

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA STATE AUDITOR'S OFFICE

FOR THE PERIOD

JULY 1, 1998 - JUNE 30, 2000



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

WEST VIRGINIA STATE AUDITOR'S OFFICE

FOR THE PERIOD

JULY 1, 1998 - JUNE 30, 2000

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

Theodore L. Shanklin, CPA, Director
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CHARLESTON, WEST VIRGINIA 25305-0610

The Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of the West Virginia Auditor's Office.

Our examination covers the period July 1, 1998 through June 30, 2000. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,


Theodore L. Shanklin, CPA, Director
Legislative Post Audit Division

TLS/ela

WEST VIRGINIA STATE AUDITOR'S OFFICE

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WEST VIRGINIA STATE AUDITOR'S OFFICE

EXIT CONFERENCE

We held an exit conference on October 18, 2001 with the State Auditor and other representatives of the West Virginia State Auditor's Office and all findings and recommendations were reviewed and discussed. The agency's responses are included in blue and italics in the Summary of Findings, Recommendations and Responses and after our findings in the General Remarks section of this report.

WEST VIRGINIA STATE AUDITOR'S OFFICE

INTRODUCTION

The office of the State Auditor, an elected official, was created by the first Constitution of West Virginia, modified in 1872. No specific section of the Code defines its duties, but the functions of the office are set out in over one hundred twenty-five sections of the Code.

The State Auditor's Office reviews, processes, and reports the results of the payment of liabilities and collections of all revenues of all State agencies made on the behalf of the citizens of West Virginia; audits all claims presented to the State for payment and, if found legal and correct, issues warrants drawn on the Treasury; accepts garnishments against and administers U.S. Savings Bond Programs for State employees; administers Social Security for employees of the State and political subdivisions; receives taxes due the State collected by sheriffs, and collects and distributes public utility taxes for state and counties.

The State Auditor's Office provides services through various divisions and sections. These divisions and sections and their respective duties are presented below:

The Accounting Division:

1. Maintains fund ledgers and expenditure subledgers on the FIMS system in accordance with the West Virginia Constitution and applicable legislation.
2. Develops, supports and maintains the budgetary controls of the centralized accounting system.
3. Prepares the annual *West Virginia State Dollar Report*.
4. Posts authorized transactions on FIMS.
5. Implements and maintains state and federal levies.

The Auditing Division:

1. Conducts a preaudit of all invoices, contracts, and any other claim presented to the State Auditor's Office for payment to determine mathematical accuracy and legality of the expenditure.
2. Provides daily processing assistance to all State agencies and to all State vendors.
3. Provides training to all State agencies on payment procedures, policies, and any other areas as necessary.

Chief Inspector Division:

1. Conducts financial and compliance audits of local governments.
2. Conducts annual review of local governments' financial position and compliance with state and federal regulations.
3. Provides training to and technical assistance to local governments on accounting, budgeting, and auditing issues.
4. Provides workshops on preparation of financial records and financial statements.

Electronic Commerce/Information Technology Division:

1. Processes all payrolls for state employees.
2. Develops, supports, and maintains hardware and software for EPICS.
3. Initiates direct deposits for state employees.
4. Assists in all area of electronic commerce including digital signature, electronic benefits transfer, automated clearinghouse, and Fedwire activities.
5. Assists in making information available over the Internet.

Fraud Investigation:

1. Establish communication network to receive and review reports of fraud.
2. Supply proper information for reports to state, local, and federal governmental entities.

Land Division/Interstate Commerce Division/Public Utilities

Tax Administration:

1. Collects taxes, fees, and interest on delinquent lands forfeited to the State and distributes these collections to the various counties.
2. Assists deputy land commissioners with the disposition of delinquent and nonentered lands to return the properties to the active tax rolls.
3. Provides public utility property value allocations to state, county, and municipal governments in a timely and accurate manner.
4. Distributes tax collections on a monthly schedule to state, county, and municipal governments and to county school boards.

Purchasing Card Program:

1. Provides training and education to state agencies on purchasing card use.
2. Monitors credit limits and use.
3. Performs post audits to ensure compliance with purchasing card laws and regulations.

Securities Regulation:

1. Provides regulation and/or registration of the buying and selling of stocks, bonds, partnership interests, and other securities.
2. Registers broker/dealers, investment advisors, and their agents/representatives.
3. Enforces and investigates of state securities, commodities, land sales, timeshares, and oil and gas law violations.

WEST VIRGINIA STATE AUDITOR'S OFFICE

ADMINISTRATIVE OFFICERS AND STAFF

Glen B. Gainer III State Auditor

As of June 30, 2000

R. Ross Guyer Senior Deputy State Auditor
Electronic Commerce/Information Technology

Paul S. Mollohan Senior Deputy State Auditor

Donna J. Acord Deputy State Auditor - Administration

G. Michael Hutchinson Deputy State Auditor
Purchasing Card Division/Fraud Unit

Lisa Thornburg Deputy State Auditor
Chief Inspector Division

Chester Thompson Deputy Commissioner

Robin Brumfield Managing Director of Electronic Commerce

Todd Childers Managing Director of Accounting

Jack P. MacDonald Director of Purchasing Card Division

Mack Parsons Director of Chief Inspector Division

Connie S. Rockhold Managing Director of Auditing Division

G. Russell Rollyson Managing Director County Collections

Barbara Harmon-Schamberger General Counsel

Charles Perdue Controller

WEST VIRGINIA STATE AUDITOR'S OFFICE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Lack of Effective System of Internal Controls

1. During the course of our examination, it became apparent to us, based on observed noncompliance with the West Virginia Code and other applicable rules and regulations, the State Auditor's Office did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations.

Auditor's Recommendation

We recommend the agency comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, and establish a system of internal controls.

Agency's Response

No Response by the Agency. (See pages 22-24)

**Inconsistent and Inaccurate Apportionment
of Public Service Corporation Taxes**

2. The Auditor's Office does not have documented procedures for distributing public service corporation taxes to the various counties and municipalities. As a result, we found the agency implemented four different methods for distributing electric company assessments although the companies' had similar operating characteristics. These dissimilar methods produced inconsistently distributed assessments. In addition, we noted a company's 2000 fiscal year "railroad carline" assessments were inaccurately distributed to seven West Virginia counties. One county was overpaid by \$2,997.38 and the other six counties were underpaid by \$118,369.94.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 13, as amended, and Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

I agree that as a result of data entry errors, we failed to include 253.55 track miles in the calculation of "railroad carlines" in FY 2000 (Tax Year 1999) thus resulting in inaccurate amounts being distributed to various entities. This was corrected for FY 2001 (Tax Year 2000). (See pages 24-28)

Fees Charged Without Statutory Authority

3. Our audit revealed the Auditor's Office collected revenues totaling \$149,761.39 that were not specifically authorized by the West Virginia Code. These fees and commissions were collected by the Land Division for services performed by a contract employee who was appointed as a "Special Deputy". According to statute, the Special Deputy should have assumed the deputy land commissioner's rights and was entitled to the total amount collected.

Auditor's Recommendation

We recommend that the Auditor's Office comply with Chapter 11A, Article 3, Sections 42, 34, 59, 64, and 66 of the West Virginia Code, as amended. In addition, we recommend all deputy land commissioners be compensated in accordance with Article 3, Chapter 11A of the West Virginia Code.

Agency's Response

I disagree with the determination of noncompliance regarding the collection of land sale fees. West Virginia State law allows this office to appoint an employee to serve as Deputy Commissioner.

Thus, the office maintains the right to collect the charges from such sales and credit them to the land operating fund, ultimately benefitting the school fund. (See pages 28-34)

Procedures for Discounts and Interest Penalties

4. Our audit revealed the Auditor's Office granted improper early payment discounts totaling \$70,676.52 for partial tax payments made by two companies. In addition, the agency failed to collect \$70,204.08 in late payment interest. According to State law, public service corporations are only entitled to the 2 ½ % early payment discount if the taxes owed are paid on or before the due date. Otherwise, interest is to be charged at a rate of 9 % until the taxes are paid.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended.

Agency's Responses

I agree with the finding of noncompliance. The new Oracle program introduced in FY 2000 allowed the office to track and enforce the collection of that interest, thus, this issue has been corrected. (See pages 34 and 35)

Chief Inspector Division Fees

5. The Chief Inspector Division's operating costs are funded by fees charged for providing financial and compliance audits and services to local governments. We noted \$34,921.00 in services invoiced before June 30, 2000 by the Division remained uncollected as of May 31, 2001.

Auditor's Recommendation

We recommend the State Auditor's Chief Inspector Division comply with Chapter 6, Article 9, Section 8 of the West Virginia Code, as amended.

Agency's Responses

I agree with the finding of noncompliance regarding the lack of written collection procedures. CID follows the collection procedures set forth in West Virginia Code §6-9-8 for those entities with sufficient funds in the treasury to cover the delinquency without jeopardizing the entity's ability to operate. (See pages 36 and 37)

Distributions In Excess Of Collections

6. We found the Auditor's Office made an excess public service tax distribution during the 2000 fiscal year. According to circuit court rulings, two cellular phone companies overpaid their public utility taxes. Credits were applied against the cellular phone companies' assessments and should have reduced the total amount available for distribution. However, the agency did not reduce the distribution by the amount of the credits and overpaid the various counties and municipalities by \$16,793.25. The agency made another excess distribution totaling \$13,209.42 during the 2001 fiscal year.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended.

Agency's Responses

I agree with the finding of noncompliance regarding excess distributions. This issue has been resolved now that Oracle is fully implemented. (See pages 37-39)

Public Service Corporation Assessments

7. We found the Auditor's Office incorrectly billed four public service corporations a total of \$29,922.40. Two companies were under assessed by a total of \$29,772.49 and two companies were overcharged a total of \$149.91 because of database entry errors, inaccurate tax bills, and inconsistent assessments from one year to the next.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 13 of the West Virginia Code, as amended.

Agency's Responses

I agree with the finding of noncompliance regarding billing of four public service corporations. I believe this problem occurred in FY 1999, prior to use of the Oracle program.

I also agree that distributions were made to various counties and municipalities that exceeded collection. These issues have been resolved now that the program has been fully implemented. (See pages 39 and 40)

Equipment Inventory

8. We found equipment inventory records were not updated when items were moved from Agency division to another. Also, were unable to determine if 79 equipment items were properly retired to the Department of Administration's Surplus Property Unit because there was no evidence the Unit had ever received the items.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, Sections 4.2 and 4.3.1 of the State of West Virginia Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines.

Agency's Responses

I agree with the finding that our inventory record keeping system was in noncompliance.

We have taken steps to correct it. (See pages 40-42)

Assessment and Allocation of Public Service Corporation Taxes

9. Our audit revealed the Auditor's Office did not distribute \$122,208,000.00 in 1999 public service corporation taxes to the various counties and municipalities based on actual receipts or maintain records in a form that would demonstrate the individual public service company's remittances were properly distributed. We also noticed Norfolk & Western Railway Company's 2000 and 1999 fiscal year assessment distributions totaling \$8,941,758.51 and 1999 fiscal year "railroad-carline" assessment distributions totaling \$1,818,829.54 were not based on the proper records.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 18, as amended, and Chapter, 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Responses

I agree with the finding of noncompliance for taxes distributed prior to FY 2000. The Oracle program corrected that beginning in FY 2000. I also agree that the Norfolk and Western Railway Company FY 1999 and FY 2000 distribution was not based upon the company's current data, because of the failure of that company to report current data on their annual report. (See pages 42-45)

Unsubstantiated Fee Adjustments and Missing Documentation

10. During our examination of cash receipts, we documented differences totaling \$23,404.00 between the amounts billed by the Chief Inspector Division and our recalculation of the amounts due as determined from the hours recorded on the Division's employee time sheets or the amount stated on signed engagement letters. We discovered the Division made three unsubstantiated billing adjustments totaling \$18,862.00, failed to charge \$2,748.00 to various local entities for financial services, and charged an entity \$1,794.00 without any documentation supporting the services provided. Our audit also revealed several instances where the Division had not maintained documentation relating to the amounts charged to entities for various audits and other services.

Auditor's Recommendation

We recommend the State Auditor's Chief Inspector Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended.

Agency's Responses

I agree with the finding that contract modifications need to be accompanied by written documentation. CID has taken steps to improve filing and documentation. (See pages 46 and 47)

Payments Not In Accordance With Contract

11. We determined the Auditor's Office overpaid a private sector vendor by \$19,225.13. Further, the agency made payments to the vendor totaling \$134,575.91 that violated the terms of the contract.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended, the Purchasing Division's Agency Purchasing Manual, and the Governor's Travel Regulations.

Agency's Responses

I agree with the finding that a vendor expense payment did not meet contractual requirements. We have taken steps to correct the problem. (See pages 47-50)

Untimely Distribution of Public Service Taxes

12. We noticed the Auditor's Office distributed \$3,768,616.49 in 2000 fiscal year public service corporation taxes anywhere from 35 to 53 days after receipt. According to State law, these tax distributions are to be made within twenty days of receipt.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended.

Agency's Responses

I agree with the finding of noncompliance for the method of distribution used in FY 1999 and FY 2000. I recognize that legislative changes may be appropriate in order to balance the requirement of prompt payment with expense and other practical considerations. (See pages 50 and 51)

North American Securities Administrators Association Travel Reimbursements

13. Third party travel reimbursement checks received by a Securities Division employee during the 1999 fiscal year were not remitted to the Auditor's Office for deposit until February 29, 2000.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

Agency's Responses

I agree that one employee made errors regarding reimbursement of third party travel. (See pages 51 and 52)

Improper Fund Allocation

14. The Auditor's Office did not properly distribute a \$44,520.00 administrative fee payment or \$15,305.10 of a \$29,543.70 Workers' Compensation premium payment to the proper

funds. These payments should have been allocated to various State Auditor funds based on the number of employees paid from each fund.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 12, Article 3, Section 9; Chapter 11A, Article 3, Section 36; Chapter 32, Article 4, Section 406, as amended; and Chapter 11, Article 6, Section 26, as amended, of the West Virginia Code.

Agency's Responses

I agree with the finding of noncompliance regarding our inability to completely cost allocate funds for the PEIA reserve fund. (See pages 53-55)

Payment From Wrong Fund

15. We found the Auditor's Office charged transactions totaling \$13,181.17 to the Real Estate Time Sharing Fund. Based on our review of the supporting documentation, the transactions should have been charged to other agency funds.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 36, Article 9, Sections 21 and 25 of the West Virginia Code.

Agency's Responses

I disagree with the finding of noncompliance based on travel payments from the time-share fund. (See pages 55 and 56)

Purchasing Card

16. Our audit revealed several instances where purchasing card purchases were not adhered to including stringing of purchasing card transactions totaling \$9,932.72, unauthorized purchasing card purchases totaling \$8,241.84, proper documentation was not maintained, improperly classified purchasing card purchases totaling \$396.00.

Auditor's Recommendation

We recommend the Auditor's Office comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code and the State Purchasing Card Policies and Procedures.

Agency's Responses

I agree with the finding that there were certain instances of purchasing card procedures violated. This noncompliance was previously documented by our own internal purchasing card audit, which resulted in the suspension of certain cards and mandatory training on card use. (See pages 56-59)

Statutory Fund Transfer

17. According to the provisions of House Bill 210, passed on May 20, 1999, \$150,000.00 was to be transferred from the West Virginia Supreme Court of Appeal's Family Law Administration Fund to the Department of Health and Human Resource's Domestic Violence Legal Services Fund. However, the Auditor's Office did not transfer \$4,500.00 of the legislatively mandated amount.

Auditor's Recommendation

We recommend the Auditor's Office comply with the provisions of House Bill 210, passed on May 20, 1999.

Agency's Responses

I disagree with a finding of noncompliance based on the office adherence to the Governor's executive order. The Governor's authority to institute a budget freeze is reflected in West Virginia Code §5A-2-20 et seq., which clearly grants the Governor the authority to order a freeze such as the one contemplated herein. (See pages 59 and 60)

WEST VIRGINIA STATE AUDITOR'S OFFICE

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the West Virginia State Auditor's Office. The audit covered the period July 1, 1998 through June 30, 2000.

GENERAL REVENUE ACCOUNTS

Expenditures required for the general operations of the Auditor's Office were made from the following appropriated funds:

GENERAL ADMINISTRATION

<u>FUND NUMBER</u>	<u>DESCRIPTION</u>
0116-001	Personal Services
0116-004	Annual Increment
0116-010	Employee Benefits
0116-099	Unclassified
0116-117	Office Automation
0116-594	Payroll System Acquisition

FAMILY LAW MASTERS

<u>FUND NUMBER</u>	<u>DESCRIPTION</u>
0117-096	Unclassified
0117-891	Domestic Violence Legal

SPECIAL REVENUE ACCOUNTS

All revenues received by the Auditor's Office and expenditures required for the general operation of the Auditor's Office are accounted for through the following special revenue funds:

FUND NUMBER

DESCRIPTION

Public Service Corporation Taxes Fund:

1201-099 Unclassified
1201-640 Departmental and Miscellaneous Income

Delinquent Land Tax Fund:

1202-099 Unclassified
1202-640 Departmental and Miscellaneous Income

Land Operating Fund - Appropriated:

1206-001 Personal Services
1206-004 Annual Increment
1206-010 Employee Benefits
1206-099 Unclassified
1206-768 Cost of Delinquent Land Sales

Social Security Contributions Fund:

1207-099 Unclassified
1207-640 Departmental and Miscellaneous Income

Real Estate Time Sharing Fund:

1211-099 Unclassified
1211-640 Departmental and Miscellaneous Income

Employee Bond Purchases Fund:

1213-099 Unclassified
1213-640 Departmental and Miscellaneous Income

Family Protection Shelters Fund:

1215-099 Unclassified
1215-640 Departmental and Miscellaneous Income

Stripper Well NDL 378 Fund:

1218-099 **Unclassified**
1218-640 **Departmental and Miscellaneous Income**
Standard Oil of Indiana - Oil Overcharge Fund

1219-099 **Unclassified**
1219-640 **Departmental and Miscellaneous Income**

Securities Regulation Fund - Appropriated:

1225-001 **Personal Services**
1225-004 **Annual Increment**
1225-010 **Employee Benefits**
1225-099 **Unclassified**
1225-426 **Transfers Investment Imbalance Fund:**
1226-099 **Unclassified**

Public Utility Tax Administration Fund:

1227-099 **Unclassified**
1227-640 **Departmental and Miscellaneous Income**

Payroll Clearing Fund:

1228-099 **Unclassified**
1228-640 **Departmental and Miscellaneous Income**

Governor's Office Annual Leave Payments:

1229-099 **Unclassified**
1229-640 **Departmental and Miscellaneous Income**

Equipment Purchase Escrow Fund:

1230-099 **Unclassified**
1230-640 **Departmental and Miscellaneous Income**

Technology Support and acquisition Fund:

1231-099 **Unclassified**
1231-640 **Departmental and Miscellaneous Income**

Copeland Deferred Compensation Plan Fund:

1232-099 **Unclassified**
1232-640 **Departmental and Miscellaneous Income**

Technology Support and Acquisition Fund - Appropriated:

1233-096 **Unclassified Total**
1233-426 **Transfers**

Purchasing Card Administration Fund - Appropriated:

1234-096 **Unclassified Total**

Office of the Chief Inspector - Appropriated:

1235-001 **Personal Services**
1235-004 **Annual Increment**
1235-010 **Employee Benefits**
1235-099 **Unclassified**

Motor Vehicles Administration Fund:

1236-099 **Unclassified**
1236-640 **Departmental and Miscellaneous Income**

Motor Vehicle Ad Valorem Fund:

1237-099 **Unclassified**
1237-640 **Departmental and Miscellaneous Income**

Employee Bond Purchases - I Bonds

1238-099 **Unclassified**
1238-640 **Departmental and Miscellaneous Income**

Irreducible School Fund:

9400-099 **Unclassified**
9400-640 **Departmental and Miscellaneous Income**

COMPLIANCE MATTERS

We tested applicable sections of the West Virginia Code, plus the State Auditor's legislatively approved rules and regulations, as well as, other rules, regulations, policies, and procedures as they pertain to fiscal matters. Our findings are discussed below.

Lack of Effective System of Internal Controls

During the course of our examination, it became apparent to us, based on the observed noncompliance with the West Virginia Code and other rules and regulations, the State Auditor's Office did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations.

Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, states in part,

“The head of each agency shall: . . .

“(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities. . . .”

This law requires the head of each agency to have in place an effective system of internal controls in the form of policies and procedures to ensure the agency is in compliance with the laws, rules and regulations which govern it.

During the post audit of the Auditor's Office, we found the following noncompliance with State laws and other rules and regulations: (1) The Auditor's Office inaccurately distributed \$121,367.32 in “railroad carline” assessments. We noted variations in the responding practices of some public service companies and in the methods used by the Auditor's Office to distribute

assessments of those companies. (2) We noticed the Auditor's Office collected fees and commissions totaling \$149,761.39 that should have been paid to a special deputy land commissioner appointed by the State Auditor. The Agency is not statutorily authorized to collect the fees. (3) We found early payment discounts totaling \$70,676.52 were granted for partial tax payments made by two public service companies and \$70,204.08 in late payment interest was not collected. (4) We found invoices totaling \$34,921.00 for services performed before June 30, 2000 by the State Auditor's Chief Inspector Division remained uncollected as of May 31, 2001. (5) We noted the Auditor's Office made tax distributions in excess of collections in the amount of \$16,793.25 during the 2000 fiscal year and \$13,209.42 during the 2001 fiscal year. (6) The Auditor's Office incorrectly billed four public service corporations a total of \$29,922.40. (7) The Auditor's Office does not have an effective system for maintaining current inventory records. As a result, we were unable to determine if 79 equipment items were properly disposed of or retired. We also noted inventory records were not updated when items are moved from one agency division to another. (8) We found the Auditor's Office did not distribute public utility taxes based on actual collections, did not distribute the taxes to the various entities within 20 days of receipt, maintain records in a form that would demonstrate the individual public service company's remittances were properly distributed, or base assessment distributions on the proper records. (9) We documented differences totaling \$23,404.00 between the amounts billed by the Chief Inspector Division and our calculation of the amounts due as determined from the hours recorded on the employees' time sheets or the amount stated in the signed engagement letters. Our audit also revealed several instances where documentation was not maintained to support the amounts charged to entities for various audits and other services. (10) We noted the Auditor's Office overpaid a vendor \$19,225.13 for travel related expenses and paid the

vendor \$134,575.91 in a manner that did not comply with the terms of a contract approved by the Attorney General's Office and the Purchasing Division. (11) We noted the Auditor's Office took between 35 and 53 days to distribute \$3,768,616.49 in public service corporation taxes during the 2000 fiscal year. (12) We noted a Securities Division employee received four travel reimbursement checks totaling \$3,700.38 from a third party during the 1999 fiscal year; however, the checks were not remitted to the Auditor's Office until the 2000 fiscal year. (13) We found the Auditor's Office did not properly distribute two employee benefit payments totaling \$59,825.10 to the proper funds. (14) Invoices totaling \$11,598.89 and \$1,582.28 for securities conference travel reimbursements were paid from the wrong fund. (15) We noted several instances where purchasing card procedures were not adhered to including stringing of invoices, unauthorized transactions, proper documentation not maintained, and improperly classified transactions. (16) We noted the Auditor's Office did not transfer \$4,500.00 of a \$150,000.00 legislatively mandated fund transfer.

We recommend the Agency comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended.

Agency's Response

No response by the Agency.

Inconsistent and Inaccurate Apportionment of Public Service Corporation Taxes

The Agency inaccurately distributed a company's 2000 fiscal year "railroad carline" assessments to seven West Virginia counties. Carline assessments are calculated using railroad track miles; however, the agency failed to include 253.55 track miles for some counties and municipalities. We identified those entities with five percent or more of the omitted track miles and determined the Auditor's Office overpaid one county by \$2,997.38 and underpaid six other counties by a total of

\$118,369.94. The net underpayment was distributed to the other West Virginia counties containing railroad track miles. We discussed the omissions with Auditor's Office personnel and they recalculated the assessments. Based on the revised figures we determined "railroad carline" taxes totaling \$121,367.32 were inaccurately distributed to various entities based on the track miles utilized by the Agency to calculate their assessments.

In addition, we noted variations in the reporting practices of some public service corporations and in the methods used by the Auditor's Office to distribute assessments of those companies. All companies are required to file a "Property Sheet B" as part of their annual report. The companies are to list their assets on the sheet by county, magisterial district, and municipality. The property is also to be itemized by the book value and by the "true and actual cost." The Auditor's Office utilizes the information from the property sheets to allocate the companies' assessments to the various counties and municipalities. The Auditor's Office has had to adopt variations in its distribution methods because of errors and omissions in the companies' reported information. When there are errors or omissions in the reported values or if the public service corporation fails to file the "Property Sheet B" as part of their annual report, the Auditor's Office must rely on the company's historically reported asset values from prior reports. If the public service corporation fails to file a property sheet and the historical is unavailable or is deemed to be unreliable, the company is marked as an "exception" and its assessment is equally distributed among all counties and municipalities. The State Tax Department is statutorily responsible for enforcement of proper public service corporation reporting and the Auditor's Office provided us with correspondence forwarded to the State Tax Department addressing the reporting practices of various public service corporations.

Chapter 11, Article 6, Section 13 of the West Virginia Code, as amended, states in

part:

“In case the list and valuation of the property filed with the tax commissioner be satisfactory to the board of public works, or upon assessment of the property of such owner or operator being made by the board of public works, **the auditor shall immediately apportion to each county, in which any part of such property is situated, the value of the property therein of every such owner or operator as valued or assessed hereunder and the relative value of such operating property within each county compared to the value of the total operating property within the state,** to be determined upon such factors as the auditor shall deem proper; and further shall apportion such values among the several districts, being school districts, and a proportional valuation to each municipality therein, in which any part of such property is situated, according to the value thereof, as near as may be, and forthwith shall certify to the county commission of such county the values so apportioned. . . .”
(Emphasis added)

Chapter 11, Article 6, Section 8 of the West Virginia Code, as amended, states:

“All returns to be made to the board of public works, under this chapter, shall be made in conformity with any reasonable requirement of the board of which the person making the return shall have had notice, and shall be made upon forms which may be furnished by the board, and according to instructions which the board may give relating thereto, and to the description and itemizing of the property. **Such owner or operator, whether a natural person, or a corporation or company, failing to make such return as herein required shall be guilty of a misdemeanor, and fined one thousand dollars for each month such failure continues.**” **(Emphasis added)**

Chapter 11, Article 6, Section 9 of the West Virginia Code, as amended, states in

part,

“(a) If any owner or operator fails to make such return within the time required by section one [§11-6-1] of this article, it shall be the duty of the tax commissioner to take such steps as may be necessary to compel such compliance, and to enforce any and all penalties imposed by law for such failure.

(b) The return delivered to the tax commissioner shall be examined by him, and if it be found insufficient in form or in any respect defective, imperfect or not in compliance with law, he shall compel the person required to make it to do so in proper and sufficient form, and in all respects as required by law.

(c) If any such owner or operator fails to make such return, the tax commissioner shall proceed, in such manner as to him may seem best, to obtain the facts and information required to be furnished by such returns.

(d) The tax commissioner may send for persons or papers, and may compel the attendance of any person and the production of any paper necessary, in the opinion of said tax commissioner, to enable him to obtain the information required for the proper discharge of his duties under this section....” (Emphasis added)

Our audit revealed the Auditor’s Office does have documented procedures for apportioning public service corporation taxes. The Auditor’s Director of Land, stated that since some of the public service corporations do not uniformly report current and complete information needed for determining the distributions, his agency has had to allocate assessments based on the best available data. If it is feasible, the Auditor’s Office will attempt to “track down” errors and omissions by contacting the companies directly. However, the Director stated, the State Tax Commissioner is responsible for enforcing proper public service corporation reporting and, on several occasions, the Auditor’s Office has written the State Tax Department addressing the inconsistent reporting practices. In relation to the “railroad carline” assessments, the Director stated the problem was corrected for the 2001 fiscal year allocations.

If public service corporation taxes are not distributed based on current, complete, and accurate data, then those affected counties and municipalities may receive a disproportionate share of the assessment. Furthermore, the Auditor’s Office inaccurately distributed “railroad carline” taxes totaling \$121,367.22 to various State counties and municipalities, resulted in some counties receiving more than they should and other counties not receiving their fair share.

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 13, as amended, of the West Virginia Code. We also recommend the State Auditor's Office continue to work with the State Tax Department to ensure public service corporation reports are complete and accurate.

Agency's Response

I agree that as a result of data entry errors, we failed to include 253.55 track miles in the calculation of "railroad carlines" in FY 2000 (Tax Year 1999) thus resulting in inaccurate amounts being distributed to various entities. This was corrected for FY 2001 (Tax Year 2000).

Fees Charged Without Statutory Authority

The Auditor's Office is collecting fees and commissions not specifically authorized by the West Virginia Code. These fees and commissions were collected by the Land Division for services performed by an attorney licensed to practice in West Virginia, and appointed by the State Auditor as a "Special Deputy" to carry out the duties of a deputy land commissioner. Deputy land commissioners are responsible for selling lands certified to them by the State Auditor for unpaid property taxes. After land has been certified to the State Auditor for delinquent taxes it is held by the Auditor for an 18 month holding period. During the holding period, property owners can redeem the property from the Auditor's Office. After the holding period, the delinquent land along with "nonentered," escheated, and waste and unappropriated land is certified to a deputy land commissioner. Deputy commissioners are to be compensated by various fees and commissions generated from redemptions, land sales, and related services. These fees and commissions are to be paid directly to the deputy land commissioners by the various counties and land purchasers. If the land sale proceeds are not sufficient to pay the deputy land commissioners fees and commissions, the deficit is to be paid from the Land Operating Fund - Fund 1206.

During our test of cash receipts, we noted the Auditor's Office collected \$149,761.39 in fees and commissions generated by the special deputy. The State Auditor did not appoint deputy land commissioners for those counties where the special deputy was assigned during our audit period. Although the State Auditor's 18 deputy land commissioners were compensated in accordance with the West Virginia Code during the 2000 and 1999 fiscal years, the Auditor's Office chose to compensate the special deputy, a contract employee, at a flat rate of \$50.00 per hour for the same period. As a result, he was paid a total of \$7,407.00 during the 2000 and 1999 fiscal years.

According to the West Virginia Code, the Auditor is required to appoint a deputy land commissioner for each county or under specific conditions a special deputy. However, even in cases where a special deputy is appointed, he should receive all of the deputy commissioners' rights and; therefore, should have received the \$149,761.39 collected in fees and commissions. Even though there was no statutory authority for the State Auditor's Office to retain the fees and commissions, the collections were deposited into the Land Operating Fund. We were unable to find any reason why those fees and commissions should not have been paid to the deputy land commissioner or the State Auditor's contract employee (special deputy). In no event should these funds have been deposited into the Auditor's accounts since the West Virginia Code requires any fees or commissions collected without any designation as to where they are to be deposited, be credited to the State fund and treated as part of general revenue.

Chapter 11A, Article 3, Section 42 of the West Virginia Code, states in part:

"All lands for which no person present at the sheriff's sale, held pursuant to section five [§11A-3-5] of this article, has bid the total amount of taxes, interest and charges due, and which were subsequently certified to the auditor pursuant to section eight [§11A-3-8] of this article, and which have not been redeemed from the auditor within eighteen months after such certification, together with

all nonentered lands, all escheated lands and all waste and unappropriated lands, shall be subject to sale by the deputy land commissioner of delinquent and nonentered lands as further provided in this article. . . .”

Chapter 11A, Article 3, Section 34 of the West Virginia Code, states in part:

“The auditor shall appoint for each county in the state a deputy commissioner of delinquent and nonentered lands. . . . Appointments shall be limited to persons duly licensed to practice law in this state. . . . Whenever in respect to any land the deputy commissioner, in his own judgment or in the opinion of the auditor, is disqualified or otherwise unable to serve, because of his personal interest, or because of his representation of clients in matters affecting such land, or because of vacancies or failure to act, the auditor may appoint a special deputy, including an employee of his office licensed to practice law in this state, **to assume all of the disqualified deputy commissioner’s rights**, duties, responsibilities and liabilities relating to such land. . . .” **(Emphasis added)**

In various sections of this same article, deputy land commissioners’ fees and commissions are addressed. Chapter 11A, Article 3, Section 59 of the West Virginia Code, as amended, states in part:

“. . . the deputy commissioner shall, upon request of the purchaser, make and deliver to the person entitled thereto a quitclaim deed . . . For the preparation and execution of the deed and for all the recording required by this section, **a fee of fifty dollars and the recording expenses shall be charged**, to be paid by the grantee upon delivery of the deed. . . .” **(Emphasis added)**

Chapter 11A, Article 3, Section 64 of the West Virginia Code, as amended, states in part:

“(a) The sheriff shall receive all proceeds of sales held by the deputy commissioner pursuant to sections forty-five and forty-eight [§ 11A-3-45 and 11A-3-48] of this article, and all redemption money paid to the deputy commissioner pursuant to this article. . . . (b) The sheriff shall keep in a separate fund, to be known and designated the “Delinquent Nonentered Land Fund”, the proceeds of all redemptions and sales

paid to him under the provisions of sections forty-five, forty-eight and fifty-six of this article. Out of the total proceeds of each sale or redemption **he shall, in the order of priority stated below, credit the following amount for payment as hereinafter provided: (1) To the deputy commissioner, such part as represents compensation due him under the provisions of section sixty-six [§11A-3-66] of this article . . .” (Emphasis added)**

Chapter 11A, Article 3, Section 66 of the West Virginia Code, as amended, states in

part:

“As compensation for his services, the deputy commissioner **shall be entitled to a fee of ten dollars** for each item certified to him by the auditor pursuant to section forty-four [§11A-3-44] of this article. **In addition thereto he shall receive a commission of fifteen percent on each sale or redemption, whichever is greater. . . .” (Emphasis added)**

Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, states in part:

“ . . . (b) . . . All moneys, other than federal funds, defined in section two [§ 4-11-2], article eleven, chapter four of this code, shall be credited to the state fund and treated by the auditor and treasurer as part of the general revenue of the state except the following funds which shall be recorded in separate accounts:

- (1) All funds excluded by the provisions of section six [§4-11-6], article eleven, chapter four of this code;
- (2) All funds derived from the sale of farm and dairy products from farms operated by any agency of the state government other than the farm management commission;
- (3) All endowment funds, bequests, donations, executive emergency funds, and death and disability funds;
- (4) All fees and funds collected at state educational institutions for student activities;
- (5) All funds derived from collections from dormitories, boardinghouses, cafeterias and road camps;
- (6) All moneys received from counties by institutions for the deaf and blind on account of clothing for indigent pupils;
- (7) All insurance collected on account of losses by fire and refunds;
- (8) All funds derived from bookstores and sales of blank paper and stationery, and collections by the chief inspector of public offices;
- (9) All moneys collected and belonging to the capitol building fund,

state road fund, state road sinking funds, general school fund, school fund, state fund (moneys belonging to counties, districts and municipalities), state interest and sinking funds, state compensation funds, the fund maintained by the public service commission for the investigation and supervision of applications, and all fees, money, interest or funds arising from the sales of all permits and licenses to hunt, trap, fish or otherwise hold or capture fish and wildlife resources and money reimbursed and granted by the federal government for fish and wildlife conservation;

(10) All moneys collected or received under any act of the Legislature providing that funds collected or received thereunder shall be used for specific purposes.

(c) All moneys, excepted as provided in subdivisions (1) through (9), inclusive, subsection (b) of this section, shall be paid into the state treasury in the same manner as collections not so excepted, and shall be recorded in separate accounts to be used and expended only for the purposes for which the same are authorized to be collected by law: Provided, That amounts collected pursuant to subdivision (10), subsection (b) of this section, which are found from time to time to exceed funds needed for the purposes set forth in general law may be transferred to other accounts or funds and redesignated for other purposes by appropriation of the Legislature. The gross amount collected in all cases shall be paid into the state treasury, and commissions, costs and expenses of collection authorized by general law to be paid out of the the gross collection, including bank and credit card fees, are hereby authorized to be paid out of moneys collected and paid into the state treasury in the same manner as other payments are made from the state treasury. . . .”

According to the Senior Deputy State Auditor, the Auditor’s Office could not find any qualified persons to conduct land sales for the smaller counties because, in his opinion, the smaller counties were not “profitable.” Therefore, the Auditor’s Office hired the special deputy to perform deputy land commissioner duties on a \$50.00 per hour basis. In addition, the Director of Land stated the contract employee was appointed as a special deputy and was not required to be compensated in the same manner as a deputy land commissioner.

The Auditor's Office collected fees and commissions amounting to \$149,761.39 without statutory authority and deposited those fees into the Land Operating Fund - Fund 1206. These collections should have been paid to the special deputy or credited to the State General Revenue Fund.

We recommend the Auditor's Office comply with Chapter 11A, Article 3, Sections 42, 34, 59, 64, and 66 and Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended. In addition, we recommend that deputy land commissioners be appointed for all counties and compensated in accordance with Article 3, Chapter 11A of the West Virginia Code.

Agency's Response

I disagree with the determination of noncompliance regarding the collection of land sale fees. West Virginia State law allows this office to appoint an employee to serve as Deputy Commissioner.

West Virginia Code §11A-3-34 was amended last year and clearly allows for the appointment of an employee to conduct sales. I disagree with the interpretation that such an employee would then be entitled to land commissions as well as salary as such would be double-dipping. Mr. Sluss was utilized as a contract employee to conduct sales and sign documents. All support services were provided by my office. I believe that it is the intent of the statute that such fees would revert to the State in the event of an employee appointment since it is actually the state providing the service. By utilizing a contract employee paid at an hourly rate the office achieved a cost saving for the State of West Virginia and operated more efficiently and effectively.

Additionally West Virginia Code §11A-3-36 provides for the establishment of an operating fund for the land department and further provides that the Auditor should deposit all charges collected by him into that fund.

He shall pay into such fund all redemption fees, all publication or other charges collected by him, if such charges were paid by or were payable to him ... WV Code §11A-3-36(a). (emphasis added).

Thus, the office maintains the right to collect the charges from such sales and credit them to the land operating fund, ultimately benefitting the school fund.

Procedures for Discounts and Interest Penalties

The Auditor's Office does not have procedures to ensure discounts and interest penalties are applied to public service corporation tax receipts in accordance with the West Virginia Code. We noted the Auditor's Office granted early payment discounts totaling \$70,676.52 for partial tax payments made by two railroad companies. The railroad companies made partial payments because they disputed their tax liabilities. The companies paid \$4,593,988.38 of the \$5,654,121.41 total taxes due, with \$1,060,133.03 remaining unpaid. According to statute, discounts should not be granted unless the entire amount due is received on or before the due date. Additionally, the discount granted was based on the amount of the original assessment rather than the lesser amount the railroad asserted they owed. Since the assessed amount was not paid in full, no discount should have been applied until after the court reached its decision in October 2001. In addition, the Agency also failed to collect \$70,204.08 in late payment interest from various public service corporations. As state above, public service corporations are only entitled to the two and one-half percent early payment discount if the taxes owed are paid on or before the due date. Otherwise, interest is to be charged at a rate of nine percent until the taxes are paid.

Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended, states in part:

"The auditor shall, as soon as possible after such assessment is completed, make out and transmit by mail or otherwise, to such owner

or operator, a statement of all taxes and levies so charged, and it shall be the duty of such owner or operator, so assessed and charged, to pay one half of the amount of such taxes and levies into the treasury of the State by the first day of September and the remaining one half by the first day of the following March, subject to a deduction of two and one half per centum if the taxes be paid on or before the due date. If such owner or operator fail to pay such taxes and levies when due, interest thereon at the rate of nine per centum per annum until paid shall be added . . .”

According to the Auditor’s Director of Land, the early payment discounts granted to the two railroad company’s were irrelevant since the companies filed disputes over the taxes billed and the court will determine the companies’ liabilities. Secondly, the Director stated that before the 2001 fiscal year, the Auditor’s Office interpreted the Code not to require interest to be accrued on payments received after the September 1 and March 1 due dates until the first day of the month following the due date. The change in Agency’s interpretation occurred after a public service company complained about incurring interest charges on their tax payment.

As a result of the Auditor’s Office misinterpretation of the Code, they did not collect late payment interest totaling \$70,204.08. In addition, prompt payment discounts totaling \$70,676.52 were improperly granted to entities not fully paying their assessments prior to the due date.

We recommend the Auditor’s Office comply with Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended.

Agency’s Response

I agree with the finding of noncompliance. The new Oracle program introduced in FY 2000 allowed the office to track and enforce the collection of that interest, thus, this issue has been corrected.

Chief Inspector Division Fees

We noted \$34,921.00 in services invoiced before June 30, 2000 by the State Auditor's Chief Inspector Division remained uncollected as of May 31, 2001. The Chief Inspector Division, which came under the State Auditor's authority on July 1, 1999, provides financial and compliance audits, reviews, technical assistance, training, and managerial services to local governmental entities and the Division's operating costs are funded by the fees charged for these services. The local entity is responsible to pay for these services promptly. However, Chapter 6, Article 9, Section 8 of the West Virginia Code, as amended, sets forth provisions available to the Chief Inspector Division in the event a local entity does not pay timely. This Section states in part:

" . . . The chief inspector shall render to the agency liable for such cost a statement thereof as soon after the same was incurred as practicable and it shall be the duty of such agency to allow the same and cause it to be paid promptly in the manner that other claims and accounts are allowed and paid and such total amount shall constitute a debt against the local agency due the state. Whenever there is in the state treasury a sum of money due any such county commission, board of education, or municipality from any source, upon the application of the chief inspector, the same shall be at once applied on the debt aforesaid against the county commission, board of education or municipality and the fact of such application of such fund shall be reported by the auditor to the said county commission, board of education or municipality which report shall be a receipt for the amount therein named. . . ."

According to the Deputy Chief Inspector, the Division does not have any documented procedures to follow when trying to collect outstanding accounts receivable balances. The Division will generally "re-invoice" an entity if payment has not been received promptly and delinquent accounts are usually handled on a "case by case" basis. However, all remedies provided for and required in Chapter 6, Article 9, Section 8 of the West Virginia Code were not utilized by the

Auditor's Office. For fiscal year 2000, the Agency did not promptly collect \$34,921.00 for services rendered. Those funds could be used to defray the cost of the Chief Inspector Division's operations.

We recommend the State Auditor's Chief Inspector Division comply with Chapter 6, Article 9, Section 8 of the West Virginia Code, as amended.

Agency's Response

I agree with the finding of noncompliance regarding the lack of written collection procedures. CID follow the collection procedures set forth in West Virginia Code §6-9-8 for those entities with sufficient funds in the treasury to cover the delinquency without jeopardizing the entity's ability to operate.

CID recognizes that legislative changes may be appropriate regarding the mandatory nature of the collection provisions, as such would bankrupt smaller entities.

Distributions In Excess Of Collections

We found the Auditor's Office made excess public service tax distributions during the 2000 and 2001 fiscal years. According to county circuit court rulings, two cellular phone companies overpaid their public service taxes during the 1997 fiscal year. Since the Auditor's Office distributed the 1997 tax payments with its regular semiannual distributions before the court rulings, they issued credits to the cellular phone companies totaling \$16,793.25 during the 2000 fiscal year and \$13,209.42 during the 2001 fiscal year. The credits reduced the total amount available to be allocated during the 2000 and 2001 fiscal year distributions; however, the Auditor's Office did not reduce the amount of the distributions to reflect the credits issued.

Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended, states in

part:

“ . . . it shall be the duty of such owner or operator, so assessed and charged, to pay one half of the amount of such taxes and levies into the treasury of the State by the first day of September and the remaining one half by the first day of the following March, subject to a deduction of two and one half per centum if the taxes be paid on or before the date due. . . . if under the provisions of said section twelve [§11-6-12] or in any suit, action or proceeding, it be ascertained that the assessment or valuation of the property of such owner or operator is too high and the same is accordingly corrected, it shall be the duty of the auditor of the State to issue to the owner or operator a certificate showing the amount of taxes and levies which have been overpaid, and such certificate shall be receivable thereafter for the amount of such overpayment in payment of any taxes and levies assessed against the property of such owner or operator, its successors or assigns. . . . All moneys received by the auditor under the provisions of this section shall be transmitted to the several counties within twenty days from receipt thereof.”

Although the Auditor's Office issued credits to the two cellular phone companies, the credits were not taken into account when making its 2000 and 2001 fiscal year distributions. The additional distribution was funded from the surplus balance in the Public Utility Tax Administration Fund - Fund 1201. Consequently, the distributions were made to various counties and municipalities which exceeded collections by a total of \$30,002.67.

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended, and attempt to recover the overpayment.

Agency's Response

I agree with the finding of noncompliance regarding excess distributions. Distributions were made to various counties and municipalities that exceeded collection by a total of \$30,002.07. This was a result of miscommunication between the Public Utility Division and

the programmers of the new Oracle program. This issue has been resolved now that Oracle is fully implemented.

Public Service Corporation Assessments

We found the Auditor's Office incorrectly billed four public service corporations a total of \$29,922.40. Two companies were under assessed by a total of \$29,772.49 and two companies were overcharged a total of \$149.91. The miscalculations were related to database entry errors, inaccurate tax bills, and inconsistent assessments from one year to the next. In the case of the inaccurate tax bill, we noted on one tax ticket that the total assessment by county did not equal the total assessment approved by the Board of Public Works. In relation to the inconsistent assessments, we noted construction work in process was not included in a company's 1999 fiscal year tax assessment calculation, but was included in the 2000 fiscal year assessment.

Chapter 11, Article 6, Section 13 of the West Virginia Code, as amended, states in part:

"In case the list and valuation of the property filed with the tax commissioner be satisfactory to the board of public works, or upon assessment of the property of such owner or operator being made by the board of public works, the auditor shall immediately apportion to each county, in which any part of such property is situated, the value of the property therein of every such owner or operator as valued or assessed hereunder and the relative value of such operating property within each county compared to the value of the total operating property within the state, to be determined upon such factors as the auditor shall deem proper; and further shall apportion such values among the several districts, being school districts, and a proportional valuation to each municipality therein, in which any part of such property is situated, according to the value thereof, as near as may be, and forthwith shall certify to the county commission of such county the values so apportioned. . . ."

The Auditor's Director of Land stated the agency erroneously included the 2000 fiscal year construction work in process causing a portion of the incorrect billings. The Director could not readily provide an explanation for the database entry errors, the inaccurate tax bills, and the inconsistent assessments.

As a result of the inaccurate tax bills, miscalculations, entry errors, and inconsistent assessments, the Auditor's Office under assessed public service corporations a total of \$29,622.58 and over charged two additional companies a total of \$149.91.

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 13 of the West Virginia Code, as amended.

Agency's Response

I agree with the finding of noncompliance regarding billing of four public service corporations. I believe this problem occurred in FY 1999, prior to use of the Oracle program.

I also agree that distributions were made to various counties and municipalities that exceed collections as a result of miscommunication between the Public Utility Division and the programmers of the new Oracle program. These issues have been resolved now that the program has been fully implemented.

Equipment Inventory

Our audit revealed the Auditor's Office does not have an effective system for maintaining current inventory records. Consequently, we were unable to determine whether equipment items were properly disposed of or retired. While performing our equipment trace, we noted inventory records were not updated when items were moved from one agency division to another. Unwanted or retired equipment items are routinely delivered to, and stored at, the Agency's

offsite warehouse before being transferred to the Department of Administration's Surplus Property Unit. However, we discovered equipment items are delivered to the warehouse, and subsequently retired to the Surplus Property Unit, without the knowledge of the individuals responsible for maintaining the State Auditor's inventory records.

In addition, we were unable to determine whether 79 equipment items were properly retired to the Department of Administration's Surplus Property Unit. According to the "State of West Virginia Retirement and/or Surplus Form" (Form WV-64) dated June 7, 2000, a total of 79 items were retired by the Auditor's Office. However, the form was not signed by a Surplus Property Unit employee, indicating the actual receipt of the items. Therefore, we were unable to ascertain the disposition of the 79 equipment items.

Chapter 5A, Article 8, Section 9 of the West Virginia Code, states in part:

"The head of each agency shall: . . .

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities. . . ."

Section 4.2 of the State of West Virginia Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines states in part:

". . . ALL property no longer needed in a department is to be retired to the Surplus Property Unit of the Purchasing Division."

Section 4.3.1 of the State of West Virginia Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines states as follows:

"All agencies no longer needing equipment/property must follow the retirement procedures as outlined in this manual and the "Inventory

Management WVFIMS Fixed Asset Training Manual”. Agencies retiring equipment with an acquisition of \$1,000 or less and not in the WVFIMS Fixed Asset system are required to use the Surplus Property Retirement Form, WV-103 form (See Appendix -A). This form should accompany the equipment to Surplus Property.”

Section 4.3.1 of the State of West Virginia Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines was revised on October 1, 1999 to include Form WV-103, “Surplus Property Retirement Form”. However, the Agency utilized Form WV-64 when they were disposing/retiring the 79 equipment items on June 7, 2000. Form WV-64 was the form previously utilized to retire or surplus equipment. Auditor’s Office personnel were unable to explain why the inventory records do not reflect the transfer of equipment from one agency location to another or why the WV-64 forms were not signed by a Surplus Property Unit representative.

Not maintaining an effective inventory system could result in undetected theft or unauthorized use of equipment. In addition, we were unable to determine the disposition of the 79 aforementioned equipment items.

We recommend the Auditor’s Office comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, Sections 4.2 and 4.3.1 of the State of West Virginia Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines.

Agency’s Response

I agree with the finding that our inventory record keeping system was in noncompliance. We have taken steps to correct it.

Assessment and Allocation of Public Service Corporation Taxes

We noted the West Virginia State Auditor’s Office (Auditor’s Office) did not distribute 1999 fiscal year public-utility taxes totaling \$122,208,000.00 based on actual collections

or maintain records in a form that would demonstrate the individual public service company's remittances were properly distributed. In addition, Norfolk & Western Railway Company's 2000 and 1999 fiscal year assessment distributions totaling \$8,941,758.51 and 1999 fiscal year "railroad-carline" assessment distributions totaling \$1,818,829.54 were not based on the company's current annual report information.

Until the 2000 fiscal year, the Auditor's Office made semiannual distributions instead of distributing public utility taxes as they were received. The first distribution was based on one-half of the anticipated collections from all public service companies (assessed taxes due) net of a two and one-half percent early payment discount. In other words, the Auditor's Office calculated the tax that was expected to be received for the first half of the tax year, reduced the total by the two and one-half percent early payment discount, and distributed the net assessment regardless of when the various companies actually paid their taxes. However, according to the West Virginia Code, the actual tax receipts and not estimates are to be distributed, and the public utility companies are only entitled to the two and one-half percent discount if their taxes are received by the Auditor's Office by the September 1st or March 1st due date. The Auditor's Office funded the first distribution by using the receipts from companies that paid their entire year's tax in the first half of the tax year and from a large surplus fund balance in the Public Service Corporation Taxes Fund - Fund 1201. The Auditor's Office adjusted the second half distribution for non payments, forfeited discounts, and interest.

We also found Norfolk and Western Railway Company's 2000 and 1999 annual reports did not include a complete "Property Sheet B". These property sheets are needed to calculate tax assessments and receipt allocations. We determined Norfolk and Western Railway's 2000 and 1999 property sheets listed the number of railroad track miles by type and location, but did not

indicate the value-per-mile for the reported track. Since the company did not provide the value-per-mile information on its property sheet, the Auditor's Office used a value-per-mile as reported by the company several years earlier; however, the Auditor's Office was unable to tell us which year's value-per-mile was used to calculate the \$8,941,758.51 tax assessment.

Similarly, we noted the Auditor's Office distributed the 1999 fiscal year "railroad-carline" assessments to the entities (counties and municipalities) using the same allocation percentages utilized in a prior year. However, Agency personnel were unable to tell us which fiscal year's railroad mileage was used to calculate the assessments totaling \$1,818,829.54.

Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended, clarifies the public utility tax collection and distribution requirements and states in part,

" . . . it shall be the duty of such owner or operator, so assessed and charged, to pay one half of the amount of such taxes and levies into the treasury of the State by the first day of September and the remaining one half by the first day of the following March, subject to a deduction of two and one half per centum if the taxes be paid on or before the date due. If such owner or operator fail to pay such taxes and levies when due, interest thereon at the rate of nine per centum per annum until paid shall be added . . ."

Chapter 5A, Article 8, Section 9 of the West Virginia Code states in part,

"The head of each agency shall: . . .

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities. . . ."

The Auditor's Office could not provide us with the documentation needed for the 1999 fiscal year public utility tax distributions, the Norfolk and Western Railway's tax assessment, or the "railroad-carline" assessment distributions. In regard to the semiannual allocations, Agency

personnel stated the public utility tax distributions were once calculated under a manual accounting system. The system gradually evolved, through technological changes, to the Oracle database utilized today which enables the Auditor's Office to currently distribute the taxes based on actual receipts.

Since the Agency made semiannual distributions, monies were not made available to counties and municipalities in a timely manner. Without the proper documentation, we were unable to verify the accuracy of approximately \$122,208,000.00 in public-utility allocations distributed by the Auditor's Office during the 1999 fiscal year, the \$8,941,758.51 Norfolk and Western Railway, or the \$1,818,829.54 "railroad-carline" assessment distribution.

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 18, as amended, and Chapter, 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

I agree with the finding of noncompliance for taxes distributed prior to FY 2000. The Oracle program corrected that beginning in FY 2000. I also agree that the Norfolk and Western Railway Company FY 1999 and FY 2000 distribution was not based upon the company's current data, because of the failure of that company to report current data on their annual report. As the audit report stated, the office was not provided with the necessary information to make the distribution based upon current data, but instead had to rely upon prior data for the value per mile figures. The State Tax Department failed to enforce completion of Property Sheet B, therefore, we were forced to utilize the best information available to us. Thus, this issue is not within our ability to control.

FY 1999 (Tax Year 1998) "railroad-carlines" distribution was made under the system prior to the Oracle Database using a prior year figure and, therefore, that problem has also been corrected.

Unsubstantiated Fee Adjustments and Missing Documentation

During our examination of cash receipts, we documented differences totaling \$23,404.00 between the amounts billed by the Chief Inspector Division and our calculation of the amounts due as determined from the hours recorded on the employees' time sheets or the amount stated in the signed engagement letters. The Chief Inspector Division charges local entities for services on an hourly or contract basis. The total amount charged is determined by the number of hours compiled from employee time sheets or from the amount stated in the "engagement letter." An engagement letter specifies the services to be provided by the Chief Inspector Division and the fee for those services. Our audit also revealed several instances where the Division had not maintained documentation relating to the amounts charged to entities for various audits and other services. Specifically, the following documents were missing and unavailable for our review: **eight** engagement letters, **four** cost sheets, and **three** invoices. Chapter 5A, Article 8, Section 9, as amended of the West Virginia Code states in part:

"The head of each agency shall: . . .

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities. . . ."

We discovered the Division made three unsubstantiated billing adjustments reducing the amounts owed by agencies by a total of \$18,862.00, an additional \$2,748.00 should have been charged to various local entities for financial services, and \$1,794.00 was charged to an entity without any documentation supporting the services provided. According to the Deputy Chief Inspector, the adjustments were probably due to billing revisions or engagement letter modifications. We were

unable to determine the nature of the other differences. In addition, the Division attempted to locate the missing documentation, but was unable to do so.

Without being able to review the documentation supporting invoice adjustments and charges, we were unable to determine if the adjustments or charges were properly authorized or if the proper fees were charged and collected.

We recommend the State Auditor's Chief Inspector Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended.

Agency's Response

I agree with the finding that contract modifications need to be accompanied by written documentation. Certain contract modifications were implemented when the pricing method switched to flat fees from hourly billing. The individual responsible for billing functions is recently deceased and certain files cannot be located. CID has taken steps to improve filing and documentation.

Payments Not In Accordance With Contract

We noted the Auditor's Office overpaid a vendor \$19,225.13 for travel related expenses and violated the terms of a contract approved by the Attorney General's Office and the Purchasing Division. The Auditor's Office contracted with System Consultants, Inc. to develop and implement the statewide payroll system known as EPICS (Employee Payroll Information Control System). According to the terms of the contract, Systems Consultants were to bill the Auditor's Office for "actual" travel expenses, in accordance with the then current Governor's Travel Regulations, not to exceed \$123,750.00. We determined the Systems Consultants were paid travel expenses totaling \$8,399.22 in conformance with the contract terms. However, without Attorney

General and Purchasing Division approval, the Auditor's Office began making \$19,225.13 monthly payments to Systems Consultants in December 1998 in lieu of reimbursing the company for actual travel expenses. The Agency calculated the monthly payments by taking the remaining \$115,350.78 (\$123,750.00 maximum travel expenses per the contract terms "less" \$8,399.22 actual travel expenses previously paid) and dividing this amount into six equal payments. Nevertheless, the seven monthly payments were made to Systems Consultants totaling \$134,575.91 with the last payment being made for June 1999 expenses. In addition to paying the travel expenses in a manner that violated contract terms, the Auditor's Office charged the monthly payments to the "Contractual and Professional - 025" object code although the "actual" travel expenses totaling \$8,399.22 were charged to the "Travel - 026" object code.

Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended, states in part:

"Every board or officer authorized by law to issue requisitions upon the auditor for payment of money out of the state treasury, shall, before any such money is paid out of the state treasury, certify to the auditor that the money for which such requisition is made is needed for present use for the purposes for which it was appropriated . . ."

The contract between the Auditor's Office and Systems Consultants, Inc.

(AUD98212), states in part:

". . . Travel expenses will be reimbursed in accordance with the then current Governor's Travel Regulations and not to exceed \$123,750. . . ."

Section 8.7 "Changes and Reinstatements" of the Department of Administration's

Purchasing Division Agency Purchasing Manual, states in part:

"Changes: Occasionally it becomes necessary to amend, clarify, change or cancel purchasing documents. . . . Changes to the original purchase order must be sequentially numbered in the appropriate

space. . . . To effect the change, written concurrence from the vendor is required. Purchase Requisition, WV-35, marked 'Change Order', is used to change an existing contract's specifications, terms, price, quality, etc. . . . submit the . . . Purchase Requisition, WV-35, to the Purchasing Division. . . ."

The Governor's Travel Rules, as amended, states in part:

"Air Transportation In order to receive reimbursement, the traveler must submit the "passenger receipt portion" or certified copy from the commercial airline ticket. . . .

Commercial Rental Vehicles. . . . Receipts and/or documentation is required for reimbursement of car rental and mileage charges or fees.

. . . .

Lodging Receipts are required for lodging reimbursement. . . .

Meals reimbursement is limited to actual expenses for food, service and gratuities, not to exceed the Authorized Daily Rates (ADR) as established by the General Services Administration

Other Expenses Receipts are required for any individual expenditure in excess of \$75.00. . . ."

The Senior Deputy State Auditor stated he was not sure if the Purchasing Division would have required the Auditor's Office to submit a formal change order to modify the manner in which travel expenses were reimbursed. He also stated the travel reimbursement method was changed because the Governor's Travel Regulations would have prohibited some of the travel expense reimbursements requested by Systems Consultants and changing the reimbursement method simplified vendor invoice processing. Although the seventh payment was supported by a June 1999 invoice, the Senior Deputy State Auditor stated the seventh payment was made to cover the company's travel expenses for "change order number five", which extended the contract to October 1, 1999.

The Auditor's Office paid \$19,225.13 over the maximum allowable travel expenses specified in the contract. In addition, we were unable to determine what portion of the \$134,575.91 would have been allowed under the Governor's Travel Regulations or what portion of the aforementioned expenses was for actual expenses incurred by System Consultants' employees. Expenses handled in this manner could have resulted in the vendor receiving payment for expenses before they were incurred.

We recommend the Auditor's Office comply with Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended, the Purchasing Division's Agency Purchasing Manual, and the Governor's Travel Regulations.

Agency's Response

I agree with the finding that a vendor expense payment did not meet contractual requirements. We have taken steps to correct the problem.

Untimely Distribution of Public Service Taxes

We noted the Auditor's Office took between 35 and 53 days to distribute \$3,768,616.49 in public service corporation taxes during the 2000 fiscal year. During the 1999 fiscal year the Auditor's Office made semiannual distributions. The agency started making the public utility tax distributions on a "monthly basis" in the 2000 fiscal year; however, these tax distributions were not made within 20 days of receipt as required by West Virginia Code. Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended, states in part:

" . . . All moneys received by the auditor under the provisions of this section shall be transmitted to the several counties within twenty days from receipt thereof."

Auditor's Office personnel stated they believe it was not practical to make tax distributions within 20 days of receipt. Since the distributions were not made within 20 days of receipt, funds were unavailable to the various counties and municipalities to defray the operating costs of the entity.

We recommend the Auditor's Office comply with Chapter 11, Article 6, Section 18 of the West Virginia Code, as amended.

Agency's Response

I agree with the finding of noncompliance for the method of distribution used in FY 1999 and FY 2000, and I agree that we are not in strict conformity with West Virginia Code §11-6-18, which would require daily distributions of money. Daily distribution would not be practical and would be prohibitively expensive. I recognize that legislative changes may be appropriate in order to balance the requirement of prompt payment with expense and other practical considerations.

North American Securities Administrators Association Travel Reimbursements

We noted a Securities Division employee received four travel reimbursement checks totaling \$3,700.38 from the North American Securities Administrators Association (the Association) during the 1999 fiscal year; however, the checks were not remitted to the Auditor's Office until the 2000 fiscal year. The Association sponsors securities conferences throughout the year and reimburses its members for a portion of their travel expenses for attending these functions. We discovered the Association reimbursed the employee for attending four of these conferences with the fourth check being paid to the employee on May 24, 1999, but according to FIMS records, the reimbursement checks were not deposited with the Auditor's Office until February 29, 2000. The Association made

the checks payable directly to the employee; therefore, the Auditor's Office had no way of knowing if or when the Association made the reimbursements. After the employee finally remitted the Association's four checks to the Auditor's Office, he was reimbursed \$2,510.69 for his actual travel expenses associated with the four conferences. The employee's airfare totaling \$1,858.35 was charged to the Agency's TEAM card (Diner's Club) and paid in the 1999 fiscal year. The employee initially paid for the hotel and incidental charges himself. If the employee had kept the Association's checks in lieu of seeking travel reimbursement through the Auditor's Office, he would have received an excess reimbursement totaling \$1,189.69. Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, sets for the requirements for moneys due the State and it states in part,

“(a) All officials and employees of the state authorized by statute to accept moneys due the state of West Virginia...shall deposit within twenty four hours with the state treasurer all moneys received or collected by them for or on behalf of the state for any purpose whatsoever. . . .”

We were unable to determine why the employee held the checks which should have been submitted immediately to the Auditor's Office for deposit. Additionally, the employee should have filed a travel voucher immediately upon his return. Not only did the employee wait an excessive amount of time to file his travel expenses, he had checks which exceeded the amount for which he was entitled to be reimbursed.

We recommend the Auditor's Office comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

Agency's Response

I agree that one employee made errors regarding reimbursement of third party travel.

Improper Fund Allocation

We found the Auditor's Office did not properly distribute two employee benefit payments to the proper funds. The Agency transferred \$44,520.00, one percent of its annualized personal services expenditures, to the Public Employees Insurance Reserve Fund. However, instead of charging the transfer to the various funds based on the number of employees paid from each fund, \$7,270.00 was charged to the Securities Regulation Fund - Fund 1225 and \$37,250.00 was charged to the Land Operating Fund - Fund 1206. However, the documentation needed to determine how the transfer should have been allocated among the State Auditor's funds was unavailable for review. Similarly, we noted the Auditor's Office allocated \$15,305.10 of a \$29,543.70 Workers' Compensation premium payment to the Public Utility Tax Administration Fund - Fund 1227. However, we determined there were only four agency employees paid from this fund. This payment should also have been allocated to the various State Auditor funds based on the number of employees paid from each fund.

Chapter 12, Article 3, Section 9 of the West Virginia Code states in part,

"Every board or officer authorized by law to issue requisitions upon the auditor for payment of money out of the state treasury, shall, before any such money is paid out of the state treasury, certify to the auditor that the money for which such requisition is made is needed for present use for the purposes for which it was appropriated; and the auditor shall not issue his warrant to pay any money out of the state treasury unless he is satisfied that the same is needed for present use for such purposes."

Chapter 11A, Article 3, Section 36 of the West Virginia Code states in part,

"The auditor shall establish a special operating fund for the land department in his office. . . . The operating fund shall be used by the auditor . . . to pay for the operation and maintenance of the land department in his office. . . ."

Chapter 32, Article 4, Section 406 of the West Virginia Code, as amended, states in

part:

“ . . . The auditor shall set up a special operating fund for the securities division in his or her office. . . . The special operating fund shall be used by the auditor to fund the operation of the securities division located in his or her office. The special operating fund shall be appropriated by line item by the Legislature. . . .”

Chapter 11, Article 6, Section 26 of the West Virginia Code states in part,

“ . . . Any moneys remaining in the special operating fund after reimbursement to the tax department shall be used by the auditor for funding the operation of the public utilities division located in his office. . . .”

Regarding the Public Employees Insurance Transfer, the Senior Deputy State Auditor stated that the statute requiring the funds transfer was not passed until late in the 2000 fiscal year and, consequently, resources were not available in every account to enable each fund to absorb its proper share of the expense. The Auditor's Office staff were unable to readily provide an explanation why the majority of the Workers' Compensation premium payment was charged to the Public Utility Tax Administration Fund - Fund 1227.

The excess monies paid from the Securities Regulation Fund, the Land Operating Fund, and the Public Utility Tax Administration Fund were not available for the purpose which they were legislatively intended. We were unable to determine the proper fund allocation of the expenditures.

We recommend the Auditor's Office comply with Chapter 12, Article 3, Section 9; Chapter 11A, Article 3, Section 36; Chapter 32, Article 4, Section 406, as amended; and Chapter 11, Article 6, Section 26, as amended, of the West Virginia Code.

Agency's Response

I agree with the finding of noncompliance regarding our inability to completely cost allocate funds for the PEIA reserve fund.

Payment From Wrong Fund

Our audit revealed the Auditor's Office paid invoices totaling \$11,598.89 and \$1,582.28 for reimbursement of securities conference travel from the Real Estate Time Sharing Fund-Fund 1211; however, based on a review of the documentation, the invoices should have been charged to other State Auditor funds.

Chapter 36, Article 9, Section 25 of the West Virginia Code states in part,

“There is created within the state treasury the West Virginia real estate time-sharing trust fund to be used for the administration and operation of this article by this division. . . .”

In relation to securities conference expenses being paid from the Real Estate Time Sharing Fund, Section 21 of Article 9 states:

“Time-sharing plans are not securities under the provisions of this Code.”

The Senior Deputy State Auditor stated the Auditor's Office does not always allocate expenses to various funds as expenses are incurred and, every so often, he will have the Real Estate Time Sharing Fund “pick up the tab” on some of the Agency's expenses although they were not directly related to that fund. In regard to the securities conference travel reimbursement, the Senior Deputy State Auditor stated some Securities Division staff manage the Real Estate Time Sharing Program. Accordingly, he believes the Auditor's Office was within their right to charge the travel expenses to the fund. The monies paid from the Real Estate Time Sharing Fund were not available for the purpose in which they were legislatively intended.

We recommend the Auditor's Office comply with Chapter 36, Article 9, Sections 21 and 25 of the West Virginia Code.

Agency's Response

I disagree with the finding of noncompliance based on travel payments from the time-share fund. The securities conferences provide essential information regarding fraud, investigations, documentation, and reporting, which are applicable to both securities and time-shares.

Purchasing Card

While performing the test of purchasing card expenditures, we noted the following noncompliances with purchasing card procedures: (1) Four purchases totaling \$9,932.72 were divided into 15 separate invoices to keep charges within the limits specified by the State Purchasing Card Rules and Regulations. According to the purchasing card statement, the multiple transactions for each of these four purchases were for the same vendor on the same day. (2) Purchasing card purchases totaling \$8,241.84 were not properly authorized. Purchasing card holders are to complete a log sheet for monthly purchasing card transactions. These log sheets are to be signed by the card holder and authorized by the Purchasing Card Coordinator. We noted two purchasing card log sheets did not have the State Auditor's Purchasing Card Coordinator's signature affixed. (3) The Agency did not maintain vendor invoices and purchasing card log sheets. (4) Four purchasing card purchases totaling \$396.00 were classified as "Association Dues and Professional Memberships" object code number 031; however, State Purchasing Card Policies and Procedures preclude the charging of association dues and professional memberships to the State purchasing card. After reviewing the vendor documentation, we determined this expenditure should have been charged as training or development expenses.

The State Purchasing Card Policies and Procedures states in part:

“The cardholder is obligated to follow all rules as stated in the Purchasing Card Policies and Procedures. . . . Transaction Limit - For the period beginning July 1, 1998, the maximum dollar amount permitted in a single transaction is \$1,000.00. . . .”

Chapter 5A, Article 8, Section 9 of the West Virginia Code states in part:

“The head of each agency shall: . . .

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency’s activities. . . .”

The Log Sheet Instructions Section of the State Purchasing Card Policies and Procedures, effective July 1, 1998, state in part:

“. . . Each cardholder is required to maintain a log for recording purchasing card transaction details. Entries must be made as soon possible after goods are purchased or orders are placed. . . .”

The Ordering and Receipts Section of the same Policies and Procedures states in part:

“A receipt is required for all transactions. . . .”

The State Purchasing Card Policies and Procedures states in part:

“. . .the following items ARE NOT to be purchased using the purchasing card: . . .Memberships (including Association Dues and Membership Fees). . .”

The Expenditure Schedule Instructions describes the Object Code Classifications as follows:

“052 - Training and Development: All costs which are associated with the training, development, and education of an employee, including those materials solely purchased for in-house training (transparencies, films, videos, etc.), rental of training facilities, video conferencing charges related to training and education, any professional consulting service in the conducting of training,

reimbursement of authorized travel expenses (as allowed by the State Travel Regulations) incurred while attending training seminars, and tuition reimbursements for job-related course work and IS&C site training fees.

031 - Association Dues and Professional Memberships: Dues for membership in Associations that benefit the state or the agency - Department Secretary's approval required. Also an employee's current professional licensing fee that is necessary (i.e., required) to perform his or her CURRENT job or enable the employee to remain current in the job related field. (Attorney General's Opinion July 1993.)"

In response to Number (1) above, an Auditor's Office Services Administrator stated some of the above purchases were probably not split invoices because some companies may hold orders and process them all on the same day. The Services Administrator also stated that all Auditor's Office employees have been instructed to follow the Purchasing Card Policies and Procedures. By not complying with State Purchasing Card Policies and Procedures, Agency cardholders circumvented the transaction limit.

As described in Number (2) above, purchasing card purchases totaling \$8,241.84 were not properly authorized by the Auditor's Office. We were unable to determine why the purchasing card log sheets were not signed by the Purchasing Card Coordinator. Accordingly, we were unable to determine if the purchasing card purchases were properly authorized and approved due to the missing authorized agency signature on the purchasing card log sheet.

As conveyed in Number (3) above, the Agency did not maintain required purchasing card documentation. According to the provisions of Chapter 5A, Article 8, Section 9 of the West Virginia Code, the State Auditor, as head of the agency, would be responsible for ensuring adequate accounting records are maintained relating to the above issues. We believe the Auditor should review

the problem areas noted and ascertain appropriate corrective measures. We were unable to determine why the aforementioned documentation was not retained. As described in Number (4) above, four purchasing card purchases were improperly classified. According to Agency personnel, the object codes were classified erroneously.

We recommend the Auditor's Office comply with the State Purchasing Card Policies; Chapter 5A, Article 8, Section 9 of the West Virginia Code; and the Expenditure Schedule Instructions.

Agency's Response

I agree with the finding that there were certain instances of purchasing card procedures violated. This noncompliance was previously documented by our own internal purchasing card audit, which resulted in the suspension of certain cards and mandatory training on card use.

Statutory Fund Transfer

The Auditor's Office did not transfer \$4,500.00 of a \$150,000.00 legislatively mandated fund transfer. Our audit revealed \$145,500.00 was transferred from the West Virginia Supreme Court of Appeal's Family Law Administration Fund - Fund 0117 to the Department of Health and Human Resource's Domestic Violence Legal Services Fund - Fund 5455 on February 04, 2000. The House Bill authorizing the funds transfer (HB210) sets forth the amount of the transfer should have been \$150,000.00.

House Bill 210, passed on May 20, 1999, states in part,

“. . . The purpose of this supplementary appropriation bill is to supplement and amend the account in the budget act for the fiscal year ending the thirtieth day of June, two thousand, for the auditor's office-family law masters administration fund, fund 0117, fiscal year 2000,

organization 1200, by adding a new line item of appropriation in the amount of one hundred fifty thousand dollars and adding new language to provide for the transfer of funds; and to provide for a new item of appropriation to be established in the department of health and human resources—family protection services board—domestic violence legal services fund, fund xxxx, fiscal year 2000, organization xxxx, in the amount of one hundred fifty thousand dollars for expenditure during fiscal year two thousand.”

The Senior Deputy State Auditor stated the Auditor’s Office did not transfer the \$4,500.00 because of the Governor’s three percent spending freeze. As a result, the Agency failed to comply with the provisions of House Bill 210. The funds should have been transferred to comply with the Legislative Appropriation and then subjected to the budget freeze.

We recommend the Auditor’s Office comply with the provisions of House Bill 210, passed on May 20, 1999.

Agency’s Response

I disagree with a finding of noncompliance based on the office adherence to the Governor’s executive order. This purported noncompliance suggests that the Auditor’s Office should violate the Governor’s spending freeze executive order, which was placed into effect on January 5, 2000. The Governor’s authority to institute a budget freeze is reflected in West Virginia Code §5A-2-2- et seq., which clearly grants the Governor the authority to order a freeze such as the one contemplated herein.

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of appropriations/cash receipts, expenditures/disbursements and changes in fund balances of the West Virginia State Auditor's Office for the years ending June 30, 2000 and June 30, 1999. The financial statement is the responsibility of the management of the Auditor's Office. Our responsibility is to express an opinion on the financial statement based on our audit.

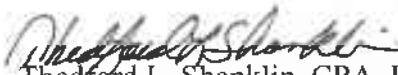
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the financial statement was prepared on the cash and modified cash basis of accounting, which are comprehensive bases of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the appropriations and expenditures and revenues collected and expenses paid of the West Virginia State Auditor's Office for the years ended June 30, 2000 and June 30, 1999, on the bases of accounting described in Note A.

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

Respectfully Submitted,


Theford L. Shanklin, CPA, Director
Legislative Post Audit Division

July 23, 2001

Auditors: Michael A. House, CPA, Supervisor
Timothy C. Butler, CPA, Auditor-in-Charge
Noah E. Cochran, CPA
Charles B. Thompson

**WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS/CASH RECEIPTS,
EXPENDITURES/DISBURSEMENTS AND CHANGES IN FUND BALANCES**

	<u>Year Ended June 30, 2000</u>		
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>
Appropriations/Cash Receipts:			
Appropriations	\$4,736,654.00	\$ 0.00	\$ 4,736,654.00
Supplemental Appropriation	150,000.00	0.00	150,000.00
Collections, Fees, Licenses, and Other Income	0.00	47,977,916.54	47,977,916.54
Investment Earnings	0.00	303,948.69	303,948.69
Statutory Transfers	0.00	997,283.49	997,283.49
Prior Year Expiring Funds	0.00	1,062.76	1,062.76
Public Utilities Tax	0.00	95,287,517.42	95,287,517.42
Redemption of Forfeited Lands	0.00	116,691.79	116,691.79
Reimbursements	34,707.95	93.22	34,801.17
Operating Fund Transfer	0.00	0.00	0.00
	<u>4,921,361.95</u>	<u>144,684,513.91</u>	<u>149,605,875.86</u>
Expenditures/Disbursements:			
Personal Services	2,076,315.59	2,444,272.60	4,520,588.19
Annual Increment	44,044.99	28,930.00	72,974.99
Employee Benefits	628,190.94	707,800.82	1,335,991.76
Current Expenses	1,203,410.62	1,094,859.20	2,298,269.82
Repairs and Alterations	14,867.64	11,303.85	26,171.49
Equipment	1,034,388.45	703,101.23	1,737,489.68
Payment of Taxes	0.00	546,429.98	546,429.98
Other Interest and Penalties	0.00	1,644,896.94	1,644,896.94
Fund Transfers	145,500.00	7,852,217.15	7,997,717.15
PELA Reserve Transfer	0.00	44,520.00	44,520.00
County and Municipalities	0.00	128,227,882.39	128,227,882.39
Purchase of Bonds	0.00	1,381,100.00	1,381,100.00
Cost Allocation Adjustment/Settlement	0.00	200,029.12	200,029.12
Trustee Payments	0.00	53,543.58	53,543.58
Transfer To Investment Account	0.00	1,291,305.43	1,291,305.43
	<u>5,146,718.23</u>	<u>146,232,192.29</u>	<u>151,378,910.52</u>
Appropriations/Cash Receipts (Under/Over)			
Expenditures/Disbursements	(225,356.28)	(1,547,678.38)	(1,773,034.66)
Expirations and Expenditures after June 30	(154,127.73)	0.00	(154,127.73)
Beginning Balance	<u>575,363.87</u>	<u>(8,882,615.06)</u>	<u>(8,307,251.19)</u>
Ending Balance	<u>\$ 195,879.86</u>	<u>(\$ 10,430,293.44)</u>	<u>(\$ 10,234,413.58)</u>

See Notes to Financial Statement

<u>Year Ended June 30, 1999</u>		
<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>
\$4,393,645.00	\$ 0.00	\$ 4,393,645.00
0.00	0.00	0.00
0.00	129,185,758.52	129,185,758.52
0.00	186,526.14	186,526.14
0.00	200,867.66	200,867.66
0.00	547.10	547.10
0.00	459,807.55	459,807.55
0.00	148,032.60	148,032.60
0.00	0.00	0.00
0.00	5,438.79	5,438.79
<u>4,393,645.00</u>	<u>130,186,978.36</u>	<u>134,580,623.36</u>
1,870,934.53	744,068.04	2,615,002.57
39,350.00	6,050.00	45,400.00
562,533.52	185,755.18	748,288.70
1,837,843.25	570,064.60	2,407,907.85
42,048.17	75,244.56	117,292.73
1,357,447.79	801,339.07	2,158,786.86
0.00	3,644.76	3,644.76
0.00	0.00	0.00
0.00	6,789,033.59	6,789,033.59
0.00	0.00	0.00
0.00	117,466,717.34	117,466,717.34
0.00	1,421,300.00	1,421,300.00
0.00	201,481.03	201,481.03
0.00	0.00	0.00
0.00	1,579,831.24	1,579,831.24
<u>5,710,157.26</u>	<u>129,844,529.41</u>	<u>135,554,686.67</u>
(1,316,512.26)	342,448.95	(974,063.31)
(90,877.89)	0.00	(90,877.89)
1,982,754.02	<u>(9,225,064.01)</u>	<u>(7,242,309.99)</u>
<u>\$ 575,363.87</u>	<u>(\$ 8,882,615.06)</u>	<u>(\$ 8,307,251.19)</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policy

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 31-day carry-over period is provided at the end of each fiscal year for the payment of obligations incurred in that year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 31 days after the fiscal year-end; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Expenditures paid after June 30, in the carry-over period and expirations were as follows:

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>Paid After June 30,</u>		<u>July 31,</u>	<u>July 31,</u>
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
General Administration Fund:				
Personal Services	\$ 472.50	\$2,774.26	\$ 2,474.20	\$ 14,503.31
Auditor's Salary	0.00	0.00	0.16	0.16
Annual Increment	0.00	0.00	7,755.06	11,173.00
Employee Benefits	9,153.06	427.67	55,153.06	64,867.48
Unclassified	0.00	0.00	124,388.92	14,831.08
Office Automation	0.00	0.00	7,496.86	136,114.16
Payroll System Acquisition	0.00	0.00	133,239.08	424,418.63

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>Paid After June 30,</u> <u>2000</u>	<u>1999</u>	<u>July 31,</u> <u>2000</u>	<u>July 31,</u> <u>1999</u>
Family Law Masters Administration Fund:				
Unclassified Surplus	0.00	0.00	15,000.25	333.94
Supplemental Appropriation - HB 210	<u>0.00</u>	<u>0.00</u>	<u>4,500.00</u>	<u>0.00</u>
	<u>\$9,625.56</u>	<u>\$3,201.93</u>	<u>\$350,007.59</u>	<u>\$666,241.76</u>

Combined Totals: The combined totals contain the totals of similar accounts of the various funds. Since the appropriations and cash receipts of certain funds are restricted by various laws, rules and regulations, the totaling of the accounts is for memorandum purposes only and does not indicate that the combined totals are available in any manner other than that provided by such laws, rules and regulations.

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are four and one-half percent of the annual compensation and employees have vested rights under certain circumstances. The West Virginia State Auditor's Office matches contributions at 9.5% of the compensation on which the employees made contributions.

The State Auditor's Office's pension expenditures were as follows:

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
General Revenue	\$194,019.50	\$182,227.45
Special Revenue	<u>225,940.18</u>	<u>62,730.03</u>
	<u>\$419,959.68</u>	<u>\$244,957.48</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>General Administration Fund - Personal Services - Fund 0116-001</u>		
Appropriations	\$2,010,067.00	\$1,815,438.00
Expenditures	<u>2,008,065.30</u> 2,001.70	<u>1,803,708.95</u> 11,729.05
Transmittals Paid After June 30	<u>472.50</u>	<u>2,774.26</u>
Balance	<u>\$ 2,474.20</u>	<u>\$ 14,503.31</u>
 <u>General Administration Fund - Auditor Salary - Fund 0116-002</u>		
Appropriations	\$ 70,000.00	\$ 70,000.00
Expenditures	<u>69,999.84</u> 0.16	<u>69,999.84</u> 0.16
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.16</u>	<u>\$ 0.16</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>General Administration Fund - Annual Increment - Fund 0116-004</u>		
Appropriations	\$ 50,523.00	\$ 50,523.00
Expenditures	<u>42,767.94</u> 7,755.06	<u>39,350.00</u> 11,173.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 7,755.06</u>	<u>\$ 11,173.00</u>
 <u>General Administration Fund - Employee Benefits - Fund 0116-010</u>		
Appropriations	\$709,289.00	\$627,401.00
Budgetary Transfer To Fund 0116-099	<u>(25,945.00)</u>	<u>0.00</u>
	683,344.00	627,401.00
Expenditures	<u>637,344.00</u> 46,000.00	<u>562,961.19</u> 64,439.81
Transmittals Paid After June 30	<u>9,153.06</u>	<u>427.67</u>
Balance	<u>\$ 55,153.06</u>	<u>\$ 64,867.48</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>General Administration Fund - Unclassified -</u>		
<u>Fund 0116-099</u>		
Appropriations	\$606,775.00	\$590,283.00
Budgetary Transfer From Fund 0116-010	<u>25,945.00</u>	<u>0.00</u>
	632,720.00	590,283.00
Reappropriations:		
Fiscal Year 1998	2,602.53	44,645.69
Fiscal Year 1999	<u>12,228.55</u>	<u>0.00</u>
	647,551.08	634,928.69
Expenditures:		
Current Expenses	435,112.59	457,659.83
Repairs and Alterations	10,312.67	34,806.98
Equipment	<u>77,736.90</u>	<u>127,630.80</u>
	<u>523,162.16</u>	<u>620,097.61</u>
	124,388.92	14,831.08
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$124,388.92</u>	<u>\$ 14,831.08</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>General Administration Fund - Office Automation</u>		
<u>Fund 0116-117</u>		
Appropriations	\$790,000.00	\$ 790,000.00
Reappropriations:		
Fiscal Year 1996	14,979.04	169,348.78
Fiscal Year 1997	85,589.23	112,421.88
Fiscal Year 1998	0.00	3,221.67
Fiscal Year 1999	<u>35,545.89</u>	<u>0.00</u>
	926,114.16	1,074,992.33
Expenditures:		
Current Expenses	43,986.91	129,540.44
Repairs and Alterations	0.00	435.00
Equipment	<u>874,630.39</u>	<u>808,902.73</u>
	<u>918,617.30</u>	<u>938,878.17</u>
	7,496.86	136,114.16
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 7,496.86</u>	<u>\$ 136,114.16</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>General Administration Fund - Payroll</u>		
<u>System Acquisition - Fund 0116-594</u>		
Reappropriations:		
Fiscal Year 1998	\$424,418.63	\$1,653,116.00
Reimbursements	<u>34,707.95</u>	<u>0.00</u>
	459,126.58	1,653,116.00
Expenditures:		
Current Expenses	309,072.63	828,013.57
Repairs and Alterations	0.00	0.00
Equipment	<u>16,814.87</u>	<u>400,683.80</u>
	<u>325,887.50</u>	<u>1,228,697.37</u>
	133,239.08	424,418.63
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$133,239.08</u>	<u>\$ 424,418.63</u>
 <u>Family Law Masters Administration Fund -</u>		
<u>Unclassified Surplus - Fund 0117-096</u>		
Appropriations	\$500,000.00	\$ 450,000.00
Expenditures:		
Current Expenses	415,238.49	422,629.41
Repairs and Alterations	4,554.97	6,806.19
Equipment	<u>65,206.29</u>	<u>20,230.46</u>
	<u>484,999.75</u>	<u>449,666.06</u>
	15,000.25	333.94
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 15,000.25</u>	<u>\$ 333.94</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Family Law Masters Administration Fund -</u>		
<u>Fund 0117-891</u>		
Supplemental Appropriation - H.B. 210	\$150,000.00	\$0.00
Expenditures:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Fund Transfers	<u>145,500.00</u>	<u>0.00</u>
	145,500.00	0.00
	4,500.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 4,500.00</u>	<u>\$0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	Year Ended June 30,	
	2000	1999
<u>Land Operating Fund -</u>		
<u>Personal Services - Fund 1206-001</u>		
Appropriations	\$134,058.00	\$130,278.00
Expenditures	<u>124,991.80</u>	<u>93,113.44</u>
	9,066.20	37,164.56
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 9,066.20</u>	<u>\$ 37,164.56</u>
<u>Land Operating Fund -</u>		
<u>Annual Increment - Fund 1206-004</u>		
Appropriations	\$ 4,400.00	\$ 4,400.00
Expenditures	<u>2,940.00</u>	<u>3,650.00</u>
	1,460.00	750.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 1,460.00</u>	<u>\$ 750.00</u>
<u>Land Operating Fund - Employee Benefits -</u>		
<u>Fund 1206-010</u>		
Appropriations	\$ 40,304.00	\$ 29,976.00
Expenditures	<u>33,366.14</u>	<u>28,514.46</u>
	6,937.86	1,461.54
Transmittals Paid After June 30	<u>260.10</u>	<u>0.00</u>
Balance	<u>\$ 7,197.96</u>	<u>\$ 1,461.54</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Land Operating Fund - Unclassified -</u>		
<u>Fund 1206-099</u>		
Appropriations	\$198,994.00	\$198,994.00
Expenditures:		
Current Expenses	82,531.81	63,877.12
Repairs and Alterations	2,292.90	4,099.30
Equipment	28,153.53	131,014.08
PEIA Reserve Transfer	<u>37,250.00</u>	<u>0.00</u>
	<u>150,228.24</u>	<u>198,990.50</u>
	48,765.76	3.50
Transmittals Paid After June 30	<u>7,609.23</u>	<u>55,684.15</u>
Balance	<u>\$ 56,374.99</u>	<u>\$ 55,687.65</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Land Operating Fund - Cost of Delinquent</u>		
<u>Land Sales - Direct Expenses - Fund 1206-768</u>		
Cash Receipts	\$50,402.49	\$85,976.64
Disbursements:		
Current Expenses	<u>50,402.49</u>	<u>85,976.64</u>
Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 1206-999

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Beginning Balance:		
State Treasury	\$ 93,172.09	\$177,722.20
Cash Receipts:		
Land Fees	<u>405,788.58</u>	<u>343,663.52</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$498,960.67</u>	<u>\$521,385.72</u>
Disbursements:		
Personal Services	\$124,991.80	\$ 93,113.44
Annual Increment	2,940.00	3,650.00
Employee Benefits	33,366.14	28,514.46
Current Expenses	132,934.30	149,853.76
Repairs and Alterations	2,292.90	4,099.30
Equipment	28,153.53	131,014.08
PEIA Reserve Transfer	<u>37,250.00</u>	<u>0.00</u>
	361,928.67	410,245.04
Add Transmittals Paid July 1 - 31		
Beginning and (Less) Transmittals Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	0.00	1,938.84
(Employee Benefits)	(260.10)	0.00
Current Expenses	(14,137.87)	10,254.05
(Current Expenses)	(7,609.23)	14,137.87
Repairs and Alterations	313.40	27,500.00
(Repairs and Alterations)	0.00	(313.40)
Equipment	69,508.62	33,959.85
(Equipment)	<u>0.00</u>	<u>69,508.62</u>
	<u>47,814.82</u>	<u>17,968.59</u>
	409,743.49	428,213.63
Ending Balance:		
State Treasury	<u>89,217.18</u>	<u>93,172.09</u>
TOTAL CASH ACCOUNTED FOR	<u>\$498,960.67</u>	<u>\$521,385.72</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Securities Regulation Fund - Personal Services -</u>		
<u>Fund 1225-001</u>		
Appropriations	\$488,139.00	\$406,260.00
Supplemental Appropriations - Governor	<u>40,001.00</u>	<u>0.00</u>
	528,140.00	406,260.00
 Expenditures	 <u>528,140.00</u>	 <u>360,445.79</u>
	0.00	45,814.21
 Transmittals Paid After June 30	 <u>0.00</u>	 <u>8,446.85</u>
 Balance	 <u>\$ 0.00</u>	 <u>\$ 54,261.06</u>
 <u>Securities Regulation Fund - Annual Increment -</u>		
<u>Fund 1225-004</u>		
Appropriations	\$ 4,722.00	\$ 4,722.00
Expenditures	<u>3,240.00</u>	<u>2,050.00</u>
	1,482.00	2,672.00
 Transmittals Paid After June 30	 <u>0.00</u>	 <u>0.00</u>
 Balance	 <u>\$ 1,482.00</u>	 <u>\$ 2,672.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Securities Regulation Fund - Employee Benefits -</u>		
<u>Fund 1225-010</u>		
Appropriations	\$137,979.00	\$ 91,116.00
Supplemental Appropriations - Governor	<u>10,000.00</u>	<u>0.00</u>
	147,979.00	91,116.00
Expenditures	<u>130,471.49</u>	<u>77,272.98</u>
	17,507.51	13,843.02
Transmittals Paid After June 30	<u>1,171.04</u>	<u>696.77</u>
Balance	<u>\$ 18,678.55</u>	<u>\$ 14,539.79</u>
<u>Securities Regulation Fund - Unclassified -</u>		
<u>Fund 1225-099</u>		
Appropriations	\$404,862.00	\$404,862.00
Supplemental Appropriations - Governor	<u>101,676.00</u>	<u>150,594.00</u>
	506,538.00	555,456.00
Expenditures:		
Current Expenses	304,392.78	191,350.78
Repairs and Alterations	1,612.44	42,225.65
Equipment	106,241.00	321,444.08
PEIA Reserve Transfer	<u>7,270.00</u>	<u>0.00</u>
	419,516.22	555,020.51
	87,021.78	435.49
Transmittals Paid After June 30	<u>21,233.67</u>	<u>163,958.74</u>
Balance	<u>\$108,255.45</u>	<u>\$164,394.23</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Securities Regulation Fund - Fund 1225-426</u>		
Cash Receipts	\$1,011,758.12	\$0.00
Disbursements:		
Transfer to Chief Inspector's Division	900,000.00	0.00
Transfer to General Revenue Fund	<u>111,758.12</u>	<u>0.00</u>
	<u>1,011,758.12</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 1225-999

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Beginning Balance:		
State Treasury	\$ 934,960.48	\$ 668,095.67
Cash Receipts:		
Securities Fees	1,453,799.97	1,188,997.67
Prior Year Expiring Funds	1,062.76	547.10
	<u>1,454,862.73</u>	<u>1,189,544.77</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$2,389,823.21</u>	<u>\$1,857,640.44</u>
Disbursements:		
Personal Services	\$ 528,140.00	\$ 360,445.79
Annual Increment	3,240.00	2,050.00
Employee Benefits	130,471.49	77,272.98
Current Expenses	304,392.78	191,350.78
Repairs and Alterations	1,612.44	42,225.65
Equipment	106,241.00	321,444.08
Fund Transfers	1,011,758.12	0.00
PEIA Reserve Transfers	7,270.00	0.00
	<u>2,093,125.83</u>	<u>994,789.28</u>
Add Transmittals Paid July 1 - 31		
Beginning; and (Less) Transmittals Paid July 1-31 Ending:		
Personal Services	8,446.85	0.00
(Personal Services)	0.00	(8,446.85)
Employee Benefits	696.77	4,846.02
(Employee Benefits)	(1,171.04)	(696.77)
Current Expenses	38,910.83	50,871.66
(Current Expenses)	(5,455.99)	(38,910.83)
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Equipment	125,047.91	45,275.36
(Equipment)	<u>(15,777.68)</u>	<u>(125,047.91)</u>
	<u>150,697.65</u>	<u>(72,109.32)</u>
	2,243,823.48	922,679.96
Ending Balance:		
State Treasury	<u>145,999.73</u>	<u>934,960.48</u>
TOTAL CASH ACCOUNTED FOR	<u>\$2,389,823.21</u>	<u>\$1,857,640.44</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Technology Support and Acquisition Fund</u>		
<u>Fund 1233-096</u>		
Appropriations	\$569,128.00	\$400,000.00
Supplemental Appropriations - Governor	<u>168,000.00</u>	<u>534,463.00</u>
	737,128.00	934,463.00
Expenditures:		
Personal Services	229,212.34	172,323.80
Annual Increment	0.00	0.00
Employee Benefits	59,810.11	31,961.14
Current Expenses	139,704.57	130,911.14
Repairs and Alterations	471.50	134.01
Equipment	210,947.68	462,113.09
Fund Transfers	<u>0.00</u>	<u>0.00</u>
	<u>640,146.20</u>	<u>797,443.18</u>
	96,981.80	137,019.82
Transmittals Paid After June 30	<u>7,641.17</u>	<u>66,243.33</u>
Balance	<u>\$104,622.97</u>	<u>\$203,263.15</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Technology Support and Acquisition - Fund 1233-426</u>		
Cash Receipts	\$90,532.93	\$65,311.62
Disbursements:		
Fund Transfers to State Treasurer's Office	<u>90,532.93</u>	<u>65,311.62</u>
Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 1233-999

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Beginning Balance:		
State Treasury	\$ 240,147.74	\$ 0.00
Cash Receipts:		
Transaction Fees	817,087.60	844,520.42
Statutory Transfers	0.00	186,700.00
Reimbursements	93.22	0.00
Operating Funds Transfer	0.00	5,438.79
	<u>817,180.82</u>	<u>1,036,659.21</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$1,057,328.56</u>	<u>\$1,036,659.21</u>
Disbursements:		
Personal Services	\$ 229,305.56	\$ 172,323.80
Annual Increment	0.00	0.00
Employee Benefits	59,810.11	31,961.14
Current Expenses	139,704.57	130,911.14
Repairs and Alterations	471.50	134.01
Equipment	210,947.68	462,113.09
Fund Transfers	<u>90,532.93</u>	<u>65,311.62</u>
	730,772.35	862,754.80
Add Transmittals Paid July 1 - 31:		
Beginning; and (Less) Transmittals Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	0.00	0.00
(Employee Benefits)	(433.50)	0.00
Current Expenses	18,785.50	0.00
(Current Expenses)	(7,207.67)	(18,785.50)
Repairs and Alterations	81.00	0.00
(Repairs and Alterations)	0.00	(81.00)
Equipment	47,376.83	0.00
(Equipment)	<u>0.00</u>	<u>(47,376.83)</u>
	<u>58,602.16</u>	<u>(66,243.33)</u>
	789,374.51	796,511.47
Ending Balance:		
State Treasury	<u>267,954.05</u>	<u>240,147.74</u>
TOTAL CASH ACCOUNTED FOR	<u>\$1,057,328.56</u>	<u>\$1,036,659.21</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Purchasing Card Administration Fund</u>		
<u>Fund 1234-096</u>		
Appropriations	\$ 129,388.00	\$ 0.00
Supplemental Appropriation - H.B. 3017	0.00	65,000.00
Supplemental Appropriations - Governor	<u>132,000.00</u>	<u>0.00</u>
	261,388.00	65,000.00
Expenditures:		
Personal Services	65,873.05	0.00
Annual Increment	0.00	0.00
Employee Benefits	18,552.49	0.00
Current Expenses	50,952.52	25,079.39
Repairs and Alterations	1,172.90	0.00
Equipment	<u>55,465.58</u>	<u>11,494.00</u>
	<u>192,016.54</u>	<u>36,573.39</u>
	69,371.46	28,426.61
Transmittals Paid After June 30	<u>0.00</u>	<u>4,052.41</u>
Balance	<u>\$ 69,371.46</u>	<u>\$32,479.02</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 1234-999

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Beginning Balance:		
State Treasury	\$ 85,766.34	\$ 0.00
Cash Receipts:		
Purchasing Card Fees	<u>332,599.10</u>	<u>118,287.32</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$418,365.44</u>	<u>\$118,287.32</u>
Disbursements:		
Personal Services	\$ 65,873.05	\$ 0.00
Annual Increment	0.00	0.00
Employee Benefits	18,552.49	0.00
Current Expenses	50,952.52	25,079.39
Repairs and Alterations	1,172.90	0.00
Equipment	<u>55,465.58</u>	<u>11,494.00</u>
	192,016.54	36,573.39
Add Transmittals Paid July 1 - 31		
Beginning; and (Less) Transmittals Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	0.00	0.00
(Employee Benefits)	0.00	0.00
Current Expenses	1,552.41	0.00
(Current Expenses)	0.00	(1,552.41)
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Equipment	2,500.00	0.00
(Equipment)	<u>0.00</u>	<u>(2,500.00)</u>
	<u>4,052.41</u>	<u>(4,052.41)</u>
	196,068.95	32,520.98
Ending Balance:		
State Treasury	<u>222,296.49</u>	<u>5,766.34</u>
TOTAL CASH ACCOUNTED FOR	<u>\$418,365.44</u>	<u>\$118,287.32</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Office Of The Chief Inspector - Personal Services -</u>		
<u>Fund 1235-001</u>		
Appropriations	\$1,389,226.00	\$0.00
Expenditures	<u>1,342,075.53</u>	<u>0.00</u>
	47,150.47	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 47,150.47</u>	<u>\$0.00</u>
<u>Office Of The Chief Inspector - Annual Increment -</u>		
<u>Fund 1235-004</u>		
Appropriations	\$ 22,900.00	\$0.00
Expenditures	<u>22,750.00</u>	<u>0.00</u>
	150.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 150.00</u>	<u>\$0.00</u>
<u>Office Of The Chief Inspector - Employee Benefits -</u>		
<u>Fund 1235-010</u>		
Appropriations	\$ 443,579.00	\$0.00
Expenditures	<u>422,400.86</u>	<u>0.00</u>
	21,178.14	0.00
Transmittals Paid After June 30	<u>5,305.56</u>	<u>0.00</u>
Balance	<u>\$ 26,483.70</u>	<u>\$0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Office Of The Chief Inspector - Unclassified -</u>		
<u>Fund 1235-099</u>		
Appropriations	\$469,610.00	\$0.00
Expenditures:		
Current Expenses	382,016.36	0.00
Repairs and Alterations	5,143.72	0.00
Equipment	63,301.91	0.00
Other Interest and Penalties	<u>1,484.01</u>	<u>0.00</u>
	<u>451,946.00</u>	<u>0.00</u>
	17,664.00	0.00
Transmittals Paid After June 30	<u>40,928.50</u>	<u>0.00</u>
Balance	<u>\$ 58,592.50</u>	<u>\$0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 1235-999

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Beginning Balance:		
State Treasury	\$ 0.00	\$0.00
Cash Receipts:		
Engagement Fees	1,906,966.43	0.00
Statutory Transfers	<u>997,283.49</u>	<u>0.00</u>
	<u>2,904,249.92</u>	<u>0.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$2,904,249.92</u>	<u>\$0.00</u>
Disbursements:		
Personal Services	\$1,342,075.53	\$0.00
Annual Increment	22,750.00	0.00
Employee Benefits	422,400.86	0.00
Current Expenses	382,016.36	0.00
Repairs and Alterations	5,143.72	0.00
Equipment	63,301.91	0.00
Other Interest and Penalties	<u>1,484.01</u>	<u>0.00</u>
	2,239,172.39	0.00
Add Transmittals Paid July 1 - 31		
Beginning; and (Less) Transmittals Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	0.00	0.00
(Employee Benefits)	(5,305.56)	0.00
Current Expenses	0.00	0.00
(Current Expenses)	(21,245.86)	0.00
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Equipment	0.00	0.00
(Equipment)	<u>(19,682.64)</u>	<u>0.00</u>
	<u>(46,234.06)</u>	<u>0.00</u>
	2,192,938.33	0.00
Ending Balance:		
State Treasury	<u>711,311.59</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$2,904,249.92</u>	<u>\$0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Public Service Corporation Taxes Fund</u>		
<u>Fund 1201-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$ 33,468,535.44	\$122,156,099.39
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	94,798,120.67	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>128,266,656.11</u>	<u>122,156,099.39</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	163.43	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	529,517.95	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	5,767,616.67	5,777,902.85
Counties and Municipalities	121,947,273.41	116,430,103.69
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	<u>128,244,571.46</u>	<u>122,208,006.54</u>
Cash Receipts Over/(Under) Disbursements	22,084.65	(51,907.15)
Beginning Balance	<u>346,401.07</u>	<u>398,308.22</u>
Ending Balance	<u>\$ 368,485.72</u>	<u>\$ 346,401.07</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Delinquent Land Tax Fund - Fund 1202-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$1,079,929.87	\$1,042,434.77
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	6,564.51	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>1,086,494.38</u>	<u>1,042,434.77</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	2,815.59	3,644.76
Other Interest and Penalties	0.00	0.00
Fund Transfers	988.90	0.00
Counties and Municipalities	1,059,579.17	1,036,613.65
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	<u>1,063,383.66</u>	<u>1,040,258.41</u>
Cash Receipts Over Disbursements	23,110.72	2,176.36
Beginning Balance	<u>30,463.34</u>	<u>28,286.98</u>
Ending Balance	<u>\$ 53,574.06</u>	<u>\$ 30,463.34</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Social Security Contributions Fund - Fund 1207-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$ 27,817.24	\$ 11,522.60
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>27,817.24</u>	<u>11,522.60</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	1,413.60	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	1,643,412.93	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	<u>1,644,826.53</u>	<u>0.00</u>
Cash Receipts (Under)/Over Disbursements	(1,617,009.29)	11,522.60
Beginning Balance	<u>1,654,935.53</u>	<u>1,643,412.93</u>
Ending Balance	<u>\$ 37,926.24</u>	<u>\$1,654,935.53</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Real Estate Time Sharing Fund - Fund 1211-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$18,916.00	\$18,386.50
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>18,916.00</u>	<u>18,386.50</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	14,376.71	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	2,700.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	<u>14,376.71</u>	<u>2,700.00</u>
Cash Receipts Over Disbursements	4,539.29	15,686.50
Beginning Balance	<u>39,914.48</u>	<u>24,227.98</u>
Ending Balance	<u>\$44,453.77</u>	<u>\$39,914.48</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Employees Bond Purchases Fund - Fund 1213-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$1,352,826.41	\$1,412,449.46
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>1,352,826.41</u>	<u>1,412,449.46</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	1,362,550.00	1,421,300.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	<u>1,362,550.00</u>	<u>1,421,300.00</u>
Cash Receipts (Under)/Disbursements	(9,723.59)	(8,850.54)
Beginning Balance	<u>156,662.33</u>	<u>165,512.87</u>
Ending Balance	<u>\$ 146,938.74</u>	<u>\$ 156,662.33</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Family Protection Shelters Fund - Fund 1215-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$257,898.00	\$158,792.00
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>257,898.00</u>	<u>158,792.00</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	250,000.00	160,241.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	<u>250,000.00</u>	<u>160,241.00</u>
Cash Receipts Over/(Under) Disbursements	7,898.00	(1,449.00)
Beginning Balance	<u>0.00</u>	<u>1,449.00</u>
Ending Balance	<u>\$ 7,898.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Stripper Well NDL 378 Fund - Fund 1218-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$118,262.46	\$151,938.14
Investment Earnings	131,410.58	117,551.87
Statutory Transfers	0.00	14,167.66
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>249,673.04</u>	<u>283,657.67</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	80,000.00	175,000.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	<u>169,673.04</u>	<u>108,657.67</u>
	<u>249,673.04</u>	<u>283,657.67</u>
 Cash Receipts Disbursements	 0.00	 0.00
 Beginning Balance	 <u>0.00</u>	 <u>0.00</u>
 Ending Balance	 <u>\$ 0.00</u>	 <u>\$ 0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Standard Oil Of Indiana - Oil Overcharge Fund</u>		
<u>Fund 1219-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$0.00	\$ 0.00
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	<u>0.00</u>	<u>0.00</u>
	0.00	0.00
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	14,167.66
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>14,167.66</u>
Cash Receipts (Under) Disbursements	0.00	(14,167.66)
Beginning Balance	<u>0.00</u>	<u>14,167.66</u>
Ending Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Investment Imbalance Fund - Fund 1226-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$ 0.00	\$ 0.00
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	0.00	0.00
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	0.00	0.00
Cash Receipts Disbursements	0.00	0.00
Beginning Balance	<u>(12,612,962.63)</u>	<u>(12,612,962.63)</u>
Ending Balance	<u>(\$12,612,962.63)</u>	<u>(\$12,612,962.63)</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Public Utility Tax Administration Fund - Fund 1227-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$ 0.00	\$ 0.00
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	482,832.24	459,807.55
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>482,832.24</u>	<u>459,807.55</u>
Disbursements:		
Personal Services	134,128.81	126,631.86
Annual Increment	0.00	350.00
Employee Benefits	46,840.77	41,918.51
Current Expenses	65,476.24	46,502.19
Repairs and Alterations	215.99	1,680.00
Equipment	30,018.49	37,771.97
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	181,170.63	201,481.03
Trustee Payments	53,543.58	0.00
Transfer To Investment Account	0.00	0.00
	<u>511,394.51</u>	<u>456,335.56</u>
Cash Receipts (Under)/Over Disbursements	(28,562.27)	3,471.99
Beginning Balance	<u>69,192.04</u>	<u>65,720.05</u>
Ending Balance	<u>\$ 40,629.77</u>	<u>\$ 69,192.04</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Governor's Office Annual Leave Payments Fund -</u>		
<u>Fund 1229-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$0.00	\$ 0.00
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	10,352.50
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	<u>0.00</u>	<u>10,352.50</u>
Cash Receipts Over/(Under) Disbursements	0.00	(10,352.50)
Beginning Balance	<u>0.00</u>	<u>10,352.50</u>
Ending Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Technology Support and Acquisition Fund - Fund 1231-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$0.00	\$ 2,670.62
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	<u>0.00</u>	<u>0.00</u>
	0.00	2,670.62
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	192,138.79
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	<u>0.00</u>	<u>0.00</u>
	0.00	192,138.79
Cash Receipts (Under) Disbursements	0.00	(189,468.17)
Beginning Balance	<u>0.00</u>	<u>189,468.17</u>
Ending Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Motor Vehicle Administration Fund - Fund 1236-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$63,888.92	\$14,933.38
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	63,888.92	14,933.38
Disbursements:		
Personal Services	11,311.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	2,668.96	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	18,858.49	0.00
Transfer To Investment Account	0.00	0.00
	32,838.45	0.00
Cash Receipts Over Disbursements	31,050.47	14,933.38
Beginning Balance	14,933.38	0.00
Ending Balance	\$45,983.85	\$14,933.38

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Motor Vehicle Ad Valorem Fee Fund - Fund 1237-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$6,325,104.62	\$1,478,474.99
Investment Earnings	94,029.80	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	<u>6,419,134.42</u>	<u>1,478,474.99</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	14,096.44	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	191,725.92	0.00
Counties and Municipalities	5,221,029.81	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	1,051,056.27	1,419,700.97
	<u>6,477,908.44</u>	<u>1,419,700.97</u>
Cash Receipts (Under)/Over Disbursements	(58,774.02)	58,774.02
Beginning Balance	<u>58,774.02</u>	<u>0.00</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$ 58,774.02</u>

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Employees Bond Purchases - I Bonds - Fund 1238-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$18,550.00	\$0.00
Investment Earnings	0.00	0.00
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	0.00	0.00
Operating Fund Transfer	0.00	0.00
	18,550.00	0.00
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	0.00	0.00
Counties and Municipalities	0.00	0.00
Purchase of Bonds	18,550.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	0.00	0.00
	18,550.00	0.00
Cash Receipts Disbursements	0.00	0.00
Beginning Balance	0.00	0.00
Ending Balance	\$ 0.00	\$0.00

WEST VIRGINIA STATE AUDITOR'S OFFICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
<u>Irreducible School Fund Fund 9400-640</u>		
Cash Receipts:		
Collections, Fees, Licenses, and Other Income	\$329,945.90	\$242,587.74
Investment Earnings	78,508.31	68,974.27
Statutory Transfers	0.00	0.00
Prior Year Expiring Funds	0.00	0.00
Public Utilities Tax	0.00	0.00
Redemption of Forfeited Lands	116,691.79	148,032.60
Operating Fund Transfer	0.00	0.00
	<u>525,146.00</u>	<u>459,594.61</u>
Disbursements:		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	0.00	0.00
Current Expenses	0.00	0.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
Payment of Taxes	0.00	0.00
Other Interest and Penalties	0.00	0.00
Fund Transfers	459,594.61	404,271.67
Counties and Municipalities	0.00	0.00
Purchase of Bonds	0.00	0.00
Cost Allocation Adjustment/Settlement	0.00	0.00
Transfer To Investment Account	<u>70,576.12</u>	<u>51,472.60</u>
	<u>530,170.73</u>	<u>455,744.27</u>
Cash Receipts (Under)/Over Disbursements	(5,024.73)	3,850.34
Beginning Balance	<u>5,024.73</u>	<u>1,174.39</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$ 5,024.73</u>

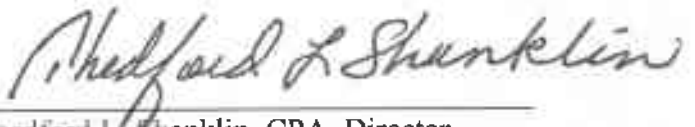
STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 7th day of January.

2002



Thedford L. Shanklin, CPA, Director
Legislative Post Audit Division

Copy forwarded to the Secretary of the Department of Administration to be filed as a public record. Copies forwarded to the West Virginia State Auditor's Office; Governor and Attorney General.