

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

TRIAL PERFORMANCE AUDIT
WEST VIRGINIA RACING COMMISSION
FISCAL YEARS ENDED
JUNE 30, 1978 - JUNE 30, 1977



OFFICE OF LEGISLATIVE AUDITOR
CAPITOL BUILDING
CHARLESTON, WEST VIRGINIA 25305

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

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

Sir:

In compliance with your instructions and the provisions of Article 2, Chapter 4, Code of West Virginia, as amended, we have examined the accounts of the West Virginia Racing Commission.

Our examination covers the fiscal years ended June 30, 1978 and June 30, 1977. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in cursive script, reading "Theodford L. Shanklin".

Theodford L. Shanklin, C.P.A.
Director Postaudit Division

TLS:JAW:SLD

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WEST VIRGINIA RACING COMMISSION

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HISTORY OF RACING IN WEST VIRGINIA

GENERAL

The racing industry in West Virginia can trace its roots back as far as 1786 when racing records show the first known races were held in Charles Town, West Virginia, on land donated by Charles Washington, brother of the first president. It was not until 1933, however, that thoroughbred racing came to West Virginia on a continuing basis. There are presently three racing associations licensed to conduct race meetings and pari-mutuel wagering at four different locations in the state.

CHARLES TOWN TURF CLUB

In 1933 the Shenandoah Valley Jockey Club was incorporated and purchased facilities in Charles Town. Racing has continued in Charles Town since then offering year-round entertainment. The Charles Town race track and Shenandoah Downs track are located virtually back to back on Route 340, north of the Charles Town city limits. Both tracks are currently owned and operated by the Shenandoah Corporation; a subsidiary of Kenton Corporation operating at the Charles Town Turf Club. The Shenandoah Downs track was built in 1959 and has since been refurbished. The Charles Town track was relaid in the spring of 1978. Racing is alternated between the two tracks, each race meeting as the track management determines and the Racing Commission approves. The two tracks have stable facilities for approximately 2,200 horses. The track's stewards estimated that an average of about 1,500 horses are maintained on these grounds and race at each of the tracks.

WATERFORD PARK

Waterford Park is a complete recreational center located on Route 66 near Chester, West Virginia. It offers year-round racing on West Virginia's only one-mile track and also a 7/8th mile grass course inside the main oval. There are approximately 1,500 stalls in the stable area where an average of about 1,100 horses are maintained.

WHEELING DOWNS

The Wheeling Downs racing facilities are located on the island in the Ohio River at Wheeling, West Virginia. The facilities were opened to the public in 1937 and continued in operation until the track was destroyed by fire in 1962. The track was rebuilt in 1966 and was reopened in January, 1968. Wheeling Downs conducted harness racing until it became unprofitable to do so due to the opening of the Meadowlands racing facility nearby in Pennsylvania. The track was closed and remained that way until the Legislature passed an amendment to Chapter 19, Article 23 of West Virginia Code allowing greyhound racing in West Virginia. Wheeling Downs reopened as a greyhound racing facility on August 16, 1976 and has enjoyed increasing popularity and great success. The track has contracts with 18 kennels which provide dogs for the racing programs each day Monday through Saturday with matinees on Wednesday and Saturday.

WEST VIRGINIA RACING COMMISSION

SUMMARY OF FINDINGS, RECOMMENDATIONS AND SUGGESTIONS

PERSONNEL RECORDS -

1. It was observed that W-4 forms authorizing the Commission to withhold state and federal income taxes were not being maintained on a current basis. Withholdings amounts were determined at whatever rates the employee requested as long as it was above the minimum allowable amount, therefore verification of amounts withheld was impossible. These deficiencies may have occurred due to insufficient staffing of the Commission's main office in Charleston.

We recommend that the following steps be taken as soon as adequate staff is available:

- a. Specific minimum qualifications be set by the Commission for each position;
- b. A separate file be maintained for each employee with an evaluation of how well they meet the required qualifications;
- c. A system of periodic performance evaluation be established whereby each employee will be evaluated at least twice each year; and
- d. Current W-4 withholding forms be maintained on all active employees.

ORGANIZATIONAL STRUCTURE -

2. In West Virginia the head steward at each track is an employee of the Racing Commission and the other stewards are paid by the racing associations. One of these stewards is directly associated with the racing association and the other is selected by the State Steward and the Association's Steward as a neutral party and all stewards must be approved by the Racing Commission. In Ohio all of the stewards are paid by the racing association. We disapprove of this practice after having observed the need for the State to have significant influence in the regulating of the racing affairs at every level.

We recommend that the present structure of the Board of Stewards be retained. We further recommend that the Commission pay one-half of the Neutral Steward's salary to ensure that he remains a neutral party.

3. We were concerned that the Racing Commission may have acted improperly by actually selecting the Neutral Steward at the Charles Town track. This situation was discovered through discussion with several of the Commission's employees concerning the most recent appointment to the Board of Stewards.

We recommend that the Commission not interfere with the selection of future stewards in any way that would appear to weaken the structure of the Board of Stewards.

4. We also discovered that no established qualifications exist for being a steward.

We recommend that due to the demanding nature of the position the Commission formulate a set of standards which can be used as minimum qualifications for the future selection of all stewards.

5. There was concern that there is not sufficient, adequately trained personnel available to substitute for an absent employee. This presents a problem in that the absent employee has to hire an individual to perform his job while away. This leads to an undesirable situation since the substituting employee may not meet the Commission's minimum standards and the employee's loyalty to the State may be questionable.

We recommend that the Commission further investigate this difficult situation which may require the training and certifying of persons as being available as substitutes.

OCCUPATIONAL LICENSING -

6. Through observation of the License Clerk Secretary at work and conversation with each of the track stewards we were impressed with the volume of documents processed by the Clerks and were told by the stewards at the Charles Town race tracks that their Clerk worked approximately sixty hours per week in order to complete the processing of documents and that during January and February of each year the Clerk had to hire additional help paid by the Clerk, in order to process the first influx of license applications.

We recommend that the Commission investigate the feasibility of hiring additional employees to assist the License Clerk Secretaries in performing their duties.

7. The Clerks at each of the race tracks indicated that information contained in their files was confidential in nature and, thus, was not made available to the public or members of other non-related organizations. Subsequent to this representation we learned that the Commission had ordered its files opened to the public and other special interest groups. We are opposed to this action due to the confidential nature of the information which is required on a license application.

We recommend that the Commission reverse this order and again limit access to its files to the Clerks, Stewards and Commission officials.

8. Through discussion with various track officials and security personnel we determined that one of the major obstacles to investigating a license applicant was being unable to contact law enforcement agencies concerning individuals without written approval from the individual.

We recommend that all license applications be altered to include a section which would request the applicant's voluntary waiver of his rights under the privacy laws and grant the appointed security personnel access to information needed to verify the representations made on the application. This would, in effect, give security personnel a starting point for conducting an adequate investigation.

80% RULE FOR TRACK EMPLOYEES --

9. In discussion with the General Managers at the three race tracks it was discovered that none of the racing associations were attempting to comply with Section 26, Article 23, Chapter 19, Code of West Virginia, which requires that 80% of the employees of each association be residents of West Virginia for at least one year prior to their employment. The reasons given for this noncompliance with the law were that the law was unreasonable, inappropriately interfered with their internal business operations and was impossible to enforce.

We suggest that the Legislature request a study be made as to the practicability of this Section of the Code and if compliance is impossible consider its repeal.

PARI-MUTUEL POOLS --

10. The racing associations write checks for the total amount of commissions due the state and counties and present the checks to the Commission Auditor the day following the race. The checks are then deposited into local bank accounts and held until a remittance is made to the State Treasury every fifteen days. Deposits are being made at Wheeling Downs on a next-day basis. At Waterford Park, however, the Commission Auditor is not seeing that these funds are deposited promptly. Money due the Commission for a particular day is received the next evening and placed in the mail the next morning.

It is received by the bank on the third day and not posted to the State's account until the fourth day. With an average daily receipt from Waterford Park being \$16,000 to \$18,000 this results in a rather large sum of money being in transit on a continuing basis. Some similar problems exist with the transferring of funds at the Charles Town tracks.

We recommend that the Commission contact the State Treasurer in order to determine the solution to this problem.

TRACK SECURITY -

11. The State of West Virginia employs one Security Inspector at each track. The Inspectors are paid a fixed salary and are allowed to be off one racing day a week. The Inspectors select their own day off and in some cases it is the same day each week. Since there is only one Inspector per track, this means that on the Inspector's day off there is no coverage at that track.

We recommend that an alternate Inspector be hired and that no two regular Inspectors be off on the same day. The alternate Inspector would be used to cover the tracks when the regular Inspector was off.

12. During our discussion with the Racing Secretary we found that the Inspectors do not accumulate leave time. During the summer of 1978 the Inspector at the Charles Town tracks was off for three months and he hired his son as his replacement during that period. No notice was given to the Commission nor was prior approval sought. When the Racing Secretary questioned the Inspector about this he stated the Governor's office had given him approval.

We recommend that when an Inspector wishes to take a leave the leave be approved by the State Steward and the State Steward approve the Inspector's replacement.

13. The Director of Security for Waterford Park stated that due to the track's geographical location, it is difficult to attract and retain qualified personnel. Since turnover is high the staff must be continually training new personnel. We notice several unguarded gates which would allow access to the stable areas by unauthorized persons.

We recommend that the State Inspector for Waterford Park work with the track's Director of Security in an attempt to resolve the problems relating to the personnel turnover.

MEDICATION -

14. Tests are performed to determine if illegal medication has been given to an animal. In our discussions with the State Veterinarians at the three tracks concern was expressed that the laboratory testing may not be adequate.

We recommend that the Racing Commission periodically test the laboratories being used for adequacy

ELECTRONIC DATA PROCESSING SYSTEM -

15. It was noted by the Computer Audit Assistance Group of Practical Business Systems at Waterford Park that the magnetic tape wagering programs were not always maintained under lock and key when not in use.

We recommend that improvements be made in the physical security of computer programs at Waterford Park by maintaining the magnetic tape wagering programs under lock and key at all times when not in use.

16. It was observed at Wheeling Downs that the line printer on computer system "B" was not turned on in order to "save paper", which results in negating a major control offered by the duality of the overall system.

We suggest that the line printer on computer system "B" at Wheeling Downs be utilized for its purpose of reporting the wagering summaries as intended by the manufacturer. This will permit the Commission Auditor to compare mini computer system "A's" summary report with the similarly produced report from system "B" to insure that the computer systems have handled the wagers identically.

EXIT CONFERENCE -

An exit conference was held on Friday, October 13, with the Executive Secretary and all findings and recommendations were reviewed. This official concurred with all findings with the exception of No. 1 dealing with the rates used to determine the amount of withholdings.

GENERAL REMARKS

SCOPE OF AUDIT

The scope of this examination was broadened from the normal financial and compliance audit conducted by the Legislative Auditor to include an evaluation of the economy and efficiency with which the Racing Commission is operating and the results of its regulating activities.

Financial records of receipts and disbursements were reviewed for the period July 1, 1976 through June 30, 1978 in order to determine if fiscal affairs had been handled in accordance with established state policies.

APPROPRIATED FUNDS

All expenditures required for the operation of the Racing Commission are made from appropriation Account Nos. 4950-00, 4950-01, 4950-03. All disbursements from these accounts were reviewed to determine that the proper authorization and documentation was made and standard state policies adhered to. Aside from our standard review of expenditures Mr. Joe Carr, a field inspector from the Department of Finance and Administration, also reviewed the purchasing procedures and outstanding contracts on July 27, 1978. We discussed this review with him at that time and it was his opinion that all purchases were made in accordance with established procedures, and records for such purchases were being maintained properly.

Equipment in use by state employees was observed at each of the race tracks and found to be adequate and well maintained. The Commission's office in Charleston was also well equipped and an inventory record was maintained.

It is our opinion that another employee is needed in the Commission's Charleston office due to the extremely high volume of work which is processed through that office. Through discussion with the Executive Secretary we discovered that the Commission Chairman had already requested the additional help in the recently submitted budget document.

All persons appearing on the July 1978 payroll were certified by the Executive Secretary as being bona fide employees qualified to receive their checks. In addition, we observed the employees performing their duties.

PERSONNEL RECORDS

We were concerned that no personnel records were being maintained for employees of the Racing Commission. It was also observed that W-4 forms authorizing the Commission to withhold state and federal income taxes were not being maintained on a current basis. Withholding amounts were figured at whatever rates the employee requested as long as it was above the minimum allowable amount, therefore verification of amounts withheld was impossible. These deficiencies may have occurred due to insufficient staffing of the Commission's main office in Charleston. We recommend that the following steps be taken as soon as adequate staff is available:

1. Specific minimum qualifications be set by the Commission for each position;
2. A separate file be maintained for each employee with an evaluation of how well they meet the required qualifications;
3. A system of periodic performance evaluation be established whereby each employee will be evaluated at least twice each year; and
4. Current W-4 withholding forms be maintained on all active employees.

ORGANIZATIONAL STRUCTURE

The organizational structure of the West Virginia Racing Commission is as follows:

Chairman

Commissioner

Commissioner

Administrative Staff

Executive Secretary

Chief Clerk

Chief License Clerk

State Stewards (3)

Director of Audits

Director of Security

State Track Personnel

Veterinarians (3)

Auditors (3)

Security (3)

License Clerk/Secretary (3)

When this structure is compared to states surrounding West Virginia it appears to be a relatively small organization. However, it is impossible to accurately compare these states to West Virginia because of the size of the tracks. The attitude toward and types of racing in each state vary significantly; for example, Kentucky, which has more race tracks with larger facilities and a greater total pari-mutuel had only 267 thoroughbred racing days in 1977 compared to 552 thoroughbred racing days in West Virginia. The different forms of racing in each state may require varying degrees of attention from the regulating agency. Thus, there are not sufficient common grounds for forming the criteria for judging the adequacy of the organizational structure of the West Virginia Racing Commission. We may only evaluate certain desirable features of such an agency and determine how well these features protect the public interest.

Each of the surrounding states regulate racing through a Commission under the direction of the executive branch of government. The Commissions in Kentucky, Maryland and Ohio each consist of five members and the State of Pennsylvania has three commissioners to regulate both thoroughbred and harness racing. As you know West Virginia has only three commissioners to regulate both thoroughbred and greyhound racing. It is our opinion that having two different forms of racing such as this requires dedicated service from two or more of the commissioners in order for the Commission to have the necessary expertise to regulate an industry. This is often impossible due to the political nature of the position of Racing Commissioner. In a discussion with the Racing Secretary

it was determined that this has been a problem in the past whereas those individuals appointed to the Commission were professional people who could not afford to devote the time and effort required of the position. It appears that this has been the case with the present Commission, therefore it is thought that the public interest could best be served if the position of Commission Chairman were on a full-time basis. The Commission should still be composed of three part-time officials who could specialize in the various fields of concern and preside over hearings and appeals. The full-time Chairman would be responsible for the daily administration of the Commission, keeping a constant check on the racing industry as a whole and presiding as the head of the Commission in all official capacities. This is one of many possible solutions which should be considered when attempting to solve this problem.

Security is a very important function of any agency which is created for the purpose of guarding the public welfare. The Commission currently employs a Director of Security and three security men, one located at each race track. Although several states; for example, Maryland no longer employs its own security force but relies solely on the security provided by the tracks, it is our opinion that there is an obvious need for the State of West Virginia to continue to have its own inspectors on the grounds of each race track. A separate section of this report more fully details the review of the security force.

Auditing of the pari-mutuel pools is another important function of this agency which other states have attempted to eliminate. Maryland has done away with its audit staff and instead contracted with a certified public accounting firm to conduct a periodic review of each racing association's handling of the pools. It would appear that this is not sufficient control and that the Commission Auditor of pari-mutuels provides an important safeguard by being in a position to constantly observe the handling of the pools. In Ohio this responsibility has been delegated to the State Tax Department. However, the desired level of security dictates that an auditor be present at all times, thus it would be far

better for the Commission to retain this responsibility and continue its auditing function.

The stewards are the supreme authority at a race track and are responsible for supervising all activities concerning racing at their particular track. In West Virginia the head steward at each track is an employee of the Racing Commission and the other stewards are paid by the racing associations. One of these stewards is directly associated with the racing association and the other is selected by the State Steward and the Association's Steward as a neutral party and all stewards must be approved by the Racing Commission. In Ohio all of the stewards are paid by the racing association. We disapprove of this practice after having observed the need for the State to have significant influence in the regulating of the racing affairs at every level, therefore, it is recommended that the present structure of the Board of Stewards be retained. We further recommend that the Commission pay one-half of the Neutral Steward's salary to ensure that he remains a neutral party. We were concerned that the Racing Commission may have acted improperly by actually selecting the Neutral Steward at the Charles Town track. This situation was discovered through discussion with several of the Commission's employees concerning the most recent appointment to the Board of Stewards. We recommended that the Commission not interfere with the selection of future stewards in any way that would appear to weaken the structure of the Board of Stewards. We also discovered that no established qualifications exist for being a steward, therefore, due to the demanding nature of the position we recommend that the Commission formulate a set of standards which can be used as minimum qualifications for future selection of all stewards.

The Kentucky Racing Commission seemed to have the best established organizational structure of all the adjacent states used as comparison. In Kentucky racing is treated as a sport and not merely as an industry which must be regulated and taxed. Additional divisions within the Commission where special

attention is given are:

1. Special programs administration
2. Promotion and public relations
3. Research
4. Facilities inspection

Certainly these are areas that should be considered by the West Virginia Racing Commission in order to better promote racing in our State.

There was concern that there is not sufficient, adequately trained personnel available to substitute for an absent employee. This presents a problem in that the absent employee has to hire an individual to perform his job while away. This leads to an undesirable situation since the substituting employee may not meet the Commission's minimum standards and the employee's loyalty to the State may be questionable. It is a difficult situation which may require the Commission to train and certify persons as being available as substitutes. We recommend the above to the Commission for further investigation.

OCCUPATIONAL LICENSING

The License Clerk Secretary at each of the race tracks is responsible for the on-site processing of license applications and the filing of steward rulings which may affect a licensee by either imposing a fine or by suspension of the license. Each license book from which the clerks issue licenses has 150 prenumbered, sequentially controlled license forms. All license forms must be accounted for as issued or voided on the clerks' summary report which is made for each book of forms. The Racing Secretary verifies that the amount of money deposited in the local account and transferred to the State Treasury equals the amount determined on the summary reports. Procedures used by the License Clerk Secretary were reviewed and determined that they were appropriate and in accordance with the stewards' instructions.

Every person in West Virginia involved in racing must purchase a license

each year. When a license is granted the License Clerk Secretary creates a file card for that individual in triplicate if it is a thoroughbred license. The original card is sent to the Commission's Charleston office where it is retained for ten years. The other two cards are retained at each of the tracks if it is a thoroughbred license. If it is a greyhound racing license only two cards are prepared with the original being sent to the Commission's Charleston office. Any rulings made against a licensee subsequent to that time are recorded on these cards and official notice is sent to the other race track (if it is thoroughbred), to the Charleston office and to a national center for such information located in Lexington, Kentucky, known as NASRIS. A new card is created for an individual each year that a license is granted. When an application is received for a license, the individual is first investigated through the Racing Commission's files, then by the track's security force and through the NASRIS system. The Charles Town race tracks are serviced by the Thoroughbred Racing Protective Bureau which is a national organization providing security services to the tracks for a fee. License applications must be approved by the Board of Stewards and receive the signature of all three stewards. The License Clerk Secretary may then issue the license upon receipt of the appropriate fee. We were assured by the stewards at each track that by requiring a new license and investigating all applicants each year the State of West Virginia is able to avoid problems with convicted felons and illegal aliens as has recently been revealed in California and Maryland. We reviewed the stewards rulings issued in the past two years and observed several incidents of persons being denied licenses until they could positively prove their citizenship.

The License Clerk Secretaries check the racing program daily to determine if any owners or trainers of any entries in that evening's races have not been licensed. If there are any, they are pointed out to the State Inspector who gives them notice that they are obligated to be licensed. If any entry is allowed to run without its owner and trainer being properly licensed, any purse money won

by the horse is held by the horsemen's bookkeeper until the license is acquired.

The stewards check the daily racing form each day in order to determine what rulings were issued in other states against persons racing in West Virginia. The NASRIS service also provides this type of information, therefore the file of licensees is constantly being updated. West Virginia is part of a reciprocal agreement with other states allowing racing, thus assuring the uniform acceptance of stewards' rulings nationally.

Through observation of the License Clerk Secretary at work and conversation with each of the track stewards, we were impressed with the volume of documents processed by the Clerks and were told by the stewards at the Charles Town race tracks that their Clerk worked approximately sixty hours per week in order to complete the processing of documents and that during January and February of each year the Clerk had to hire additional help, paid by the Clerk, in order to process the first influx of license applications. (This is certainly an unreasonable burden to be placed upon an employee and we recommended that the Commission investigate the feasibility of hiring an additional employee to assist the License Clerk Secretaries in performing their duties.)

The Clerks at each of the race tracks indicated that information contained in their files was confidential in nature and, thus, was not made available to the public or members of other non-related organizations. Subsequent to this representation we learned that the Commission had ordered its files opened to the public and other special interest groups. We are opposed to this action due to the confidential nature of the information which is required on a license application. We recommend that the Commission reverse this order and again limit access to the Commission's files to the Clerks, Stewards and Commission officials.

Through discussion with various track officials and security personnel we determined that one of the major obstacles to investigating a license applicant was being unable to contact law enforcement agencies concerning individuals without

written approval from the individual. (We recommended that all license applications be altered to include a section which would request the applicant's voluntary waiver of his rights under the privacy laws and grant the appointed security personnel access to information needed to verify the representations made on the application. This would, in effect, give security personnel a starting point for conducting an adequate investigation.)

80% RULE FOR TRACK EMPLOYEES

In discussions with Mike Romain, General Manager of Wheeling Downs; Howard S. Graham, General Manager of Waterford Park; and, William J. McDonald, General Manager of Charles Town, it was discovered that none of the racing associations were attempting to comply with Section 26, Article 23, Chapter 19 of the West Virginia Code which requires that 80% of the employees of each association be residents of West Virginia for at least one year prior to their employment. The reasons given for this noncompliance with the law were that the law was unreasonable, inappropriately interfered with their internal business operations and was impossible to enforce. We suggest that the Legislature request a study be made as to the practicability of this section of the Code. If compliance is impossible consider its repeal.

ECONOMIC FACTORS

The racing industry is very important not only to the communities in which they are located but also to the general prosperity of Jefferson and Hancock Counties and the State of West Virginia. Just how large an influence racing has on the economy cannot be accurately measured in monetary terms. The benefits of racing to the State of West Virginia are realized through:

1. State pari-mutual taxes.
2. State income taxes from the racing associations.
3. State income taxes from owners and their employees.
4. Business and occupation taxes.

5. Consumers' sales tax collections.
6. County pari-mutuel taxes.
7. Real property taxes assessed by the counties.
8. Increased economic activity -
 - a. Increase in interstate commerce realized by local shops;
 - b. Increased motel accommodations;
 - c. Increased business for feed suppliers;
 - d. Utilities useage;
 - e. Racing association's dealings with local banks;
 - f. The salaries of approximately 1,200 track employees which remain in the local community;
 - g. The horsemen's and kennels' winnings and salaries to owners, trainers, jockeys, grooms, veterinarians, blacksmiths, etc., which remain in the local community; and
 - h. Other unidentifiable profits and taxes realized by the operation of the resultant breeding farms and kennels.

Although these items cannot be quantified, their effects can be seen very easily in the local community. Local merchants in Charles Town close their business early on Mondays when the tracks are not operating. This same relationship can be seen in both the Wheeling and the Waterford Park areas. From the above it appears that racing has become such an integral part of the economy of our State that careful scrutiny is required of its operations and prompt attention to its problems. This again indicates the need for an active, responsive Racing Commission to monitor and regulate the racing industry.

PARI MUTUEL WAGERING

The total commission withheld from the pari-mutuel pools in thoroughbred racing and its divisions were as follows:

	<u>Total Commissions</u>	<u>State's Share</u>	<u>Purses</u>	<u>Association</u>	<u>Counties' Share</u>
6/30/78	<u>\$33,255,632.81</u>	<u>\$ 9,751,074.12</u>	<u>\$12,129,188.45</u>	<u>\$11,202,044.04</u>	<u>\$173,326.20</u>
6/30/77	<u>\$33,741,051.42</u>	<u>\$11,247,017.13</u>	<u>\$11,247,017.13</u>	<u>\$11,051,416.88</u>	<u>\$195,600.28</u>

The total commissions withheld in greyhound racing were as follows:

	<u>Total Commissions</u>	<u>State's Share</u>	<u>Association</u>
6/30/78	<u>\$ 7,696,919.39</u>	<u>\$ 2,503,815.76</u>	<u>\$ 5,193,103.63</u>
6/30/77	<u>\$ 5,252,503.68</u>	<u>\$ 1,622,680.46</u>	<u>\$ 3,629,823.22</u>

In comparison with other states that permit pari-mutuel wagering, West Virginia's total commission withheld is one of the highest. It is impossible to accurately compare the taxing methods of the various states because there are so many different methods in use. However, the trend in taxing seems to be toward reducing the percentage of the pools taken from the public in an effort to encourage the generally declining industry. One of the more noticeable changes occurred in the State of New York where the commission was lowered from 17% to 14% on a trial basis as a result of recommendations by a marketing consulting firm's investigation. The result was that the Saratoga race track enjoyed its largest opening day in its 115 year history. The Belmont race track also reported an upsurge in attendance and wagering since the commission was lowered.

It is impossible to draw substantiated conclusions from the limited resources that are available at this time and it is difficult to form an opinion due to the conflicting opinions offered by those individuals involved in the racing industry. In the past State Racing Commission Chairman, Hary Buch, was quoted as being against lowering the total commission and lowering the State's share. The present Commission Chairman, William E. Watson, told us that he recognized the need for some sort of action due to the obvious decline of the

industry but had not decided as to what that action should be. The General Manager of Waterford Park, Howard S. Graham, was quoted in the past as saying that a 2% reduction in the commission withheld would result in a one-half to three-quarters of a million dollar increase for Waterford Park. But in a conversation with Mr. Graham, he said he did not think that lowering the commission would have the desired effect. Instead, he suggested that the commission be redistributed to provide more funds to the racing associations and to the horsemen. The General Manager of the Charles Town Turf Club, William J. McDonald, suggested that a slight reduction in the commission taken from regular wagering and a more drastic cut in the commission on multiple wagering would have the greatest benefit to his association.

Clearly there are no absolute answers to this problem. The total racing attendance has increased in recent years but not at the same rate as the number of racing days has increased. The significance of increasing racing days and the decrease in average daily attendance is difficult to determine. The increase in total attendance and total pari-mutuel wagering would seem to indicate that racing has not lost its popularity on the national level. But it is impossible to compare West Virginia's tracks with any other because of their unique characteristics and situations which are:

1. Both horse tracks are located in small towns and must draw a significant number of their patrons from major metropolitan areas located about an hour's drive away.
2. All of the tracks are in direct competition with tracks located in other nearby states which operate under a different set of rules.
3. Inclement weather has been a factor in the past two winters causing the loss of several racing days.

4. Repairs to Route 340 has been a major problem in the Charles Town area.
5. The reconditioning of the Charles Town track in the spring of 1978 caused several racing days to be lost.

Since the present structure of the pari-mutuel commission and its various divisions were established by the Legislature and determined to be an equitable formula, it would seem to be a reasonable assumption that any reduction in the commission which the Legislature would decide to make should be absorbed uniformly among all the parties involved. In this way, the patrons would benefit from the reduced commission and each of those parties would benefit equally by any increase in the total pari-mutuel wagering.

The general decline of racing in West Virginia, for whatever reason, is certainly a matter of great concern that should receive the Legislature's attention in its next regular session.

PARI-MUTUEL POOLS

Each race track employs its own personnel to sell and cash pari-mutuel tickets. The sellers and cashiers work behind a counter which has limited access although the areas are not enclosed at Wheeling Downs and Waterford Park. Each seller and cashier works from a bank of money which is provided to the employee each evening prior to the start of racing. The employee must balance his funds after each racing day and is personally liable for any shortages which may occur.

We were shown various examples of counterfeit bills accepted at the wagering windows. Employees are not held personally liable for accepting counterfeit bills unless they do so repeatedly and are suspected of wrongdoing. According to the Waterford Park Director of Security, James T. Niland, counterfeit bills are an increasingly common occurrence.

Blank tickets for wagering are stored in a locked room with access limited to the mutuel department's designated personnel. The face of the tickets are blank as they are loaded into the ticket issuing machines and locked into place. Special codes which are unique for each race are manually placed into each of the ticket issuing machines between races and a set of tickets are printed as a test in order to ensure that the same codes are in all the machines. The ticket issuing machines print the following information on each ticket as it is sold:

1. Type of wagering
2. Dollar amount of wager (printed name and symbol)
3. Race number
4. Race track and date
5. The selected horse number
6. Security code
7. The identifying number of the seller window

The issuing machines are in sequence with the computers and all sales are automatically registered in the computers. Any counterfeit tickets which are cashed and could reasonably be mistaken for authentic tickets are the responsibility of the totalizator company.

All totalizator equipment is owned and operated by the manufacturer and is leased to the tracks. The totalizator companies currently under contract are:

1. Western Totalization Company - Wheeling Downs
2. Automatic Totalizator Company - Waterford Park
3. American Totalizator Company - Charles Town Race Tracks

The tote boards at each of the tracks are tied into a dual computer system. The information from the ticket issuing machines is fed into each of the computers. The computers operate separately from one another and their outputs are compared to ensure accuracy.

The stewards control the timing of the end of wagering from the control room by automatically locking the issuing machines. As soon as the race begins the wagering stops and the computers begin printing out the results of the wagering. The results of wagering and the calculated payoffs are printed in triplicate with one copy being provided to each of the following:

1. Commission Auditor of pari-mutuels
2. Mutuel manager
3. Totalizator files

The Commission Auditor then checks the computation of the payout and the breakdown of the commission withheld. The racing associations write checks for the total amount of commissions due the state and counties and present the checks to the Commission Auditor the following day. These checks are then deposited into local bank accounts and held until a remittance is made to the State Treasury every fifteen days. These funds are deposited into Account No. 1600-86 and are obligated to pay professional teacher salaries in accordance with Section 116, Article 23, Chapter 19 of the West Virginia Code. Deposits are being made at Wheeling Downs on a next-day basis. At Waterford Park, however, the Commission Auditor is not seeing that these funds are deposited promptly. Money that is due the Commission for a particular day is received the next evening and placed in the mail the next morning. It is received by the bank on the third day and not posted to the state's account until the fourth day. With an average daily receipt from Waterford Park being \$16,000 to \$18,000 this results in a rather large sum of money being in transit on a continuing basis. Some similar problems exist with the transferring of funds at the Charles Town tracks. (We recommend that the Commission contact the State Treasurer in order to determine the solution to this problem.)

Daily collection reports are being prepared by the Commission Auditors at each track along with summary reports prepared at the end of each racing meet. These reports are reviewed by the Director of Audits and the Racing Secretary and are maintained in good order in the Commission's Charleston office.

TAX LAWS AFFECTING WAGERING

On May 18, 1977 the Internal Revenue Service began ordering the collection of 20% of pari-mutuel winnings from patrons whose payoffs were \$1,000 or more on a \$2 wager. The tax is collected at the cashier's window before the actual payoff. Under the previous law, gamblers who collected \$600 or more on a \$2 wager were required to sign an I.R.S. Form 1099 at the cashier's window and the taxes were collected at the end of the year. This is still done on payoffs between \$600 and \$999. The major reason for the law change was the inability of the I.R.S. to collect the taxes.

A recently published study made by the Commission on the Review of the National Policy Toward Gambling reported that "The federal income tax on gambling is the single greatest obstacle to effective competition with illegal gambling operations." Former Commission Chairman, Harry Buch, stated that the tax law has obviously had a negative effect on the racing industry in West Virginia. All parties involved in racing are adversely affected by this tax law which results in the removal of these funds from the hands of the gambling public. According to the Racing Secretary, an industry study estimated that gambling winnings are reinvested in wagering pools an average of four times an evening. Once these funds are taken out of circulation, each subsequent pool is reduced, which consists of the gambler's winnings as well as the state, county and association's revenues and horsemen's purses.

SPECIAL EVENTS IN RACING

There are a number of special racing events which have been helpful in promoting racing in West Virginia. Customarily stakes races are primarily financed by the sponsoring tracks. However, the Racing Commission instituted one of the first plans whereby the State contributes to the cost of such events from the unredeemed tickets pool. This was recognized nationally as a major innovation in racing.

Two of the major events in thoroughbred racing are races for three-year-old horses. The "West Virginia Derby" is a stakes race which runs at Waterford Park. This year it was held on August 21, 1978 and paid a total purse of \$50,000. The "Mountain State Futurity" is another three-year-old race which runs at Charles Town. This event can boast of being the only true futurity race in the nation and will be run this year on November 4, 1978. Other major events in thoroughbred racing are the "Mountain Stakes Race" and the "Charles Fund Memorial."

The Commission also added to stakes races for greyhounds at Wheeling Downs. The Commission donated \$3,000 on one occasion and \$7,500 on another. The Racing Secretary reported that more such events were being planned.

The Commission's contributions are unique to the racing industry since they are financed from unredeemed pari-mutuel tickets. All unredeemed tickets from Wheeling Downs are reserved solely for stakes races. The major portion of unredeemed tickets from thoroughbred racing is used to pay breeders' awards but this is also the source of contributions.

BREEDERS' AWARDS

The State of West Virginia encourages its race horse breeding industry by granting awards equal to 10 percent of the purse won by West Virginia bred horses to owner, breeder and sire owner if they qualify as residents. Funds for this program are derived exclusively from the expiration of unredeemed pari-mutuel tickets.

Currently there are approximately 360 individuals who are qualified to receive the awards and are on file with the Racing Commission. According to the Association's Steward at Charles Town, Mr. Frank Utterback, the breeding program has been much more beneficial to racing at Charles Town than it has at Waterford Park. Mr. Utterback has served as steward at both locations. It is his opinion that the program has been very beneficial and helped to ease the problem of finding a sufficient number of horses in order to race year-round.

In order to qualify for the breeders' award program an individual must be declared a bona fide resident of the State of West Virginia for the past two years in accordance with Section 13, Article 23, Chapter 19 of the West Virginia Code. The criteria for proving residency in accordance with this law is proof that the individual paid state income taxes or real or personal property taxes for the two years immediately preceding the year in which the claim is made. Investigation of the residency requirements is made by the State Inspector and final approval is given by the State's Director of Security who notifies the Commission's Charleston office of his findings. No documentation is retained except in disputed cases. All claims for breeder awards are paid through a local account held at the Kanawha Valley Bank in Charleston and accounted for by the Chief Clerk. Payments are made only in response to a properly submitted claim.

Veterinarians at both horse tracks view the quality of West Virginia bred horses as being good although not on a par with that of the more established breeding states.

It would appear from our observations that the breeder award program is having the desired effect by encouraging the development of the breeding industry in West Virginia.

UNCLAIMED PARI-MUTUEL TICKETS

All moneys which are held by the racing associations for payment of outstanding pari-mutuel tickets, if not claimed within ninety days after the close of that race meeting, must be turned over to the Racing Commission within fifteen days after the end of that ninety-day period. Those funds are then deposited in the Commission's account at the Kanawha Valley Bank. The Commission then publishes a public notice of the holding of these funds in newspapers within the appropriate counties. Tickets may then be redeemed at the Commission's Charleston office for an additional ninety-day period. All tickets remaining unclaimed after this second ninety-day period are declared irredeemable

and the corresponding funds become the property of the Racing Commission. All such funds have been obligated to the breeder award program and other special events which the Commission may deem appropriate.

TRACK SECURITY

The State of West Virginia employs one Security Inspector at each track. The Inspectors are under the direct supervision of the State Steward at each track and their work is periodically reviewed by the Commission's Director of Security. Each of the Inspectors stated they have certain areas which must be checked periodically but no set routine is repeated each day.

The Inspectors are paid a fixed salary and are allowed to be off one racing day a week. The Inspectors select their own day off and in some cases it is the same day each week. Since there is only one Inspector per track, this means that on the Inspector's day off there is no coverage at that track. We recommend that an alternate Inspector be hired and that no two regular Inspectors be off on the same day. The alternate Inspector would be used to cover the tracks when the regular Inspector was off.

During our discussion with the Racing Secretary we found that the Inspectors do not accumulate leave time. During the summer of 1978 the Inspector at Charles Town tracks was off for three months and he hired his son as his replacement during that period. No notice was given to the Commission nor was prior approval sought. When the Racing Secretary questioned the Inspector about this he stated the Governor's office had given him approval. We recommend that when an Inspector wishes to take a leave the leave be approved by the State Steward and the State Steward approve the Inspector's replacement.

We observed the security at each of the tracks and spoke with several of the parties involved in order to make the following evaluations:

WHEELING DOWNS

This track has a small security force because the size of the facilities

being utilized is much less than required for horses. Security appeared to be adequate.

WATERFORD PARK

The Director of Security for Waterford Park stated that due to the track's geographical location, it is difficult to attract and retain qualified personnel. The average number of security personnel at Waterford is 40 to 44. Since turnover is high the staff must be continually training new personnel. We noticed several unguarded gates which would allow access to the stable areas by unauthorized persons. We recommend that the State Inspector for Waterford Park work with the track's Director of Security in an attempt to resolve the problems relating to the personnel turnover.

CHARLES TOWN

The Charles Town Turf Club has an average of about 32 security guards on staff. The track's management stated that employee turnover was not a significant problem. There are more grounds area and several hundred more horses at Charles Town than at Waterford Park but the security force seems to control the areas very well. All areas inspected and gates observed were properly guarded or locked. In addition to their own security force the association employs the Thoroughbred Racing Protective Bureau (TRPB) whose duty is to investigate license applicants, suspicious persons on the grounds and police the facilities. The service is employed by 55 tracks across the country and provides a national system of security information to its subscribers.

We believe the Racing Commission's role in ensuring good security at the tracks is a very important function. Some states are reported to have security personnel who are appointed by the State but paid by the track. This used to be the case in West Virginia but this obvious conflict of interest no longer exists.

We think that security at a race track is of primary importance and that each track should be continuously monitored to ensure consistent protection. Some

alternatives which may be considered for improving security are:

1. Employ an additional security Inspector at each track;
2. Require all tracks to subscribe to TRPB; and
3. Require a periodic review of the tracks' security by an independent investigating agency.

MEDICATION

Tests are performed to determine if illegal medication has been given to an animal.

West Virginia has a controlled medication program whereby animals may, under certain conditions, receive lasix or butazone. This State was one of the last states to permit the use of these drugs and Chairman Watson has expressed concern over its use since the drugs may harm the animal and endanger the rider's life. Acceptance of similar medication programs by other states would make this a difficult rule to change but further investigation into the matter is suggested.

The cost of testing is approximately \$13 each and must be paid by the tracks. Between ten and twenty test samples may be selected each evening and it is our opinion that this is a regulating activity of the Commission and should be paid by the State.

In our discussions with State Veterinarians Caroline M. Gall, Waterford Park; Dale D. Keyser, Charles Town; and, Carl W. Groppe, Wheeling Downs, concern was expressed that the laboratory testing might not be adequate. None of the Veterinarians could determine a discriminating difference between the two laboratories in that neither had higher incidents of positive tests than the other. Not any of the above State officials could remember the laboratories ever being tested thereby raising a question concerning the accuracy of testing. However, during our review of the Charleston office files we noted that the laboratories had been tested during 1972 and found to be adequate. We recommend that the Racing Commission periodically test the laboratories being used for adequacy, also,

Practical Business Systems

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November 6, 1978

Mr. Encil Bailey
Legislative Auditor
Joint Committee on Government
and Finance
West Virginia Legislature
Charleston, W. VA 25305

Dear Mr. Bailey:

During the period September 22 through November 5, 1978, Mr. Earl Jacobs of our Computer Audit Assistance Group reviewed the computer systems controls of the following racing facilities governed by the West Virginia Racing Commission:

Waterford Park	-	Chester, WV
Charles Town Turf Club	-	Charles Town, WV
Wheeling Downs	-	Wheeling, WV

The Shenandoah racing facility is also located at Charles Town, WV, but doesnot conduct meets concurrent with the Charles Town Races. These two facilities share the annual race day calendar, track personnel, computer and ticket issuing machines. Therefore, the findings and recommendations resulting from our review of the computer operations of the Charles Town Racing facility should be applicable to the Shenandoah track except for the physical security measures that would be unique to the latter facility.

Our work was carried out based on the instructions received during our September 22, 1978 meeting with you and the legislative auditors assigned to the audit of the West Virginia Racing Commission. Our purpose in performing the reviews was to augment your audit with our specialized skills in the study and evaluation of the control measures designed and programmed into the computerized systems that control the issuance of tickets and betting operations at each of State's racing facilities. The

review of each facility's computerized processes was aimed at the following specific objectives:

- determining whether the electronic architecture, program and hardware configuration of each computer system is designed to provide consistently accurate issuance of tickets and control of the betting process,
- determining whether the manual procedural controls over the computer process, the separation of duties and state auditor functions are sufficiently adequate to protect against the potentials for computer assisted fraud,
- determining whether the physical security of computer room, equipment, programs and data is adequately provided for.

An overview of the computer operations of each of the State's racing facilities, our respective findings and recommendations are presented in the following pages of this report.

GENERAL OVERVIEW OF THE COMPUTER PROCESSES

The issuance of tickets, accountability and control of mutual betting at each of the State's racing facilities is managed by computer. The computer hardware, programs and operating personnel are provided by manufacturers specializing in the design and construction of these sophisticated computer based systems. The management of each track has selected computer systems from different manufacturers. Each of these systems, however, are similar in that they provide the basic essentials for accurately issuing wagering tickets to the betting public and accurately accounting for the overall mutual wagering process.

As an example, each manufacturer's system links each ticket issuing machine simultaneously to two separate computer processors. The purpose of dual processing of each wager is to provide uninterrupted processing in case of the failure of one of the computer processors, as well as, providing the means of comparing the computational calculations of one computer processor to another. Each computer processor is also directly

connected to its own printer in order to provide printed documentation of the wagering on each race as calculated and summarized by that computer system.

At each of the tracks, the computer calculates the odds and payoffs on each participant based on the win, place, show and exotic wagering pools created by the betting public. This information is prominently displayed on the track tote board and numerous close circuit video displays located throughout the track enclosure. The computer updates the displayed information at least every 60 seconds, therefore, keeping the wagering public apprised of the trends in betting. The computer system accounts for each ticket issued by its denomination and the number of winning tickets issued by each window.

Horse races are officiated by stewards and dog races are officiated by judges. These officials are responsible for electronically interrupting the computer process to halt further betting and issuance of tickets. These officials are also responsible for identifying the precise order of finish which is entered into the computer to calculate the amounts to be paid on paying tickets.

The personnel responsible for the operation of the computer equipment, setup and maintenance of the ticket issuing machines are employees of the equipment vendor supplying the respective track. The operation of the ticket issuing machines and other mutual functions are carried out by track employees. The State Racing Commission provides a state auditor for each track. The auditor is present in the computer/mutuals room during each race for the purpose of insuring that the computer process is functioning normally and to investigate any irregularities, if any, that may occur.

Computer equipment, programs, data and operating personnel are housed in secured enclosures at each racing facility. During a racing night, security guards deter non authorized entry to the otherwise locked computer rooms.

In general, it is our opinion that the wagering processes carried out by computer at each of the racing facilities within the State should result in the accurate issuance of wagering tickets, calculation of paying amounts and controlled summation of total wagering.

OVERVIEW OF THE COMPUTER PROCESS AT WATERFORD PARK

The ticket issuing machines (TIMs) and computer system at Waterford Park are provided by Auto Tote Limited. The vendor also provides a computer room manager, an operator and four TIM mechanics. There are 76 ticket issuing machines utilized at Waterford Park. The computer system is configured as follows:

	SYSTEM A	SYSTEM B	SHARED DEVICES	PURPOSE
1.	DEC PDP 8E Minicomputer 32K core memory	DEC PDP 8E Minicomputer 32K core memory	Spare PDP 8E Minicomputer 32K core memory	Wagering control, accounting, tote board display control
2.	Cassette tape unit	Cassette tape unit	Spare tape unit	Program loading
3.	Console log printer	Console log printer	Spare log printer	Recording system interruptions
4.	300 LPM Printer	300 LPM Printer		Printing 60 second interval wagering summations and TIM control totals
5.			Tote control console and spare	Keyboard interrupt for entering morning line odds, race participants and interfaced with Stewards electronic switch for starting and stopping all wagering
6.			TIM Scanner No. 1	Interfaces even numbered TIM machines to computer A & B
			TIM Scanner No. 2	Interfaces odd numbered TIM machines to computer A & B
7.			A binary punched card reader	Establishes ticket denomination for each TIM
8.			Punched card reader and spare card reader	Entry of sheet writing punched cards into computer system
9.			IBM 029 Key Punch	Key punching sheet writing cards

This basic system has been utilized at Waterford Park for approximately six years. Each wager generated by each TIM unit is processed simultaneously by system A & B minicomputers. Minicomputer A's results are compared with Minicomputer B's results and equality must exist before a wagering ticket is issued. As each valid wager is processed, each minicomputer system logs the wager in its memory. Every 60 seconds each minicomputer prints an up-to-date summary of wagering.

The State auditor compares minicomputer system A's summary report with the similarly produced report from system B to insure that the computer systems have handled the wagers identically. Irregularities, if any, are investigated and appropriate disposition made.

In our opinion, the computer system utilized at Waterford Park will provide consistently accurate issuance of tickets and control of the betting process. We also have judged the manual procedural controls over the computer process, the separation of duties of operating personnel and the activities of the State auditor to be sufficient protection against the potentials for computer assisted fraud. We would recommend, however, that improvements be made in the physical security of computer programs by maintaining the magnetic tape wagering programs under lock and key at all times when not in use.

OVERVIEW OF THE COMPUTER PROCESS AT CHARLES TOWN

The ticket issuing machines (TIMs) and computer system at the Charles Town Turf Club are provided by American Totalisator Co. This same equipment is also utilized at the Shenandoah Racing Facility during its meets. The vendor also provides an EDP manager and assistant, two keypunch operators and four TIM mechanics. There are 141 ticket issuing machines in use at Charles Town, 73 of which are single usage machines and 68 of which are double usage units. The computer system is configured as follows:

	SYSTEM A	SYSTEM B	SHARED DEVICES	PURPOSE
1.	Varian 620 I Minicomputer 32K MOS Memory	Varian 620 I Minicomputer 32K MOS Memory	Spare 620 I Minicomputer 32K MOS Memory	Wagering control, accounting, tote board display control
2.	Magnetic Tape Reel Unit			Program loading
3.	Magnetic Tape Reel Unit	Magnetic Tape Reel Unit		Records all wagering transactions
4.	300 LPM Printer	300 LPM Printer		Printing 60 second interval wagering summations and TIM control totals
5.			Tote control display console	Keyboard interrupt for entering morning line odds, race participants and interfaced with Stewards electronic switch for starting and stopping all wagering
6.			TIM Scanner	Interfaces TIM machines to computer A & B
7.			A TIM & DIM interface	Establishes ticket denomination for each TIM & DIM
8.	Univac card punch	Univac card punch		Entry of cashiers vouchers, cashier accounting & outs book

This system has been in use for approximately seven years. Each wager created through the TIM & DIM units is processed by minicomputer systems A & B simultaneously. A wagering ticket cannot be issued without passing the programmed validity checks of both minicomputer systems. Each valid wager is logged into the memories of the dual computer systems. A minute-by-minute update of wagering per TIM & DIM units is printed by the line printers attached to each system. Additionally, this same information is recorded historically on the magnetic tape reels supplied with each computer system. The historical recording of wagering summary is unique to American Totalisator systems.

Complete battery backup is provided for the volatile MOS memories of the Varian minicomputer systems. This insures that the integrity of the data in memory will be retained during an electrical power failure.

The State auditor compares minicomputer system A's summary report with the similarly produced report from system B to insure that the computer systems have handled the wagers identically. Irregularities, if any, are investigated and appropriate disposition made.

In our opinion, the computer system utilized at Charles Town will provide consistently accurate issuance of tickets and control of the betting process. We also have judged the manual procedural controls over the computer process, the separation of duties of operating personnel and the activities of the State auditor to be sufficient protection against the potentials for computer assisted fraud. It was also our observation that the physical security of the computer room, its equipment, programs and data is adequate.

OVERVIEW OF THE COMPUTER PROCESS AT WHEELING DOWNS

The ticket issuing machines (TIMs) and computer system used for dog racing at Wheeling Downs are provided by Westote, Inc. The vendor also provides a computer engineer, an operator and three TIM mechanics. There is a maximum potential for a combination of 96 single and dual purpose ticket issuing machines (TIMs & DIMs). The computer system is configured as follows:

	SYSTEM A	SYSTEM B	SHARED DEVICES	PURPOSE
1.	Varian V 77-200	Varian V 77-200	Spare parts are provided rather than a complete spare computer	Wagering control, accounting, tote board display control - system updates tote display every seven seconds during wagering
2.	Magnetic Disk Cartridge Unit	Magnetic Disk Cartridge Unit	Spare Disk Cartridge Unit	Program loading and single race wagering data storage
3.	Magnetic Flexible Disk Unit	Magnetic Flexible Disk Unit		Backup in case of cartridge disk failure
4.	600 LPM Printer	600 LPM Printer		Printing final wager summary and TIM control totals
5.			Dual video terminal and tote control console	Keyboard interrupt for entering morning line odds, race participants and interfaced with Judges electronic switch for starting and stopping all wagering - dual keyboard entry of cashier sheet writing to disk storage
6.			TIM Scanner	Interfaces TIM & DIM machines to computers A & B
7.			Cashiers video displays	Displays computer prepared paying amounts for each cashier

This system is in its first year of use under a five year contract with Wheeling Downs. Each wager generated by the TIM & DIM units is processed simultaneously by the dual minicomputer systems and result equality must exist before a wagering ticket is issued. Each minicomputer logs wagers into its memory and based on this data the tote board and related video displays are updated with new wagering data every seven seconds. The final computation of wagering payoffs per participant is calculated and printed by this high-speed computer system prior to the completion of each race. This feature is unique to the Westote system.

Complete battery backup is provided for the volatile MOS memories of the Varian minicomputer systems. This insures that the integrity of the data in memory will be retained during an electrical power failure.

In our opinion, the computer system utilized at Wheeling Downs will provide consistently accurate issuance of tickets and control of the betting process. We also have judged the manual procedural controls over the computer process, the separation of duties of operating personnel and the activities of the State auditor to be sufficient protection against the potentials for computer assisted fraud. It was also our observation that the physical security of the computer room, its equipment, programs and data is adequate.

We would suggest, however, that the line printer on computer system B be utilized for its purpose of reporting the wagering summaries as intended by the manufacturer. It was our observation that the printer was not turned on in order to "save paper", which results in negating a major control offered by the duality of the overall system.

This will permit the State auditor to compare minicomputer system A's summary report with the similarly produced report from system B to insure that the computer systems have handled the wagers identically.

AUDITORS' OPINION

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

Sir:

We have examined the statements of appropriations and expenditures, statement of funds collected and remitted to state treasury, statement of funds collected and remitted to county commissions, and statement of cash receipts and disbursements of the West Virginia Racing Commission for the years ended June 30, 1978 and June 30, 1977. 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 described in Note A, the Commission's policy is to prepare its financial statements on a cash basis; consequently, 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 accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the appropriations and expenditures, funds collected and remitted to state treasury, funds collected and remitted to county commissions, and cash receipts and disbursements for the years ended June 30, 1978 and June 30, 1977, on a basis consistent with that of the preceding year.

The accompanying supplemental information is not necessary for fair presentation of the financial statements, but are presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Thedford L. Shanklin, CPA
Director, Postaudit Division

October 13, 1978

Auditors: William H. Harmon
Don Hager
James Pritt
Gary Yeager

WEST VIRGINIA RACING COMMISSION

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Appropriations:		
Personal Services	\$396,566.00	\$334,825.00
Current Expenses	57,725.00	47,291.00
Equipment	2,000.00	2,000.00
	<u>456,291.00</u>	<u>384,116.00</u>
Expenditures:		
Personal Services	384,464.50	334,756.48
Current Expenses	46,026.08	44,370.23
Equipment	1,925.61	521.70
	<u>432,416.19</u>	<u>379,648.41</u>
Unexpended Balance July 30	23,874.81	4,467.59
Transmittals Paid in July	<u>3,120.25</u>	<u>2,762.19</u>
Unexpended Balance June 30	<u>\$ 26,995.06</u>	<u>\$ 7,229.78</u>

See notes to financial statements

WEST VIRGINIA RACING COMMISSION

STATEMENT OF FUNDS COLLECTED AND REMITTED TO STATE TREASURY

PARI-MUTUEL COMMISSIONS AND DAILY LICENSE TAX

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Beginning Balance:		
Charles Town Turf Club	\$ 328,603.32	\$ 178,674.49
Waterford Park	231,796.40	251,591.29
Wheeling Downs	<u>158,027.34</u>	<u>-0-</u>
	718,427.06	430,265.78
Collections:		
Charles Town Turf Club	5,070,634.85	6,182,345.97
Waterford Park	4,817,439.27	5,201,921.16
Wheeling Downs	<u>2,546,865.76</u>	<u>1,661,530.46</u>
	<u>12,434,939.88</u>	<u>13,045,797.59</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$13,153,366.94</u>	<u>\$13,476,063.37</u>
Deposited in State Treasury:		
Charles Town Turf Club	\$ 5,092,294.66	\$ 6,032,417.14
Waterford Park	4,617,904.51	5,221,716.05
Wheeling Downs	<u>2,431,702.48</u>	<u>1,503,503.12</u>
	12,141,901.65	12,757,636.31
Deposit in Transit to State Treasury:		
Charles Town Turf Club	224,742.83	-0-
Waterford Park	<u>214,340.32</u>	<u>-0-</u>
	439,083.15	-0-
	<u>12,580,984.80</u>	<u>12,757,636.31</u>
Ending Balance:		
Charles Town Turf Club	82,200.68	328,603.32
Waterford Park	216,990.84	231,796.40
Wheeling Downs	<u>273,190.62</u>	<u>158,027.34</u>
TOTAL CASH ACCOUNTED FOR	<u>\$13,153,366.94</u>	<u>\$13,476,063.37</u>

See notes to financial statements

WEST VIRGINIA RACING COMMISSION

STATEMENT OF FUNDS COLLECTED AND REMITTED TO STATE TREASURY

LICENSE FEES AND FINES

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Medical Expenses - Account 8080-99		
Beginning Balance:		
State Treasury	\$ 1,279.70	\$143,276.75
Deposit in Transit to State Treasury	<u>11,054.50</u>	<u>505.50</u>
	12,334.20	143,782.25
Receipts into State Treasury:		
Charles Town Turf Club	51,345.00	48,657.00
Waterford Park	44,894.50	36,060.00
Wheeling Downs	10,770.00	11,540.50
Commission Fines	<u>500.00</u>	<u>-0-</u>
	107,509.50	96,257.50
 TOTAL CASH TO ACCOUNT FOR	 <u>\$119,843.70</u>	 <u>\$240,039.75</u>
Disbursements:		
Research, educational, and medical expenses	\$ -0-	\$ 1,264.70
Contractual and professional services	-0-	15.00
Transfers to General Revenue Account 4950-82	<u>-0-</u>	<u>226,425.85</u>
	-0-	227,705.55
Ending Balance:		
State Treasury	104,046.70	1,279.70
Deposit in Transit to State Treasury	<u>15,797.00</u>	<u>11,054.50</u>
	119,843.70	12,334.20
 TOTAL CASH ACCOUNTED FOR	 <u>\$119,843.70</u>	 <u>\$240,039.75</u>

See notes to financial statements

WEST VIRGINIA RACING COMMISSION

STATEMENT OF FUNDS COLLECTED AND REMITTED TO COUNTY COMMISSIONS

PARI-MUTUEL COMMISSIONS

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Beginning Balance:		
Bank of Charles Town	\$ 5,082.55	\$ 2,430.86
Bank of Weirton	1,549.11	1,982.11
Deposits in Transit	<u>2,988.34</u>	<u>2,840.62</u>
	9,620.00	7,253.59
Collections:		
Charles Town Turf Club	88,858.03	106,401.67
Waterford Park	<u>84,468.17</u>	<u>89,198.61</u>
	<u>173,326.20</u>	<u>195,600.28</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$182,946.20</u>	<u>\$202,853.87</u>
Remitted to County Commissions:		
Jefferson County	\$ 89,239.08	\$103,691.01
Hancock County	<u>81,054.52</u>	<u>85,686.73</u>
	170,293.60	189,377.74
Remittance in Transit to County Commissions:		
Jefferson County	3,856.40	-0-
Hancock County	<u>3,671.13</u>	<u>3,856.13</u>
	<u>7,527.53</u>	<u>3,856.13</u>
	177,821.13	193,233.87
Ending Balance:		
Bank of Charles Town	763.24	5,082.55
Bank of Weirton	-0-	1,549.11
Deposits in Transit	<u>4,361.83</u>	<u>2,988.34</u>
	<u>5,125.07</u>	<u>9,620.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$182,946.20</u>	<u>\$202,853.87</u>

See notes to financial statements

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

UNREDEEMED PARI-MUTUEL TICKETS

	Fiscal Year Ended	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Beginning Balance:		
Kanawha Valley Bank	\$177,426.73	\$ 79,510.38
Receipts:		
Charles Town Turf Club Unredeemed Tickets	86,789.90	194,379.60
Waterford Park Unredeemed Tickets	53,472.70	116,191.20
Refund of Over Payments	10.40	-0-
Virginia Thoroughbred Association	-0-	1,500.00
Check Returned to Account	-0-	88.50
	<u>140,273.00</u>	<u>312,159.30</u>
 TOTAL CASH TO ACCOUNT FOR	 <u>\$317,699.73</u>	 <u>\$391,669.68</u>
Disbursements:		
Charles Town Turf Club Certificates of Awards	\$149,680.70	\$135,221.90
Waterford Certificates of Awards	107,853.05	78,343.75
Stake Races	32,000.00	-0-
Pari-Mutuel Ticket Claims	405.10	176.90
Postage and Miscellaneous Expenses	499.00	500.40
	<u>290,437.85</u>	<u>214,242.95</u>
Ending Balance:		
Kanawha Valley Bank	<u>27,261.88</u>	<u>177,426.73</u>
 TOTAL CASH ACCOUNTED FOR	 <u>\$317,699.73</u>	 <u>\$391,669.68</u>

See notes to financial statements

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

UNREDEEMED PARI-MUTUEL TICKETS

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Beginning Balance:		
Kanawha Valley Bank	\$102,201.75	\$ 96,776.07
Charleston National Bank	<u>41,560.15</u>	<u>35,998.00</u>
	143,761.90	132,774.07
Receipts:		
Interest - Kanawha Valley Bank	5,738.04	5,425.68
Interest - Charleston National Bank	<u>2,333.35</u>	<u>5,562.15</u>
	<u>8,071.39</u>	<u>10,987.83</u>
Ending Balance	<u>\$151,833.29</u>	<u>\$143,761.90</u>
Components of Ending Balance:		
Kanawha Valley Bank	\$107,939.79	\$102,201.75
Charleston National Bank	<u>43,893.50</u>	<u>41,560.15</u>
	<u>\$151,833.29</u>	<u>\$143,761.90</u>

See notes to financial statements

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

SECURITY COSTS AND HEARINGS

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Beginning Balance:		
Charleston National Bank - Account 01-8457-5	\$ 1,658.68	\$100,300.00
Receipts:		
Maturity of Investments	100,000.00	300,000.00
Interest	<u>1,042.71</u>	<u>1,358.68</u>
	<u>101,042.71</u>	<u>301,358.68</u>
 TOTAL CASH TO ACCOUNT FOR	 <u>\$102,701.39</u>	 <u>\$401,658.68</u>
Disbursements:		
Purchase of Investments	\$ -0-	\$400,000.00
Ending Balance:		
Charleston National Bank - Account 01-8457-5	<u>102,701.39</u>	<u>1,658.68</u>
 TOTAL CASH ACCOUNTED FOR	 <u>\$102,701.39</u>	 <u>\$401,658.68</u>

See notes to financial statements

WEST VIRGINIA RACING COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note A - Significant Accounting Policies

Accounting Method: The Commission's accounting method is on a cash basis. 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. Expenditures for office furniture, equipment and leasehold improvements are charged to operations when purchased; accordingly, depreciation and amortization are not recognized in the accounts.

Note B - Pension Expense

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4½% of their annual compensation and contributions by the West Virginia Public Employees' Retirement Board are 9½% of the employees' compensation.

SUPPLEMENTAL INFORMATION

WEST VIRGINIA RACING COMMISSION

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Personal Services - Account 4950-00		
Appropriations	\$396,566.00	\$334,825.00
Expenditures	<u>384,464.50</u>	<u>334,756.48</u>
Unexpended Balance July 30	12,101.50	68.52
Transmittals Paid in July	<u>-0-</u>	<u>-0-</u>
Unexpended Balance June 30	<u>\$ 12,101.50</u>	<u>\$ 68.52</u>
Current Expenses - Account 4950-01		
Appropriations	\$ 57,725.00	\$ 47,291.00
Expenditures	<u>46,026.08</u>	<u>44,370.23</u>
Unexpended Balance July 30	11,698.92	2,920.77
Transmittals Paid in July	<u>2,093.63</u>	<u>2,240.99</u>
Unexpended Balance June 30	<u>\$ 13,792.55</u>	<u>\$ 5,161.26</u>
Equipment - Account 4950-03		
Appropriations	\$ 2,000.00	\$ 2,000.00
Expenditures	<u>1,925.61</u>	<u>521.70</u>
Unexpended Balance July 30	74.39	1,478.30
Transmittals Paid in July	<u>1,026.62</u>	<u>521.70</u>
Unexpended Balance June 30	<u>\$ 1,101.01</u>	<u>\$ 2,000.00</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

PARI-MUTUEL COMMISSIONS AND DAILY LICENSE TAX

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Charles Town Turf Club		
Beginning Balance:		
Blakely Bank & Trust Co.	\$ 295,746.57	\$ 149,208.17
Deposit in Transit	32,856.75	29,466.32
	<u>328,603.32</u>	<u>178,674.49</u>
Collections:		
Pari-Mutuel Commissions	5,005,634.85	6,118,095.97
Daily License Tax	65,000.00	64,250.00
	<u>5,070,634.85</u>	<u>6,182,345.97</u>
 TOTAL CASH TO ACCOUNT FOR	 <u>\$5,399,238.17</u>	 <u>\$6,361,020.46</u>
 Deposited in State Treasury	 \$5,092,294.66	 \$6,032,417.14
Deposit in Transit to State Treasury	224,742.83	-0-
	<u>5,317,037.49</u>	<u>6,032,417.14</u>
Ending Balance:		
Blakely Bank & Trust Co.	-0-	295,746.57
Bank of Charles Town	44,636.70	-0-
Deposit in Transit	37,563.98	32,856.75
	<u>82,200.68</u>	<u>328,603.32</u>
 TOTAL CASH ACCOUNTED FOR	 <u>\$5,399,238.17</u>	 <u>\$6,361,020.46</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

PARI-MUTUEL COMMISSION AND DAILY LICENSE TAX

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Waterford Park		
Beginning Balance:		
First West Virginia Bank, N.A.	\$ 171,344.79	\$ -0-
Security National Bank & Trust Co.	-0-	251,591.29
Deposit in Transit	<u>60,451.61</u>	<u>-0-</u>
	231,796.40	251,591.29
Collections:		
Pari-Mutuel Commissions	4,745,439.27	5,128,921.16
Daily License Tax	<u>72,000.00</u>	<u>73,000.00</u>
	4,817,439.27	5,201,921.16
TOTAL CASH TO ACCOUNT FOR	<u>\$5,049,235.67</u>	<u>\$5,453,512.45</u>
Deposited in State Treasury	\$4,617,904.51	\$5,221,716.05
Deposit in Transit to State Treasury	<u>214,340.32</u>	<u>-0-</u>
	4,832,244.83	5,221,716.05
Ending Balance:		
Bank of Wheeling	169,365.00	-0-
First West Virginia Bank, N.A.	-0-	171,344.79
Deposit in Transit	<u>47,625.84</u>	<u>60,451.61</u>
	216,990.84	231,796.40
TOTAL CASH ACCOUNTED FOR	<u>\$5,049,235.67</u>	<u>\$5,453,512.45</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

PARI-MUTUEL COMMISSIONS AND DAILY LICENSE TAX

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Wheeling Downs		
Beginning Balance:		
Bank of Wheeling	\$ 145,162.14	\$ -0-
Deposit in Transit	<u>12,865.20</u>	<u>-0-</u>
	158,027.34	-0-
 Collections:		
Pari-Mutuel Commissions	2,503,815.76	1,622,680.46
Daily License Tax	<u>43,050.00</u>	<u>38,850.00</u>
	<u>2,546,865.76</u>	<u>1,661,530.46</u>
 TOTAL CASH TO ACCOUNT FOR	<u>\$2,704,893.10</u>	<u>\$1,661,530.46</u>
 Deposited in State Treasury	\$2,431,702.48	\$1,503,503.12
 Ending Balance:		
Bank of Wheeling	258,119.22	145,162.14
Deposit in Transit	<u>15,071.40</u>	<u>12,865.20</u>
	<u>273,190.62</u>	<u>158,027.34</u>
 TOTAL CASH ACCOUNTED FOR	<u>\$2,704,893.10</u>	<u>\$1,661,530.46</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF FUNDS COLLECTED AND REMITTED TO STATE TREASURY

LICENSE FEES AND FINES

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Charles Town Turf Club		
Beginning Balance:		
License Fees	\$ -0-	\$ -0-
Fines	<u>1,525.00</u>	<u>-0-</u>
	1,525.00	-0-
Receipts:		
License Fees	44,395.00	45,022.00
Fines	<u>6,525.00</u>	<u>5,160.00</u>
	50,920.00	50,182.00
TOTAL CASH TO ACCOUNT FOR	<u>\$52,445.00</u>	<u>\$50,182.00</u>
Deposited in State Treasury:		
License Fees	\$44,395.00	\$45,022.00
Fines	<u>6,950.00</u>	<u>3,635.00</u>
	51,345.00	48,657.00
Ending Balance:		
License Fees	-0-	-0-
Fines	<u>1,100.00</u>	<u>1,525.00</u>
	1,100.00	1,525.00
TOTAL CASH ACCOUNTED FOR	<u>\$52,445.00</u>	<u>\$50,182.00</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF FUNDS COLLECTED AND REMITTED TO STATE TREASURY

LICENSE FEES AND FINES

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Waterford Park		
Beginning Balance:		
License Fees	\$ 5,707.50	\$ 5,241.00
Fines	<u>1,035.00</u>	<u>1,225.00</u>
	6,742.50	6,466.00
Receipts:		
License Fees	35,252.00	33,801.50
Fines	<u>3,700.00</u>	<u>2,535.00</u>
	<u>38,952.00</u>	<u>36,336.50</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$45,694.50</u>	<u>\$42,802.50</u>
Deposited in State Treasury:		
License Fees	\$40,959.50	\$33,335.00
Fines	<u>3,935.00</u>	<u>2,725.00</u>
	44,894.50	36,060.00
Ending Balance:		
License Fees	-0-	5,707.50
Fines	<u>800.00</u>	<u>1,035.00</u>
	800.00	6,742.50
TOTAL CASH ACCOUNTED FOR	<u>\$45,694.50</u>	<u>\$42,802.50</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF FUNDS COLLECTED AND REMITTED TO STATE TREASURY

LICENSE FEES AND FINES

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Wheeling Downs		
Beginning Balance:		
License Fees	\$ 1,559.00	\$ -0-
Fines	475.00	-0-
	<u>2,034.00</u>	<u>-0-</u>
Receipts:		
License Fees	9,373.50	12,149.50
Fines	1,400.00	1,425.00
	<u>10,773.50</u>	<u>13,574.50</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$12,807.50</u>	<u>\$13,574.50</u>
Deposited in State Treasury:		
License Fees	\$ 9,045.00	\$10,590.50
Fines	1,725.00	950.00
	<u>10,770.00</u>	<u>11,540.50</u>
Ending Balance:		
License Fees	1,887.50	1,559.00
Fines	150.00	475.00
	<u>2,037.50</u>	<u>2,034.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$12,807.50</u>	<u>\$13,574.50</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

JEFFERSON COUNTY'S SHARE OF PARI-MUTUEL COMMISSIONS

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Charles Town Turf Club		
Beginning Balance:		
Bank of Charles Town	\$ 5,082.55	\$ 2,430.86
Deposit in Transit	<u>562.73</u>	<u>503.76</u>
	5,645.28	2,934.62
Collections	<u>88,858.03</u>	<u>106,401.67</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$94,503.31</u>	<u>\$109,336.29</u>
Remitted to Jefferson County Commission	\$89,239.08	\$103,691.01
Remittance in Transit to Jefferson County Commission	<u>3,856.40</u>	<u>-0-</u>
	93,095.48	\$103,691.01
Ending Balance:		
Bank of Charles Town	763.24	5,082.55
Deposit in Transit	<u>644.59</u>	<u>562.73</u>
	<u>1,407.83</u>	<u>5,645.28</u>
TOTAL CASH ACCOUNTED FOR	<u>\$94,503.31</u>	<u>\$109,336.29</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

HANCOCK COUNTY'S SHARE OF PARI-MUTUEL COMMISSIONS

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Waterford Park		
Beginning Balance:		
Bank of Weirton	\$ 1,549.11	\$ 1,982.11
Deposit in Transit	2,425.61	2,336.86
	<u>3,974.72</u>	<u>4,318.97</u>
Collections	<u>84,468.17</u>	<u>89,198.61</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$88,442.89</u>	<u>\$93,517.58</u>
Remitted to Hancock County Commission	\$81,054.52	\$85,686.73
Remittance in Transit to Hancock County Commission	3,671.13	3,856.13
	<u>84,725.65</u>	<u>89,542.86</u>
Ending Balance:		
Bank of Weirton	-0-	1,549.11
Deposit in Transit	3,717.24	2,425.61
	<u>3,717.24</u>	<u>3,974.72</u>
TOTAL CASH ACCOUNTED FOR	<u>\$88,442.89</u>	<u>\$93,517.58</u>

WEST VIRGINIA RACING COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

UNREDEEMED PARI-MUTUEL TICKETS

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Beginning Balance:		
Kanawha Valley Bank - Account Number 1003850	\$102,201.75	\$ 96,776.07
Receipts:		
Interest	<u>5,738.04</u>	<u>5,425.68</u>
Ending Balance:		
Kanawha Valley Bank - Account Number 1003850	<u>\$107,939.79</u>	<u>\$102,201.75</u>
Beginning Balance:		
Charleston National Bank - Account Number 602317-5	\$ 41,560.15	\$ 35,998.00
Receipts:		
Interest - Money Tree Account	2,333.35	2,118.05
Interest - Securities	-0-	3,444.10
	<u>2,333.35</u>	<u>5,562.15</u>
Ending Balance:		
Charleston National Bank - Account Number 602317-5	<u>\$ 43,893.50</u>	<u>\$ 41,560.15</u>

WEST VIRGINIA RACING COMMISSION

BANK RECONCILIATIONS

JUNE 30, 1978

Bank of Charles Town
 Pari-Mutuel and Daily License Tax Account
 Charles Town Turf Club

Balance per bank statement \$ 44,636.70

Balance per checkbook \$ 44,636.70

Peoples Bank of Charles Town
 Pari-Mutuel and Daily License Tax Account
 Charles Town Turf Club

Balance per bank statement \$224,742.83

Deposit in transit 37,563.98
262,306.81

Less: Outstanding check

Date	Check Number	Payee	
June 28, 1978	208	Treasurer, State of West Virginia	<u>224,742.83</u>

Balance per checkbook \$ 37,563.98

Bank of Wheeling
 Pari-Mutuel and Daily License Tax Account
 Waterford Park

Balance per bank statement \$383,705.32

Deposit in transit 47,625.84
431,331.16

Less: Outstanding check

Date	Check Number	Payee	
June 16, 1978	136	Treasurer, State of West Virginia	<u>214,340.32</u>

Balance per checkbook \$216,990.84

WEST VIRGINIA RACING COMMISSION

BANK RECONCILIATIONS

JUNE 30, 1978

Bank of Wheeling
 Pari-Mutuel and Daily License Tax Account
 Wheeling Downs

Balance per bank statement	\$258,119.22
Deposit in transit	<u>15,071.40</u>
Balance per checkbook	<u>\$273,190.62</u>

Bank of Charles Town
 Pari-Mutuel Tax Account
 Jefferson County Commission

Balance per bank statement	\$ 4,619.64
Deposit in transit	<u>644.59</u> 5,264.23

Less: Outstanding check			
Date	Check Number	Payee	
June 28, 1978	153	Jefferson County Commission	<u>3,856.40</u>
Balance per checkbook			<u>\$ 1,407.83</u>

Bank of Weirton
 Pari-Mutuel Tax Account
 Hancock County Commission

Balance per bank statement	\$ 3,671.13
Deposit in transit	<u>3,717.24</u> 7,388.37

Less: Outstanding check			
Date	Check Number	Payee	
June 13, 1978	159	Hancock County Commission	<u>3,671.13</u>
Balance per checkbook			<u>\$ 3,717.24</u>

WEST VIRGINIA RACING COMMISSION

BANK RECONCILIATIONS

JUNE 30, 1978

Peoples Bank of Charles Town
License Fees Account
Charles Town Turf Club

Balance per bank statement \$9,737.00

Less: Outstanding check

Date	Check Number	Payee	
June 29, 1978	149	Treasurer, State of West Virginia	<u>9,737.00</u>

Balance per checkbook \$ -0-

Morris Plan Bank & Trust Co.
License Fees Account
Waterford Park

Balance per bank statement \$5,806.50

Deposit in transit 253.50
6,060.00

Less: Outstanding check

Date	Check Number	Payee	
June 30, 1978	160	Treasurer, State of West Virginia	<u>6,060.00</u>

Balance per checkbook \$ -0-

Bank of Wheeling
License Fees Account
Wheeling Downs

Balance per bank statement \$1,849.50

Deposit in transit 38.00

Balance per checkbook \$1,887.50

WEST VIRGINIA RACING COMMISSION

BANK RECONCILIATION

JUNE 30, 1978

Kanawha Valley Bank
Unredeemed Pari-Mutuel Tickets Account

Balance per bank statement \$28,414.38

Less: Outstanding checks

Date	Check Number	Payee	
January 6, 1978	3085	Calvin Hess	414.00
May 6, 1978	3355	James Andelms	609.50
June 6, 1978	3415	F. Muzzy	126.00
			<u>1,149.50</u>

Balance per checkbook \$27,264.88

WEST VIRGINIA RACING COMMISSION

TRACK ATTENDANCE

	<u>Fiscal Year Ended</u>		<u>Increase</u>
	<u>June 30, 1978</u>	<u>June 30, 1977</u>	<u>(Decrease)</u>
Charles Town Turf Club			
Summer	342,065	412,530	(70,465)
Fall	220,792	194,317	26,475
Winter	151,458	217,706	(66,248)
Spring	<u>263,847</u>	<u>356,396</u>	<u>(92,549)</u>
	<u>978,162</u>	<u>1,180,949</u>	<u>(202,787)</u>
Waterford Park			
Summer	262,152	281,612	(19,460)
Fall	180,318	187,167	(6,849)
Winter	132,716	146,109	(13,393)
Spring	<u>220,569</u>	<u>235,461</u>	<u>(14,892)</u>
	<u>795,755</u>	<u>850,349</u>	<u>(54,594)</u>
Wheeling Downs			
Summer	148,004	70,873	77,131
Fall	103,537	137,803	(34,266)
Winter	114,604	104,313	10,291
Spring	<u>161,434</u>	<u>129,065</u>	<u>32,369</u>
	<u>572,579</u>	<u>442,054</u>	<u>85,525</u>

WEST VIRGINIA RACING COMMISSION

RACING DAYS

	<u>Fiscal Year Ended</u>		<u>Increase</u>
	<u>June 30, 1978</u>	<u>June 30, 1977</u>	<u>(Decrease)</u>
Charles Town Turf Club			
Summer	78	80	(2)
Fall	61	53	8
Winter	45	47	(2)
Spring	<u>76</u>	<u>77</u>	<u>(1)</u>
	<u>260</u>	<u>257</u>	<u>3</u>
Waterford Park			
Summer	79	79	-
Fall	73	76	(3)
Winter	58	60	(2)
Spring	<u>78</u>	<u>77</u>	<u>1</u>
	<u>288</u>	<u>292</u>	<u>(4)</u>
Wheeling Downs			
Summer	79	30	49
Fall	64	84	(20)
Winter	66	68	(2)
Spring	<u>78</u>	<u>77</u>	<u>1</u>
	<u>287</u>	<u>259</u>	<u>28</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 Article 2, Chapter 4, Code of West Virginia, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 5th day of December, 1978.

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 Chairman of the West Virginia Racing Commission; Attorney General; Governor; and State Auditor.