposits to State Treasury

3. During our examination of daily liquor and lottery sales, we noted that the West Virginia Alcohol Beverage Control Commissioner did not comply, in all instances, with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, and internal control policy regarding deposits.

We recommend the Commissioner comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, and internal policy regarding deposits.

*We will comply with this recommendation. (See pages 14-15.)*

#### Wine Gallonage Tax - Incorrect Remittance of Tax

4. Suppliers were not always submitting the correct wine gallonage tax due to the Commissioner based on liters shipped in accordance with Chapter 60, Article 8, Section 4 of the West Virginia Code. We noted one instance where the remittance was \$292.79 rather than the correct amount of \$2,927.90, a difference of \$2,635.11.

We recommend the Commissioner comply with Chapter 60, Article 8, Section 4 of the West Virginia Code, as amended. Also, we recommend the Commissioner seek to recover the difference of \$2,635.11 owed the State.

*We will comply with this recommendation and have already collected the \$2,635.11 owed the State. (See pages 15-16.)*

#### Travel Expenses

5. Our test of travel expenses revealed one employee who appeared to have overstated mileage traveled and, thus, overstated mileage expenses; one employee who claimed a meal allowance for working two hours in excess of the normal working day but the monthly time record does not verify any hours worked in excess of the normal working day; and, one employee charged gasoline expenses on a day that the monthly time sheet indicates a vacation day was taken.

We recommend the Commissioner ensure compliance with the Governor's Travel Regulations. Also, we recommend the Commissioner seek to recover any overpayments applicable to those employees noted above.

*We will comply with this recommendation. (See pages 16-18.)*

#### Sick Leave - Possible Abuse

6. From the results of our examination, it appears a limited number of employees may have abused sick leave privileges in noncompliance with Section 16.05 of the Civil Service System Rules and Regulations.

We recommend the Commissioner review sick leave records more carefully for abuse and if he determines that an employee may be abusing sick leave, the Commissioner apply Rule 16.05 of the Civil Service Rules and Regulations.

*We will comply with this recommendation. (See pages 18-19.)*

#### Compensation to Agents

7. From the results of our examination, we noted two instances where total sales, excluding taxes, were being recorded incorrectly from the Daily Summary Reports resulting in an incorrect compensation being made to agents. The total undercompensation was \$10.00.

We recommend the Commissioner initiate steps to strengthen internal control over the calculation of agent compensation to ensure compliance with Chapter 60, Article 3, Section 7 of the West Virginia Code, as amended. Also, we recommend the Commissioner seek to reimburse the agent the proper amount of undercompensation as indicated in our examination.

*We will comply with this recommendation. (See pages 19-20.)*

### Equipment Inventory

8. We noted that the Commissioner did not conduct an annual inventory of equipment as required by Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended.

We recommend the Commissioner comply with Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended.

*We will comply with this recommendation. (See page 21.)*

### Special Sales - Merchandise Receipt Verification

9. From the results of our testing of special sale merchandise, we could find no documentation of the customers actually receiving possession of special sale items at the store level as required per the Alcohol Beverage Control Commissioner's Special Sales Policy.

We recommend the Commissioner comply with the requirements governing customer receipt of special sale items outlined in the Alcohol Beverage Control Commissioner's Special Sales Policy.

*We will comply with this recommendation. (See pages 21-22.)*

## INTERNAL CONTROLS AND ACCOUNTING SYSTEM

### Leave Records

10. Our examination of leave records revealed discrepancies between employees' annual and sick leave record cards and the monthly time sheets concerning the actual time taken and/or earned.

We recommend internal control procedures over leave records be strengthened.

*We will comply with this recommendation. (See pages 23-24.)*

#### Telephone

11. From our study of internal control procedures, we found that the telephone toll slips documenting long-distance phone calls at the store level are not, in all cases, being submitted on a timely basis or properly completed.

We recommend the Commissioner strengthen internal control procedures concerning telephone toll slips at the store level.

*We will comply with this recommendation. (See page 24.)*

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of the West Virginia Alcohol Beverage Control Commissioner. The audit covered the period July 1, 1985 through June 30, 1987.

SPECIAL REVENUE ACCOUNTS

All expenditures required for the general operation of the West Virginia Alcohol Beverage Control Commissioner are made from the following special revenue accounts:

<u>Number</u>	<u>Description</u>
6350-80 . . . . .	Transfer of Liquor Profits
6350-83 . . . . .	Wine Gallonage Tax
8591-06 . . . . .	Wine License Special Fund
9270-00 . . . . .	Personal Services
9270-01 . . . . .	Current Expenses
9270-02 . . . . .	Repairs and Alterations
9270-03 . . . . .	Equipment
9270-05 . . . . .	Refunds
9270-06 . . . . .	Purchase of Liquor
9270-07 . . . . .	Transfer of Liquor Profit and Taxes
9270-08 . . . . .	Social Security Matching Fund
9270-11 . . . . .	Imprest Cash Fund
9270-16 . . . . .	Public Employees' Retirement Matching
9270-17 . . . . .	Public Employees' Health Insurance
9270-22 . . . . .	Purchase of Lottery Tickets
9270-56 . . . . .	Annual Increment
9270-79 . . . . .	Claims Against the State
9270-99 . . . . .	Cash Control

AREAS OF NONCOMPLIANCE

Chapter 60 of the West Virginia Code generally governs the West Virginia Alcohol Beverage Control Commissioner. We tested applicable sections of the above, plus general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are listed below.

### Misappropriation of Inventory - Informational Summary

In February of 1987, a routine internal audit and polling of Store #88, located at Bluefield, West Virginia, revealed what appeared to be improprieties requiring further examination. Investigative action was initiated by the Commissioner. The investigation revealed that the Assistant Store Manager had, by manipulating various modes of the cash register involving inventory and sales, misappropriated \$1,498.50 in funds. The employee in question was summarily prosecuted and convicted. Restitution was sought and received in the form of a cashier's check dated February 27, 1988 in the amount of \$1,498.50 payable to the Alcohol Beverage Control Commissioner.

*Per conversation with Randy Thomas, no response is necessary concerning this incident. This problem in Store #88, Bluefield, has been resolved.*

### Purchase of Liquor

During our examination of liquor purchases, we noted an excessive amount of lag time in the payment of liquor purchases by the Alcohol Beverage Control Commissioner. The applicable vendor invoices examined revealed payment was required within 30 calendar days. This appears to be an industry standard. We considered only those invoices paid outside the specified 30 days for determining late payments. Those instances noted in this finding indicate the Alcohol Beverage Control Commissioner had been in possession of the liquor at least 60 calendar days.

Of a total of 63 separate transactions tested or reviewed for fiscal year 1987, 51 transactions proved to be at least two to five months late in payment. Of a total of 49 separate transactions tested or reviewed for fiscal year 1986, 25 transactions proved to be two to five months late in payment. Also, a review of the aged accounts payable, which includes only liquor purchase transactions that have been invoiced, indicated that as of June 30, 1987, the balance outstanding totaled \$7,256,915.54.



This would appear to be in noncompliance with Chapter 60, Article 2, Section 11 of the West Virginia Code, as amended, dealing with the powers and duties of the Alcohol Beverage Control Commissioner, which states in part, "... (3) Supervise the fiscal affairs and responsibilities of the department; ... (8) Exercise any other power that may be necessary or proper for the orderly conduct of the business and the effective discharge of the duties of the commission (commissioner); ...." The timely payment of accounts payable, as they relate to liquor purchases, appears to be covered by the aforementioned subsections of the Code.

The results of our examination are summarized as follows:

1987 Number of Transactions	Processing (Lag Time) In Months					Amount
	N/A	2	3	4	5	
11	3	0	0	2	6	\$ 175,488.51
6	1	0	1	4	0	23,227.96
8	1	6	1	0	0	28,898.72
1	1	0	0	0	0	-0-
1	0	1	0	0	0	779.22
5	0	5	0	0	0	186,314.59
6	0	0	0	6	0	249,933.19
5	0	5	0	0	0	98,010.98
4	0	0	0	4	0	151,824.20
2	2	0	0	0	0	-0-
1	1	0	0	0	0	-0-
1	1	0	0	0	0	-0-
7	0	1	2	4	0	97,786.32
2	0	1	1	0	0	3,797.30
3	2	1	0	0	0	48,524.04
<u>63</u>	<u>12</u>	<u>20</u>	<u>5</u>	<u>20</u>	<u>6</u>	<u>\$1,064,585.03</u>

1986 Number of Transactions	Processing (Lag Time) In Months					Amount
	N/A	2	3	4	5	
14	1	0	0	13	0	\$ 449,585.29
5	1	4	0	0	0	373,517.60
3	0	3	0	0	0	54,659.30
5	0	0	0	0	5	91,581.96
6	6	0	0	0	0	-0-
15	15	0	0	0	0	-0-
1	1	0	0	0	0	-0-
<u>49</u>	<u>24</u>	<u>7</u>	<u>0</u>	<u>13</u>	<u>5</u>	<u>\$ 969,344.15</u>

We recommend the Commissioner comply with Chapter 60, Article 2, Section 11 of the West Virginia Code, as amended.

*The sale of alcoholic beverages in West Virginia reached an all-time high in excess of \$88 million in 1980. Sales have decreased every year since and were below \$56.6 million in 1987. In 1980, \$16.5 million was transferred to the General Revenue Fund based on a net profit of \$24.7 million. Since 1980, the ABCC has transferred \$6.3 million in excess of net profits to the General Revenue Fund. This has prevented timely payments of liquor bills.*

#### Deposits to State Treasury

During our test of compliance regarding deposit of daily liquor and lottery sales, we noted that the West Virginia Alcohol Beverage Control Commissioner did not comply, in all cases, with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, states, "All officials and employees of the State authorized by statute to accept moneys due the State of West Virginia shall keep a daily itemized record of such moneys so received for deposit in the state treasury and shall deposit within twenty-four hours with the state treasurer all moneys received or collected by them for or on the behalf of the State for any purpose whatsoever." Specifically, we noted during our examination of fiscal year 1987 deposits that monies collected from the sale of alcohol and lottery tickets by certain stores and agencies were

not being deposited according to the regulations governing deposits as described in Chapter 12, Article 2, Section 2 of the West Virginia Code. These are listed below:

<u>Store/Agency Number</u>	<u>Location</u>	<u>Number of Late Deposits</u>	<u>Breakdown (In Days)</u>				
			<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
98	Marmet	79	62	12	3	1	1
12	Weirton	8	7	1	0	0	0
54	Mt. Hope	4	4	0	0	0	0
30	Hinton	25	22	1	0	1	1

We recommend the Commissioner comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, and internal policy regarding deposits.

*Better internal control has made it possible for central office personnel to monitor the timeliness of store deposits. Due to your findings, all store and agency managers will again be reminded of their responsibilities described in Chapter 12, Article 2, Section 2, of the West Virginia Code regarding daily deposits of all monies collected.*

Wine Gallonage Tax - Incorrect Remittance of Tax

During our examination of wine gallonage tax collections for fiscal year 1986, we noted that suppliers were not, in all cases, submitting the correct wine gallonage tax due to the Commissioner based on liters shipped in accordance with Chapter 60, Article 8, Section 4 of the West Virginia Code, as amended, which states in part, "... Before the sixteenth day of June, one thousand, nine hundred eighty-three, and the sixteenth day of each month thereafter, every supplier shall make a written report under oath to the commissioner showing the identity of the purchaser, the quantity, label and alcoholic content of the wine sold by the supplier to West Virginia distributors during the preceding month, and at the same time shall pay the tax imposed by this article on the wine sold to the distributor during the preceding month ...."

We tested 25 returns and found the Supplier's Summary of Wine Sales and Taxes for the month of November 1985 from one supplier was incorrect in the

calculation of taxes due on liters shipped. Total liters shipped were 11,088 and applying the tax rate of .26406, as authorized in Chapter 60, Article 8, Section 4 of the West Virginia Code, as amended, the tax due equalled \$2,927.90. The actual tax paid was \$292.79 or a difference of \$2,635.11 still owed the Commissioner.

We recommend the Commissioner comply with Chapter 60, Article 8, Section 4 of the West Virginia State Code, as amended. Also, we recommend the Commissioner seek to recover the difference of \$2,635.11 owed the State.

*For the underpayment of gallonage tax by Sutter Home Winery, this matter has been resolved. During the past year, we have been in the process of automating the Wine function. This has given us better internal control and has eliminated these oversights. Also, we are in the process of establishing a procedure which will allow us to audit all West Virginia Suppliers and Distributors of Wine.*

Travel Expenses

Our test of travel expenses revealed one employee who apparently overstated mileage traveled and, thus, overstated mileage expense. The Governor's Travel Regulations, then in effect, stated "... Reimbursement for the use of employee's personal car in connection with State business will be at the rate of twenty cents (\$0.20) per mile. Such reimbursement rate shall apply between the employee's headquarters and any designated location of work as approved by his department head ...." The possible overcharges are summarized as follows:

<u>Date</u>	<u>Trip Description</u>	<u>Mileage Per Expense Sheet</u>	<u>Mileage Per WVDOH Map</u>	<u>Difference</u>	<u>Possible Over-Charge</u>
07/08/85	Franklin to Romney	185	140	45	\$ 9.00
08/08/85	Martinsburg to Harper's Ferry to Franklin	210	164	46	9.20
09/10/85	Franklin to Wardensville	185	144	41	8.20
10/21/85	Franklin to Moorefield and Return	<u>120</u>	<u>86</u>	<u>34</u>	<u>6.80</u>
Total		<u>700</u>	<u>534</u>	<u>166</u>	<u>\$33.20</u>

We also noted that one employee charged for a meal on July 25, 1985 for working two hours beyond the normal working time but his time sheet does not reflect the necessary hours to charge a meal. The Governor's Travel Regulations, then in effect, stated "... an employee who is away from his designated headquarters and has been on duty two hours or more in excess of his normal working day, meal allowance limited to \$8.00 will be permitted and may be reflected on the employee's expense account." The meal charged was \$8.00 for a work day totaling 7.5 hours, which are the normal work day hours.

Also noted was a charge for gasoline by another employee for a State-owned vehicle on September 11, 1985 for a business related trip. The monthly time sheet indicated the employee was on vacation from September 9, 1985 through September 13, 1985. The charge was \$20.00.

We recommend the Commissioner ensure compliance with the Governor's Travel Regulations. Also, we recommend the Commissioner seek to recover any overpayments applicable to those employees noted above.

(1) *Regarding employee #1 and the difference of 166 miles; a letter will be sent to the employee and he will be requested to provide information as to the differences on each trip and may be required to compensate the Agency if his response is inadequate.*

(2) *Regarding employee #2 and the meal charged on 7/25/85; we will request from this employee further information concerning his arrival time to Charleston on that day. If the meal charge cannot be verified, a refund from this employee will be requested.*

(3) *Regarding employee #3 and the gasoline charged during vacation; a copy of this employee's time sheet and expense account will be sent to him. He will be requested to provide this Agency with explanation of the discrepancy. If it is determined that he was in error, we will request payment immediately.*

All ABCC Department Heads will be instructed to compare travel expense vouchers with time sheets on a regular basis. They will also be instructed to verify mileage using a DOH distance chart.

Sick Leave - Possible Abuse

One of our standard audit procedures is to test for possible sick leave abuse. Our examination of ten employees' leave records for fiscal year 1987 revealed two employees who may have exhibited a pattern of possible sick leave abuse while our examination of 20 employees' leave records for fiscal year 1986 revealed one employee who may have exhibited a similar pattern of sick leave abuse. Section 16.05 of the Civil Service System Rules and Regulations states, "When an employee appears to have a pattern of leave abuse, the appointing authority may request appropriate substantiation of the employee's claim for leave, for example, verification of illness of less than three days." The results of our testing are summarized below:

<u>Employee</u>	<u>Total Sick Leave Taken (Days)</u>	<u>Sick Leave Taken Before and/or after Holidays, Weekends and Vacation Days (Days)</u>	<u>Percentage</u>
Fiscal Year 1987:			
1	19	13	68%
2	11	9	82%
Fiscal Year 1986:			
1	22	20	91%

We recommend the Commissioner review sick leave records more carefully for abuse and if it is determined that an employee appears to be abusing sick leave privileges, the Commissioner apply Rule 16.05 of the Civil Service Rules and Regulations.

This isolated case of suspected sick leave abuse will be investigated immediately and appropriate action will be taken. In the future, Department Heads will be expected to monitor all time sheets and employee attendance summaries

*(color charts) for possible sick leave abuse on a monthly basis. I will require any discrepancies to be brought to my attention immediately.*

### Compensation to Agents

Our test of compensation to agents revealed that, in some cases, the compensation to agents based on monthly sales, excluding taxes, was being improperly calculated due to an incorrect recording from the Daily Summary Reports resulting in noncompliance with Chapter 60, Article 3, Section 7 of the West Virginia Code, as amended. The West Virginia Code, Chapter 60, Article 3, Section 7 states,

**" Agents shall be compensated based upon the average monthly gross revenues of the agency or store, excluding sales tax thereon. The amount of compensation shall be computed and paid as follows:**

**(1) For gross revenues up to three thousand dollars per month, four hundred dollars compensation per month.**

**(2) For gross revenues of not less than three thousand dollars nor more than six thousand dollars per month, ten percent of all gross revenues between said three thousand dollars and six thousand dollars, which shall be in addition to the compensation as provided in subdivision (1) hereinabove.**

**(3) For gross revenues of not less than six thousand dollars nor more than eight thousand dollars per month, eight percent of all gross revenues between said six thousand dollars and eight thousand dollars, which shall be in addition to the compensation as provided in subdivisions (1) and (2) hereinabove.**

**(4) For gross revenues of not less than eight thousand dollars nor more than ten thousand dollars per month, six percent of all gross revenues between said eight thousand dollars and ten thousand dollars, which shall be in addition to the compensation as provided in subdivisions (1), (2) and (3) hereinabove.**

**(5) For gross revenues over ten thousand dollars per month, four percent of all gross revenues over said ten thousand dollar amount, which shall be in addition to the compensation as provided in subdivisions (1), (2), (3) and (4) hereinabove.**

**The agent shall pay for utilities, renovations and operating expenses of the agency from the compensation set forth herein.**

**Each agent shall give bond in an amount fixed by the commissioner conditioned upon the faithful observance of the provisions of this chapter, compliance with the rules and regulations of the commissioner, and the accounting for and paying over of all moneys coming into his custody by virtue of his agency. An agent shall not, at any time, have on hand a stock of alcoholic liquors greater in value than the amount of his bond."**

We examined 42 possible sales months resulting in two noncompliance findings. We found that on June 7, 1986, Agency #170 had total sales, excluding taxes, of \$381.40 according to the Daily Summary Report. This was incorrectly recorded by the accounting clerk as \$281.40. As a result, the total gross revenues for the agency, excluding sales tax and lottery ticket sales, for the month of June 1986 were understated by \$100.00 (\$3,111.78 vs. \$3,211.78). Consequently, the agent's compensation, computed as specified in Chapter 60, Article 3, Section 7 of the West Virginia Code, as amended, was understated by \$10.00 (\$411.18 vs. \$421.18). Also, on June 30, 1986, Agency #172 had total sales, excluding sales tax and lottery ticket sales, of \$70.69. This was incorrectly recorded as \$7.69 by the accounting clerk in the computation of agent compensation. The effect of this was, again, to understate the agency's revenues for the month of June 1986 by \$63.00 (\$1,796.56 vs. \$1,859.56). However, in this latter instance, compensation to the agent was not affected.

We recommend the Commissioner initiate steps to strengthen internal control over the calculation of agent compensation to ensure compliance with Chapter 60, Article 3, Section 7 of the West Virginia Code, as amended. Also, we recommend the Commissioner seek to reimburse the agent the proper amount of under-compensation as indicated in our examination.

*Based on your findings regarding Compensation to Agents we have recalculated the amount paid to Agency 170 and the additional \$10.00 will be added to his gross pay in the next pay period. Also, sales for Agency 172 have been corrected and will be adjusted in the current period. Beginning this month agency sales and the computation of agents compensation will be reviewed by another accounting department employee.*



### Equipment Inventory

While examining the agency's records, we noted that of 22 items selected from the agency's Equipment Inventory Printout for testing, four items, or approximately 19 percent, could not be traced to their physical location as indicated on the print-out. Based on our findings, the equipment inventory is not being updated on an annual basis in noncompliance with Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended.

Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended, states, "The head of every department of the state government shall, on or before July fifteenth of each year, file with the director an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year."

We recommend the Commissioner comply with Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended.

*Based on your findings, we are going to monitor the equipment inventory more closely and will comply with Chapter 5A, Article 3, Section 42 of the West Virginia Code. The inventory control has already been reassigned to another individual.*

### Special Sales - Merchandise Receipt Verification

From our testing of special sale merchandise, we were unable to ascertain, based on the records retained by the Special Sales Office and supplied to us for examination, whether the customers placing the orders actually took receipt of such merchandise after it was delivered to the store level from the Commissioner's warehouse facility. This would appear to be in noncompliance with the Alcohol Beverage Control Commissioner's Special Sales Policy which states in paragraph 17, "When the merchandise is picked up by the customer, whether it be at the Charleston Warehouse or an ABCC Store, the customer should sign for the receipt of the merchandise on the line designated 'consignee'."

We recommend the Commissioner comply with the Alcohol Beverage Control Commissioner's Special Sales Policy regarding verification of receipt of merchandise by customers.

*I am going to request the Accounting Department to review the Special Sales Policy and determine the most feasible method for the customer to sign for this merchandise. We will comply with the Special Sales Policy regarding verification of receipt of merchandise.*

#### INTERNAL CONTROLS AND ACCOUNTING SYSTEM

As a part of our examination, we reviewed and tested the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. 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.

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. The concept of reasonable assurance recognizes that the cost of a system of internal accounting 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 accounting 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 accounting 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.

Our study and evaluation of the system of internal accounting control for the period July 1, 1985 to June 30, 1987, which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed conditions that we believe to be weaknesses. These weaknesses are discussed below.

Leave Records

Our examination of leave records for ten employees for fiscal year 1987 revealed two instances in which the leave taken as recorded on the individuals' monthly record time sheets did not correspond with the leave recorded on the Annual and Sick Leave Record Cards and in one instance with the Compensatory Record Card. Also we noted a mathematical error in the carry-forward balance of compensatory time earned for one employee. Based on the internal control procedures described to us, the individual's Monthly Record Time Sheet, the Annual and Sick Leave Record Time Cards, and Compensatory Time Cards are to be reconciled on a monthly basis to detect and correct any discrepancy. The results of our examination are listed below:

Sick and Annual Leave Time

<u>Employee</u>	<u>Type of Leave</u>	<u>Month</u>	<u>Per Annual and Sick Leave Record Card (Hrs.)</u>	<u>Per Monthly Record Time Sheet (Hrs.)</u>
3	Annual	July	6.4 Taken	-0- Taken
5	Annual	March	-0- Taken	8.0 Taken

Compensatory Time

<u>Employee</u>	<u>Type of Leave</u>	<u>Month</u>	<u>Per Compensatory Record Card (Hrs.)</u>	<u>Per Monthly Record Time Sheet (Hrs.)</u>
3	Comp.	Nov.	8.5 Taken	11.5 Taken

We recommend the Commissioner strengthen compliance with the internal control procedures over leave records.

*The two instances in your report will be thoroughly reviewed. I will instruct the Personnel Director to review the current system of recording this information and implement a more efficient system.*

Telephone

Based on our evaluation and documentation of the existing system of internal controls of the West Virginia Alcohol Beverage Control Commissioner as they relate to the telephone system, we determined that the telephone toll slips documenting long-distance phone calls at the store level are not, in all instances, being submitted in a timely manner nor, in some cases, properly completed. The degree of completion and submission varies on a month-to-month basis. This could result in a loss of efficiency by the agency and a possible unauthorized use of agency resources.

We recommend the Commissioner strengthen internal control procedures concerning telephone toll slips at the store level.

*The procedure for recording long distance phone calls will be investigated and corrected in the near future.*

## AUDITORS' OPINION

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

Sir:


We have examined the statement of cash receipts, disbursements and changes in cash balance of the West Virginia Alcohol Beverage Control Commissioner for the years ended June 30, 1987 and June 30, 1986. 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.

As more fully described in Note A, the financial statement was prepared during the cash basis of accounting. Accordingly, the financial statement is not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

In our opinion, the statement of cash receipts, disbursements and changes in cash balance of the West Virginia Alcohol Beverage Control Commissioner presents fairly cash transactions for the years ended June 30, 1987 and June 30, 1986 on a basis consistent with the preceding year.

Our examination was made for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statement and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,



Thedford L. Shanklin, CPA, Director  
Legislative Postaudit Division

March 30, 1988

Auditors: Michael E. Sizemore, CPA, Supervisor  
Randal L. Thomas, Auditor-in-Charge  
Jacqueline Helm-Price  
Elizabeth M. Whitman

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS

AND CHANGES IN CASH BALANCE

	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Cash Receipts:		
Liquor Sales	\$62,278,021.00	\$64,201,136.00
Less:		
Purchase of Liquor	<u>33,571,434.74</u>	<u>25,445,494.52</u>
	28,706,586.26	38,755,641.48
Private Club License Sales	1,570,267.07	1,484,000.00
Wine Gallonage Tax	1,364,484.29	1,384,713.91
Miscellaneous Collections	67,652.07	563,899.17
Wine Licenses and Labels	250,588.00	242,203.50
Commissions and Bonus Income - Lottery Sales	<u>80,968.60</u>	<u>71,450.25</u>
	<u>32,040,546.29</u>	<u>42,501,908.31</u>
 Disbursements:		
Personal Services	9,183,634.18	8,771,215.75
Current Expenses	7,658,148.06	7,154,686.02
Repairs and Alterations	89,438.46	76,435.59
Equipment	100,593.98	90,923.07
Claims Against the State	294.16	8,380.07
Refunds	18,757.42	28,084.06
Imprest Cash Fund	9,750.00	4,844.00
Transfers to General Revenue Fund of West Virginia	10,714,484.29	18,384,713.91
Transfers to West Virginia State Tax Department	<u>5,740,695.79</u>	<u>6,855,728.95</u>
	<u>33,515,796.34</u>	<u>41,375,011.42</u>
 Cash Receipts (Under) Over Disbursements	(1,475,250.05)	1,126,896.89
 Beginning Balance	<u>4,344,146.12</u>	<u>3,217,249.23</u>
 Ending Balance	<u><u>\$ 2,868,896.07</u></u>	<u><u>\$ 4,344,146.12</u></u>

See Notes to Financial Statement

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed. Therefore, certain revenue and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operation in conformity with generally accepted accounting principles.

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employee's Pension and Retirement Plan. Employee contributions are 4½% of this compensation and employees are vested under certain circumstances. The West Virginia Alcohol Beverage Control Commissioner matches contributions at 9½% of the compensation on which the employee made contributions.

<u>Year Ended June 30,</u>	
<u>1987</u>	<u>1986</u>
<u>\$814,066.19</u>	<u>\$774,605.81</u>

Note C - Adjustment of Cash Balance

The cash balance at the concluding date of the prior audit was adjusted from \$5,761,131.31 on June 30, 1985 to \$3,217,249.23 on that date. The adjustment is necessary to reflect transfers to the General Revenue Fund of West Virginia which had been made by the Alcohol Beverage Control Commissioner but were not reflected on the basic financial statement of the preceding audit. As a result, the actual cash balance was \$3,921,419.28 on June 30, 1984 and \$3,217,249.23 on June 30, 1985.

Note D - Lottery Sales

The West Virginia Alcohol Beverage Control Commissioner acts as a sales agent for the West Virginia Lottery Commission. As compensation, the Alcohol Beverage Control Commissioner is allowed to retain 5% of annual lottery sales. The lottery sales were \$1,410,705.00 and \$1,588,372.00 for fiscal years 1986 and 1987, respectively. The amounts recognized as liabilities related to amounts subject to transfer to the West Virginia Lottery Commission and reserves for anticipated payouts totaled \$52,871.00 on June 30, 1986 and \$91,276.00 on June 30, 1987. These amounts are not included in the cash balance on the basic financial statement.

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

GENERAL REVENUE

<u>Transfer of Liquor Profits -</u> <u>Account 6350-80</u>	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Beginning Balance:		
State Treasury	\$ -0-	\$ -0-
Cash Receipts:		
Miscellaneous Collections	<u>9,350,000.00</u>	<u>17,000,000.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$ 9,350,000.00</u>	<u>\$17,000,000.00</u>
Disbursements:		
Transfers to General Revenue Fund of West Virginia	\$ 9,350,000.00	\$17,000,000.00
Ending Balance:		
State Treasury	<u>-0-</u>	<u>-0-</u>
TOTAL CASH ACCOUNTED FOR	<u>\$ 9,350,000.00</u>	<u>\$17,000,000.00</u>
<u>Wine Gallonage Tax -</u> <u>Account 6350-83</u>		
Beginning Balance:		
State Treasury	\$ -0-	\$ -0-
Cash Receipts:		
Wine Gallonage Tax	<u>1,364,484.29</u>	<u>1,384,713.91</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$ 1,364,484.29</u>	<u>\$ 1,384,713.91</u>
Disbursements:		
Transfers to General Revenue Fund of West Virginia	\$ 1,364,484.29	\$ 1,384,713.91
Ending Balance:		
State Treasury	<u>-0-</u>	<u>-0-</u>
TOTAL CASH ACCOUNTED FOR	<u>\$ 1,364,484.29</u>	<u>\$ 1,384,713.91</u>



WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

SPECIAL REVENUE

<u>Wine License Special Fund -</u> <u>Account 8591-06</u>	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Beginning Balance:		
State Treasury	\$329,835.82	\$376,847.70
Cash Receipts:		
Wine Licenses and Labels	<u>250,588.00</u>	<u>242,203.50</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$580,423.82</u>	<u>\$619,051.20</u>
Disbursements:		
Personal Services	\$ 21,374.30	\$ 19,809.12
Current Expenses	144,927.84	260,090.28
Repairs and Alterations	21,551.59	7,528.78
Equipment	67,506.25	-0-
Refunds	1,925.00	1,675.00
Payment of Claims	<u>-0-</u>	<u>112.20</u>
	257,283.98	289,215.38
Ending Balance:		
State Treasury	<u>323,139.84</u>	<u>329,835.82</u>
TOTAL CASH ACCOUNTED FOR	<u>\$580,423.82</u>	<u>\$619,051.20</u>

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
<u>Personal Services - Account 9270-00</u>		
Appropriations	\$9,684,683.00	\$9,283,283.00
Reduction of Appropriations - Senate Bill No. 594	<u>(80,453.00)</u>	<u>-0-</u>
	9,604,230.00	9,283,283.00
Expenditures	<u>8,973,981.11</u>	<u>8,561,934.89</u>
	630,248.89	721,348.11
Transmittals Paid After June 30	<u>5,207.92</u>	<u>5,062.69</u>
Balance	<u>\$ 635,456.81</u>	<u>\$ 726,410.80</u>
 <u>Current Expenses - Account 9270-01</u>		
Appropriations	\$5,359,158.00	\$5,771,157.00
Reduction of Appropriations - Senate Bill No. 594	<u>(25,486.00)</u>	<u>-0-</u>
	5,333,672.00	5,771,157.00
Expenditures	<u>5,053,911.32</u>	<u>4,473,231.73</u>
	279,760.68	1,297,925.27
Transmittals Paid After June 30	<u>398,600.16</u>	<u>241,776.84</u>
Balance	<u>\$ 678,360.84</u>	<u>\$1,539,702.11</u>
 <u>Repairs and Alterations - Account 9270-02</u>		
Appropriations	\$ 72,800.00	\$ 72,800.00
Supplemental Appropriations - Senate Bill No. 594	<u>152,200.00</u>	<u>-0-</u>
	225,000.00	72,800.00
Expenditures	<u>89,169.03</u>	<u>69,039.12</u>
	135,830.97	3,760.88
Transmittals Paid After June 30	<u>29,841.23</u>	<u>8,559.07</u>
Balance	<u>\$ 165,672.20</u>	<u>\$ 12,319.95</u>

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENTS OF APPROPRIATIONS/CASH RECEIPTS

AND EXPENDITURES/DISBURSEMENTS

	Year Ended June 30,	
	1987	1986
<u>Equipment - Account 9270-03</u>		
Appropriations	\$ 109,000.00	\$ 109,000.00
Supplemental Appropriations - Senate Bill No. 594	136,000.00	-0-
	<u>245,000.00</u>	<u>109,000.00</u>
Expenditures	51,763.92	90,108.21
	<u>193,236.08</u>	<u>18,891.79</u>
Transmittals Paid After June 30	28,589.69	9,913.50
	<u>28,589.69</u>	<u>9,913.50</u>
Balance	<u>\$ 221,825.77</u>	<u>\$ 28,805.29</u>
<u>Refunds - Account 9270-05</u>		
Cash Receipts	\$ 16,832.42	\$ 26,409.00
Disbursements	16,832.42	26,409.00
	<u>16,832.42</u>	<u>26,409.00</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Purchase of Liquor - Account 9270-06</u>		
Cash Receipts	\$33,571,434.74	\$25,445,494.52
Disbursements	33,571,434.74	25,445,494.52
	<u>33,571,434.74</u>	<u>25,445,494.52</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Transfer of Liquor Taxes and Profits - Account 9270-07</u>		
Cash Receipts	\$15,090,695.79	\$23,855,728.95
Disbursements	15,090,695.79	23,855,728.95
	<u>15,090,695.79</u>	<u>23,855,728.95</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENTS OF APPROPRIATIONS/CASH RECEIPTS

AND EXPENDITURES/DISBURSEMENTS

<u>Social Security Matching Fund - Account 9270-08</u>	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Appropriations	\$714,025.00	\$667,402.00
Reduction of Appropriations - Senate Bill No. 594	(5,800.00)	-0-
	<u>708,225.00</u>	<u>667,402.00</u>
Expenditures	655,474.83	621,371.80
	<u>52,750.17</u>	<u>46,030.20</u>
Transmittals Paid After June 30	<u>467.85</u>	<u>25,770.97</u>
Balance	<u>\$ 53,218.02</u>	<u>\$ 71,801.17</u>
 <u>Imprest Cash Fund - Account 9270-11</u>		
Cash Receipts	\$ 9,750.00	\$ 4,844.00
Disbursements	<u>9,750.00</u>	<u>4,844.00</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>
 <u>Public Employees' Retirement Matching - Account 9270-16</u>		
Appropriations	\$948,705.00	\$893,002.00
Reduction of Appropriations - Senate Bill No. 594	(7,706.00)	-0-
	<u>940,999.00</u>	<u>893,002.00</u>
Expenditures	814,066.19	774,605.81
	<u>126,932.81</u>	<u>118,396.19</u>
Transmittals Paid After June 30	<u>65,778.57</u>	<u>63,302.37</u>
Balance	<u>\$192,711.38</u>	<u>\$181,698.56</u>

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENTS OF APPROPRIATIONS/CASH RECEIPTS

AND EXPENDITURES/DISBURSEMENTS

<u>Public Employees' Health Insurance -</u> <u>Account 9270-17</u>	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Appropriations	\$1,342,000.00	\$1,220,000.00
Reduction of Appropriations - Senate Bill No. 594	(168,755.00)	-0-
	<u>1,173,245.00</u>	<u>1,220,000.00</u>
Expenditures	1,035,540.49	1,014,411.73
	<u>137,704.51</u>	<u>205,588.27</u>
Transmittals Paid After June 30	-0-	88,224.79
Balance	<u>\$ 137,704.51</u>	<u>\$ 293,813.06</u>
<u>Purchase of Lottery Tickets -</u> <u>Account 9270-22</u>		
Cash Receipts	\$ 925,370.60	\$ 977,019.88
Disbursements	<u>925,370.60</u>	<u>977,019.88</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Annual Increment - Account 9270-66</u>		
Appropriations	\$ 220,356.00	\$ 200,556.00
Expenditures	188,424.00	188,892.00
	<u>31,932.00</u>	<u>11,664.00</u>
Transmittals Paid After June 30	-0-	-0-
Balance	<u>\$ 31,932.00</u>	<u>\$ 11,664.00</u>

WEST VIRGINIA ALCOHOL BEVERAGE CONTROL COMMISSIONER

STATEMENT OF APPROPRIATIONS/CASH RECEIPTS

AND EXPENDITURES/DISBURSEMENTS

<u>Claims Against the State -</u> <u>Account 9270-79</u>	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Appropriations	\$ 504.16	\$ 720.31
Reappropriations - FY 1985	<u>-0-</u>	<u>7,659.76</u>
	504.16	8,380.07
Expenditures	<u>294.16</u>	<u>8,267.87</u>
	210.00	112.20
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ 210.00</u>	<u>\$ 112.20</u>



	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Ending Balance:		
Cash in Bank	\$ 1,911,531.94	\$ 2,228,057.81
Store Change Funds	92,125.00	82,827.00
State Treasury	633,375.29	1,756,296.49
	<u>2,637,032.23</u>	<u>4,067,181.30</u>
Disbursements:		
Personal Services	8,973,981.11	8,561,934.89
Current Expenses	5,053,911.32	4,473,231.73
Repairs and Alterations	89,169.03	69,039.12
Equipment	51,763.92	90,108.21
Refunds	16,832.42	26,409.06
Purchase of Liquor	33,571,434.74	25,445,494.52
Transfers to General Revenue Fund of West Virginia	9,350,000.00	17,000,000.00
Transfers to State Tax Department	5,740,695.79	6,855,728.95
Social Security Matching Fund	655,474.83	621,371.80
Imprest Cash Fund	9,750.00	4,844.00
Public Employees' Retirement Matching	814,066.19	774,605.81
Public Employees' Health Insurance	1,035,540.49	1,014,411.73
Claims Against the State	294.16	8,267.87
Transfers to West Virginia Lottery Commission - Purchase of Lottery Tickets	925,370.60	977,019.88
Annual Increment	188,424.00	188,892.00
	<u>66,476,708.60</u>	<u>66,111,359.57</u>
Add Transmittals Paid July 1-31 Beginning and (Less Transmittals Paid July 1-31 Ending):		
Personal Services	5,062.69	5,642.43
(Personal Services)	(5,207.92)	(5,062.69)
Current Expenses	241,776.84	264,635.91
(Current Expenses)	(398,600.16)	(241,776.84)
Repairs and Alterations	8,559.07	8,426.76
(Repairs and Alterations)	(29,841.23)	(8,559.07)
Equipment	9,913.50	10,728.36
(Equipment)	(28,589.69)	(9,913.50)
Social Security Matching Fund	25,770.97	22,433.80
(Social Security Matching Fund)	(467.85)	(25,770.97)
Public Employees' Retirement Matching Fund	63,302.37	59,594.56
(Public Employees' Retirement Matching Fund)	(65,778.57)	(63,302.37)
Public Employees' Health Insurance	88,224.79	83,385.37
(Public Employees' Health Insurance)	-0-	(88,224.79)
	<u>(85,875.19)</u>	<u>12,236.96</u>
TOTAL CASH ACCOUNTED FOR	<u>\$69,027,865.64</u>	<u>\$70,190,777.83</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 60, Article 2, Section 21, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 5<sup>th</sup> day of July,  
1988.

*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 West Virginia Alcohol Beverage Control Commissioner; Governor; Attorney General; and, State Auditor.