

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION

LEGISLATIVE AUDIT REPORT

Statewide Review of Special Revenue Funds - Lack of Clearly Defined Fund Balance Limits

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GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS STATEMENT

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (**GAGAS**). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Statewide Review of Special Revenue Funds - Lack of Clearly Defined Statutory Fund Limits for the Majority of Special Revenue Funds Reviewed

November 15, 2021

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Objective, Scope, & Methodology

A previous Post Audit Division report released in January 2019 highlighted issues concerning potentially excess fund balances held within the funds operated by the Chapter 30 boards. That report also found a general lack of procedures over how the boards formulate their annual budgets and issues concerning the oversight of those budgets that may circumvent the intent of the governing statutes with regard to the fund balances maintained by the boards. Additionally, the audit report indicated that W.Va. Code §30-1-10 may need revision to clarify Legislative intent of how the fund balances should be limited, as some established fund balance limits were unclear as to how to determine or apply a limit. Based upon the issues identified with the fund balances of the Chapter 30 Boards, the Legislative Auditor conducted a review of special revenue funds maintained by the state to determine if similar issues exist.

Background

As defined by the Comprehensive Annual Financial Report, special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes (other than debt service and capital projects). The revenue is generally derived from permits, licenses, and established rates or fees for services provided to either the public, state agencies, or non-state government entities.

There are two types of special revenue funds covered in this report, appropriated and non-appropriated. Appropriated special revenue funds are specifically appropriated by the Legislature and are included in the Budget Act. The spending within these appropriated funds is limited to the amount collected or the amount appropriated by the Legislature, whichever is less. These appropriated special revenue funds expire on June 30, and obligations may be paid through July 31, the same as general revenue funds, or they can be reappropriated into the following fiscal year. Non-appropriated special revenue funds may exist for internal agency purposes, such as payroll clearing accounts, cost allocations, etc., but are not subject to legislative appropriation and have not been reported in the state's budgetary comparison schedule. Non-appropriated special revenue funds derive their authority to expend funds from W.Va. Code and language contained in the Budget Act for that particular fiscal year and do not expire but continue with the next fiscal year, so long as the requirements of general law are met.

In fiscal year 2018 there were 882 non-appropriated special revenue funds, and 184 appropriated special revenue funds. In fiscal year 2019 there were 909 non-appropriated special revenue funds, and 194 appropriated special revenue funds. The total number of funds vary between fiscal year 2018 and 2019 as not all funds were present in both years. The Legislative Auditor did not include any funds recorded in the federal or lottery class of funds, and also did not analyze the fund activity or ending balances for special revenue funds related to bonds, investment funds, unclaimed property, and investment accounts.

As previously discussed, the prior report concerning the special revenue funds of the Chapter 30 Boards' indicated issues with statute clearly defining a fund balance limit or method by which a limit could be determined. This potentially results in the fund balances growing beyond the intended limits for the funds. The purpose of this report is to determine if other special revenues in the state lack clearly defined fund balance limits which may also result in fund balances growing beyond the intended limits for the funds. While it is difficult to determine the legislative intent for many special revenue funds based on the authorizing statute and what an appropriate fund balance limit would be absent any language defining a limit, the Legislative Auditor sought to compare the fund balances to the annual historical expenditure amounts as a rough basis to determine the

current sufficiency of those fund balances in comparison to those expenditures. This was done with the knowledge that such a comparison may not be practical for all special revenue funds covered in this report based on the varying intent of each special revenue fund, however this comparison was the most logical methodology to determine the sufficiency of those fund balances in comparison to the fund expenditures.

Issue 1: The Majority of Special Revenue Funds Reviewed (94%) Do Not Have Clearly Established Fund Balance Limits Defined in W.Va. Code, Potentially Allowing Balances to Exceed What Was Intended for the Purposes of the Fund.

The objective of this report is to indicate which special revenue funds lack specific fund balance limits in statute so that the Legislature can determine the intent of the funds and formulate and define an appropriate limit on the funds to be codified. The comparisons made in the remainder of this report and the fund balance amounts referenced in comparison to the fund expenditures are done so to exemplify the potential sufficiency of current fund balances. These amounts are **not** an indication of excess balances contained in those funds as the determination of true excess fund balances would have to be done on a per fund basis which was outside of the scope of work for this audit engagement. The Legislative Auditor reviewed the authorizing W.Va. Code sections for each of the special revenue funds included in the audit, the revenue and expenditure trends for the funds, and the ending fund balances in relation to the fund's highest four-year expenditure amounts. Based on this analysis the Legislative Auditor determined that the ending balances for some funds exceed the historical trend of expenditures. The Legislative Auditor is unable to determine if the ending balances noted as exceeding historical expenditure amounts are in fact excess fund balances because the majority of the funds have no limitation on the balance specified in statute, or the language establishing a limit is too broad or generic to be effective in determining the limit.

Of the 791 Special Revenue Funds Reviewed, 741 (94%) Do Not Have Clearly Established Fund Balance Limits, Potentially Allowing the Fund Balances to Grow Beyond the Intended Fund Limit.

Out of the 791 special revenue funds included in the audit for fiscal years 2018 and 2019, 741 funds (94%) did not have a clearly established fund balance limit specified in W.Va. Code. This includes 705 funds (89%) with no statutory language establishing any type of limit and 36 funds (4.6%) where a limit is alluded to in the statutory language however no definitive method for determining the limit or specified limit is clearly described. The Legislative Auditor analyzed the financial activity for these funds and identified patterns of increasing balances combined with a positive net fund activity for 2018 and 2019 for some of the funds. Since the Legislative Auditor could not calculate an excess fund balance amount in the 705 funds without having a delineated balance limitation in W.Va. Code, the Legislative Auditor sought to determine if the ending balances aligned with the historical expenditure trends of the fund and extended the period of analysis to encompass all activity from fiscal year 2018 through fiscal year 2021.

This analysis is not intended to provide an opinion on the overall sufficiency of the fund balances reviewed or deem any amounts in excess, as determining the intent for the 741 funds and the funding necessary to carry out their purpose was not within the scope of the audit and would be necessary to make such a determination. The analysis is meant to provide information on the fund balances in relation to annual expenditures as a baseline indicator of the funds' ability to incur

annual expenditures. Funds identified in this report as growing beyond the historical expenditure trends may have reasonable and valid operational reasons to have balances in excess of annual expenditures, and legislative intent for such balances.

Since these 741 funds lack a clearly delineated maximum balance, the Legislative Auditor analyzed the fiscal year 2021 ending fund balances utilizing three different methodologies to provide comparison of the fund balances to the annual expenditure trends. To determine if the fund balances were exceeding the historical expenditure trends, the ending balances of the funds were compared to the total fiscal year expenditures under three scenarios:

1. The FY 2021 Ending Fund Balance vs Highest Single Year Expenditures Total FY 2018- FY 2021;
2. The FY 2021 Ending Fund Balance vs Twice the FY 2021 Total Expenditures; and
3. The FY 2021 Ending Fund Balance vs Twice the Highest Year Expenditures Total FY 2018 – FY 2021.

These scenarios were selected as the legislative intent for each fund varies or is undefined and defining an appropriate overall fund balance limit for each fund falls outside of the scope of the audit. These ranges were selected to show a comparison of the fund balances to the level of expenditures incurred by each fund to assist in the judgement of whether the fund balances identified in this report are potentially in excess of what the Legislature intends. If the Legislature determines a balance is in excess of its intended limit, the excess could potentially be re-allocated to other programs, transferred to the general revenue fund, or the fees that the revenues for the fund are derived from could potentially be reduced.

Out of 791 Special Revenue Funds Reviewed, 705 Funds Did Not Have Established Fund Balance Limits.

There were 705 funds identified in our audit scope that did not have any language in statute defining a fund balance limit. In some cases, as the next analysis will indicate, statute attempts to define a fund balance limit in a vague manner which makes it difficult to determine what that limit would be, yet a limit is still alluded to. However, in the case of these 705 funds, no language is contained in the authorizing statute that establishes any type of limit, or even alludes to a limit at all. In comparing the ending fund balances to expenditures under the three scenarios previously described, the results of the analysis are summarized in Table 1.

Table 1: Historical Expenditure Comparisons to FY 2021 Ending Balances for Funds Without a Specified Balance Limitation¹		
Method of Comparison	Fund Count	Total Exceeding Historical Trend
Balance vs. Highest Single Year Expenditures	181	\$242,883,864
Balance vs. FY 2021 Expenditures Multiplied by 2	164	\$181,182,650
Balance vs. Highest Total Single Year Expenditures Multiplied by 2	127	\$139,677,097
<i>*Source: Legislative Auditor Analysis</i>		

Under the first scenario, the Legislative Auditor analyzed the FY 2021 ending balance to the highest single year of total expenditures that occurred from FY 2018 through FY 2021. This

¹ See Appendix A for a complete list of these funds, the results of each methodology, and the ending balances in FY 2021.

methodology identified 181 funds that grew beyond the historical expenditure trend of the fund by approximately \$243 million. Under the second scenario, the Legislative Auditor analyzed the FY 2021 ending balance in comparison to twice the FY 2021 total expenditures. This methodology identified 164 funds that grew beyond the historical expenditure trend of the fund by approximately \$181.1 million. Under the third scenario, the Legislative Auditor analyzed the FY 2021 ending balance in comparison to twice the highest single year of total expenditures that occurred from FY 2018 through FY 2021 for each fund. This methodology identified 127 funds that grew beyond the historical expenditure trend of the fund by approximately \$139.7 million. All three scenarios only considered the ability of the FY 2021 ending balance to pay the historical expenditures of the fund without the fund receiving any additional income during the year. Additionally, the Legislative Auditor noted that of the funds that did not have a delineated limitation on the balance, 66 funds with a total FY 2021 ending cash balance of approximately \$24.7 million did not have any expenditure activity from FY 2018 through FY 2021².

Based on the analysis performed under the three scenarios described above and including the 66 funds without any expenditure activity, the Legislative Auditor estimates there are between 193 and 247 funds that exceeds the historical expenditure trends of the fund by approximately \$164.4 million to \$267.6 million¹. The Legislative Auditor acknowledges these estimates are based on the comparison of historical expenditure activity in relation to a fund balance and cannot account for intent of the Legislature for a given fund. While a fund balance that is sufficient to incur the historical annual expenditures of the fund, devoid of any additional revenues, could indicate that the fund has a sufficient balance to fulfill the purpose set forth by the Legislature; this determination requires more specific consideration of the intent of the fund and those operations or programs it supports. The identification of excess funds based on delineated fund limits would allow those identified excess funds to be redirected to other programs within the state or the rates or fees the funds are derived from could be evaluated for targeted reductions.

The Review Identified 36 Special Revenue Funds with Vague or Potentially Ineffective Fund Balance Limits.

In addition to special revenue funds without a defined fund balance limit, there were 36 funds identified in the audit that had a balance limit description in W.Va. Code that is too broad to effectively limit the growth of the fund balances or establish a specific limit. This is due to W.Va. Code lacking a definitive dollar amount or specific threshold to apply to the ending balance of the fund, or method for deriving a limit; thus, leaving the balance limitation open to interpretation. These funds have balance limitations defined in W.Va. Code such as, “*the amounts in excess of the funds needed for the purposes set forth in this article*” or “*amounts found from time to time to exceed funds needed for the purposes set forth in this subdivision.*” While this language generally indicates that a limit is intended to be placed on the fund balance, the specific limit or method for arriving at that limit are undefined, leaving it open to interpretation as to what the fund balance limit is, if any.

General descriptions in lieu of a defined fund balance limitation leaving the fund balance limitation up to interpretation could allow the fund balance to grow beyond legislative intent. There is no clear indication of what would trigger an “excess” fund balance under these provisions and there is no basis provided to make such a determination based on prior year expenditures or some

² See Appendix C for a complete list of funds without any expenditure activity from FY 2018 through FY 2021.

other measure to define the funding needs to determine an excess fund balance amount. In comparing the ending fund balances to expenditures under the three scenarios previously described, the results of the analysis are summarized in Table 2.

Table 2: Historical Expenditure Comparisons to the FY 2021 Ending Balances for Funds With a Vague Limitation Described in W.Va. Code³		
Method of Comparison	Fund Count	Total Exceeding Historical Trend
Balance vs. Highest Single Year Expenditures	9	\$34,183,874
Balance vs. FY 2021 Expenditures Multiplied by 2	11	\$32,418,944
Balance vs. Highest Total Single Year Expenditures Multiplied by 2	7	\$26,573,981
<i>*Source: Legislative Auditor Analysis</i>		

Under the first scenario, the Legislative Auditor analyzed the FY 2021 ending balance to the highest single year of total expenditures that occurred from FY 2018 through FY 2021. The first methodology identified nine funds that grew beyond the historical expenditure trend of the fund by approximately \$34.2 million. Under the second scenario, the Legislative Auditor analyzed the FY 2021 ending balance in comparison to twice the FY 2021 total expenditures. This methodology identified 11 funds that grew beyond the historical expenditure trend of the fund by approximately \$32.4 million. Under the third scenario, the Legislative Auditor analyzed the FY 2021 ending balance in comparison to twice the highest single year of total expenditures that occurred from FY 2018 through FY 2021 for each fund. This methodology identified seven funds that grew beyond the historical expenditure trend of the fund by approximately \$26.5 million. All three scenarios only considered the ability of the FY 2021 ending balance to pay the historical expenditures of the fund without the fund receiving any additional income during the year. Additionally, the Legislative Auditor noted that of the funds that had a vague limitation on the balance, one fund, with a balance not material in comparison to other funds, did not have any expenditure activity from 2018 through 2021.

Based on the analysis performed under the three scenarios described above, the Legislative Auditor estimates there are between seven and 11 funds that have an ending fund balance that exceeds the historical expenditure trend of the fund between approximately \$26.6 million and \$34.2 million³. The Legislative Auditor acknowledges these estimates are based on the comparison of historical expenditure activity in relation to a fund balance and cannot account for intent of the Legislature for a given fund. While a fund balance that is sufficient to incur the historical annual expenditures of the fund, devoid of any additional revenues, could indicate that the fund has a sufficient balance to fulfill the purpose set forth by the Legislature; this determination requires more specific consideration of the intent of the fund and those operations or programs it supports. The identification of excess funds based on delineated fund limits would allow those identified excess funds to be redirected to other programs within the state or the rates or fees the funds are derived from could be evaluated for targeted reductions.

Currently, 10 Special Revenue Funds with Established Fund Balance Limits Are in Excess of Those Limits.

There were 38 funds identified in our audit scope that had a balance limit description that was a clearly defined in W.Va. Code. These funds have balance limitations delineated in W.Va.

³ See Appendix B for a complete list of these funds, the results of each methodology, and the ending balances in FY 21.

Code such as, “\$100,000 at the end of any fiscal year” or “not to exceed 1% of gross revenues plus \$50,000 by July 31 in each fiscal year.” These types of clearly delineated and unambiguous limitations provide for effective control of the fund balance while clearly expressing the intent of the Legislature for those fund balances. In reviewing those fund balances with clearly established limits, the Legislative Auditor noted 10 funds appear to have had an ending balance in FY 2021 that was not in compliance with the limitation described in W.Va. Code for each respective fund. A complete list of the 10 funds can be found in Table 3.

Table 3: Complete List of Funds with an FY 2021 Ending Cash Balance that Appear to Violate the Statutory Limitation of the Fund			
Fund #	End Fund Balance	Ending FY 2021 Balance Limit	Funds in Excess of Statutory Limitations
1206	\$1,002,993	\$100,000	\$902,993
1225	\$2,980,165	\$2,412,088	\$568,077
1227	\$576,742	\$89,131	\$487,611
1412	\$1,224,571	\$1,000,000	\$224,571
1612	\$792,931	\$500,000	\$292,931
3041	\$2,626,993	\$672,406	\$1,954,586
7074	\$3,326,002	\$3,000,000	\$326,002
7083	\$3,330,710	\$3,086,699	\$244,010
7300	\$115,774	\$10,000	\$105,774
7356	\$42,187	\$20,000	\$22,187
Total			<u>\$5,128,742</u>
<i>*Source: Legislative Auditor Analysis</i>			

The excess balances contained in these funds based on the statutory limit ranges from approximately \$22,000 to \$2 million. Additionally, the Legislative Auditor noted two funds with clearly established balance limits that did not have any expenditure activity from 2018 through 2021. However, these funds did not exceed the statutory fund balance limitation and the total fund balance was not material in comparison to other special revenue fund balances.

From FY 2018 – FY 2021, 69 Funds had No Expenditure Activity

As indicated above, during the audit the Legislative Auditor identified 69 funds that did not have any expenditure activity from FY 2018 through FY 2021. It is unclear why these funds did not incur any expenses over this four-year period. While there may be a purpose for these funds to exist without incurring any expenditures, the Legislative Auditor estimates these 69 funds to have a total balance of \$24.7 million that has not been reduced by expenditures over the audit scope.

Conclusion

The analysis of the special revenue fund balances indicates a lack of clear or specific fund balance limits established in statute for these funds, that some funds have not incurred and expenditures over a four-year period, and some funds are potentially not adhering to the fund balances limit currently established. The Legislative Auditor found that there is not a singular requirement to codify a definitive limitation on the balance of a special revenue fund. Of the 791 special revenue funds reviewed, 741 (94%) do not have a clearly established fund balance limit in

W.Va. Code. Additionally, there is not a requirement that a limitation on the balance of a special revenue fund that is codified be of a definitive nature. In comparing the fund balances to historical expenditure trends, it appears these balances are growing beyond the historical expenditure trends of the fund with no clear statutory language to determine if the funds are potentially in excess of the legislative intent of the fund. Table 4 summarizes the results of this audit review, noting those funds found to be exceeding the historical expenditure trends that lack statutorily defined fund limits or have vague and unclear fund limits, as well as those identified as exceeding currently established limits.

Table 4: Summary of Funds Identified as Exceeding Historical Expenditure Trends		
Source of Estimated Excess Fund Balance	Fund Count	Total Exceeding Historical Trend
Funds with Vague or No Established Fund Balance Limit ¹	134	\$166,251,078
Funds that Appear to Exceed Current Fund Balance Limits	10	\$5,128,742
Total	144	\$171,379,820
1. This is based on the most conservative of the three comparison methods for each fund. The FY 2021 End Fund Balance vs The Highest Single Year Total Expenditures Multiplied by 2. *Source: <i>Legislative Auditor's Analysis</i>		

If the most conservative method of comparison of the three utilized in this audit was chosen to analyze the ending balances to the historical expenditure trend, the Legislative Auditor estimates 134 special revenue funds have an ending balance that exceeds the historical expenditure trend of the fund by approximately \$166.3 million. Combined with the 69 funds with no expenditure activity from FY 2018 through FY 2021, the Legislative Auditor identified at least 203 funds that exceed the historical expenditure trend of the funds by \$191 million. Additionally, if the 10 funds that had an ending balance in excess of current established fund balance limits are confirmed to be in excess of those established limits, the Legislative Auditor estimates 10 funds have approximately \$5.1 million in excess fund balances.

Given that special revenue funds can outlive the tenure of the Legislature that authorized the funds, it is imperative the maximum balance of a special revenue fund be contemplated at the time it is created to accurately ensure the intent of the Legislature is carried forward for the life of the fund. A lack of specific codified limitations on the balance of special revenue funds leaves the limits open to interpretation and can potentially allow the fund balances to grow to amounts that are in excess of what is necessary to fulfill the intentions of the fund. Without a mechanism to identify excess special revenue funds, the Legislature may not be provided the most accurate information for formulating the state budget which could be valuable in the event of revenue shortfalls. Fund balances that go unused could be precluding the use of the funds in other areas of state government where they could provide a public benefit. Further, any special revenue fund that routinely generates a net positive change in the fund balance, could be a fund that could withstand a reduction to assessed fees from which revenues are derived. While this report does not provide detail on the specifics of each fund or their intended purpose, it does highlight the need for the Legislature to consider establishing clearly defined fund balance limits for special revenue funds in the state to better ensure that those funds are used efficiently and effectively in maximizing their use, and to avoid funds accumulating unnecessarily beyond their intended limit.

Recommendation:

1. The Legislative Auditor recommends the Legislature consider establishing clearly delineated fund balance limits in W.Va. Code for all special revenue funds to allow for the determination of excess fund balances on a periodic basis. The use of specific dollar amount thresholds or the use of a specified calculation that would allow a specific dollar threshold to be derived to determine if an excess fund balance exists would ensure these limits can be properly interpreted throughout the life of the fund and applied on a consistent basis.

Appendix A

Appendix A Data Table				
Fund Balance vs. Expenditure Comparison - Funds Without a Specified Balance Limit				
Fund #	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
1211	\$787,143.43	\$237,542.31	\$238,726.97	\$0.00
1236	\$714,454.69	\$489,336.32	\$416,090.25	\$264,217.95
1301	\$3,237,794.83	\$1,835,995.81	\$570,923.35	\$434,196.79
1339	\$634,821.31	\$628,655.34	\$634,821.31	\$622,489.37
1403	\$103,638.15	\$77,305.78	\$71,194.77	\$50,973.41
1404	\$3,669.00	\$0.00	\$3,669.00	\$0.00
1405	\$313,038.62	\$276,077.24	\$239,115.86	\$239,115.86
1407	\$682,929.87	\$552,359.96	\$623,181.01	\$421,790.05
1408	\$2,724,574.77	\$2,715,866.58	\$2,651,321.75	\$1,923,940.59
1411	\$4,743,202.75	\$4,380,984.75	\$4,018,766.75	\$4,018,766.75
1413	\$1,890,828.74	\$1,781,657.48	\$1,672,486.22	\$1,672,486.22
1459	\$4,172,306.32	\$3,761,196.92	\$3,350,087.52	\$3,350,087.52
1464	\$3,877,540.60	\$2,789,666.74	\$1,701,792.88	\$1,701,792.88
1465	\$69,558.84	\$22,472.99	\$21,885.06	\$0.00
1481	\$701,144.56	\$255,016.00	\$0.00	\$0.00
1513	\$291,381.15	\$146,446.39	\$41,804.47	\$1,511.63
1514	\$854,978.42	\$854,972.42	\$854,972.42	\$854,966.42
1702	\$7,293.01	\$2,689.35	\$0.00	\$0.00
1705	\$547,927.39	\$449,981.26	\$352,035.13	\$352,035.13
1757	\$244,198.51	\$126,497.41	\$67,365.45	\$8,796.31
1759	\$355,820.80	\$310,139.53	\$300,395.46	\$264,458.26
2031	\$1,227,544.43	\$629,933.26	\$32,322.09	\$32,322.09
2039	\$32,115.68	\$0.00	\$32,115.68	\$0.00
2046	\$7,996.98	\$0.00	\$7,996.98	\$0.00
2264	\$2,254,106.91	\$1,264,062.22	\$274,017.53	\$274,017.53
2280	\$530,614.47	\$428,940.87	\$382,381.47	\$327,267.27
2303	\$34,730.32	\$1,110.17	\$0.00	\$0.00
2462	\$10,516,360.19	\$7,296,402.93	\$8,316,479.31	\$4,076,445.67
2521	\$353,025.05	\$91,623.95	\$0.00	\$0.00
3012	\$44,611.84	\$26,712.87	\$44,611.84	\$8,813.90
3013	\$1,255,086.36	\$723,394.74	\$610,150.80	\$191,703.12

Appendix A Data Table (Continued)				
Fund Balance vs. Expenditure Comparison - Funds Without a Specified Balance Limit				
Fund # (Cont.)	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
3014	\$536,992.82	\$311,875.69	\$86,758.56	\$86,758.56
3020	\$2,435,764.83	\$1,673,984.21	\$1,378,182.81	\$912,203.59
3064	\$154,431.78	\$147,061.28	\$154,431.78	\$139,690.78
3072	\$15,167,589.35	\$9,547,591.33	\$12,921,897.11	\$3,927,593.31
3081	\$1,596,210.92	\$0.00	\$527,351.30	\$0.00
3090	\$340,375.30	\$289,647.01	\$238,918.72	\$238,918.72
3100	\$401,920.02	\$330,664.30	\$383,220.02	\$259,408.58
3101	\$175,822.44	\$139,305.88	\$174,813.44	\$102,789.32
3105	\$201,555.02	\$0.00	\$60,156.50	\$0.00
3157	\$838,463.82	\$655,501.89	\$607,297.36	\$472,539.96
3160	\$981,267.51	\$563,617.85	\$145,968.19	\$145,968.19
3162	\$1,890,840.22	\$1,537,614.21	\$1,347,548.40	\$1,184,388.20
3171	\$37,829,215.31	\$36,075,030.75	\$35,831,250.75	\$34,320,846.19
3176	\$222,819.42	\$179,445.84	\$136,072.26	\$136,072.26
3186	\$880,006.68	\$635,256.69	\$390,506.70	\$390,506.70
3189	\$402,231.79	\$336,351.47	\$270,471.15	\$270,471.15
3195	\$401,591.32	\$262,693.45	\$123,795.58	\$123,795.58
3205	\$7,575,112.30	\$5,674,076.36	\$3,773,040.42	\$3,773,040.42
3208	\$5,890.00	\$5,015.85	\$5,890.00	\$4,141.70
3218	\$2,100,195.90	\$1,758,426.19	\$1,416,656.48	\$1,416,656.48
3237	\$64,926.12	\$0.00	\$62,112.48	\$0.00
3239	\$975,981.00	\$710,197.05	\$444,413.10	\$444,413.10
3264	\$1,022.44	\$0.00	\$985.86	\$0.00
3274	\$10,918.84	\$4,603.54	\$0.00	\$0.00
3275	\$58,834.91	\$16,510.62	\$0.00	\$0.00
3287	\$2,166,062.10	\$1,341,340.77	\$516,619.44	\$516,619.44
3288	\$3,273,414.42	\$561,155.04	\$0.00	\$0.00
3292	\$8,396.40	\$7,396.40	\$8,396.40	\$6,396.40
3301	\$2,514,984.61	\$737,788.61	\$0.00	\$0.00
3322	\$785,613.73	\$599,730.93	\$413,848.13	\$413,848.13
3333	\$6,730,587.44	\$3,645,538.29	\$756,241.94	\$560,489.14

Appendix A Data Table (Continued)				
Fund Balance vs. Expenditure Comparison - Funds Without a Specified Balance Limit				
Fund # (Cont.)	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
3337	\$296,549.83	\$236,797.50	\$197,309.23	\$177,045.17
3349	\$1,500.00	\$0.00	\$1,256.66	\$0.00
3350	\$994,587.41	\$725,683.63	\$456,779.85	\$456,779.85
3354	\$1,670,085.73	\$1,435,806.58	\$1,201,527.43	\$1,201,527.43
3371	\$1,201,327.92	\$1,025,768.48	\$977,796.56	\$850,209.04
3480	\$172,842.34	\$39,581.34	\$9,671.52	\$0.00
3484	\$629,071.82	\$42,157.90	\$0.00	\$0.00
3533	\$139,110.96	\$116,871.87	\$94,632.78	\$94,632.78
3535	\$196,823.50	\$55,840.50	\$0.00	\$0.00
3550	\$10,178.28	\$5,428.73	\$7,812.42	\$679.18
3562	\$692,967.36	\$412,099.70	\$131,232.04	\$131,232.04
3575	\$1,254,210.81	\$588,417.54	\$1,831.43	\$0.00
3930	\$15,092,665.73	\$101,534.09	\$0.00	\$0.00
3937	\$2,702,365.85	\$2,252,703.93	\$2,123,235.79	\$1,803,042.01
3939	\$52,754.94	\$0.00	\$47,954.94	\$0.00
3947	\$1,142,105.33	\$755,430.99	\$931,590.53	\$368,756.65
3976	\$255.13	\$0.00	\$255.13	\$0.00
3979	\$255,638.76	\$74,052.28	\$0.00	\$0.00
3981	\$99,885.29	\$71,118.57	\$97,594.65	\$42,351.85
3988	\$14,289.19	\$11,572.09	\$12,303.73	\$8,854.99
3989	\$18,309.70	\$10,570.86	\$14,314.58	\$2,832.02
3990	\$5,828.63	\$3,117.29	\$4,829.37	\$405.95
4082	\$37,118,518.20	\$2,738,981.66	\$0.00	\$0.00
4318	\$22,932,880.67	\$14,423,590.03	\$9,634,096.39	\$5,914,299.39
4320	\$1,738,431.53	\$321,848.33	\$0.00	\$0.00
4535	\$4,246,561.12	\$2,088,384.31	\$0.00	\$0.00
4565	\$1,057,829.14	\$708,200.33	\$358,571.52	\$358,571.52
4680	\$12,013,663.69	\$7,051,008.82	\$2,299,936.87	\$2,088,353.95
4681	\$744,262.82	\$649,497.42	\$737,642.82	\$554,732.02
4682	\$371,192.00	\$98,471.62	\$276,192.00	\$0.00
4726	\$9,221,554.48	\$4,363,368.70	\$253,937.46	\$0.00

Appendix A Data Table (Continued)
Fund Balance vs. Expenditure Comparison - Funds Without a Specified Balance Limit

Fund # (Cont.)	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
4727	\$612,144.11	\$457,429.55	\$359,446.55	\$302,714.99
4731	\$2,651,208.07	\$2,183,891.96	\$1,795,001.23	\$1,716,575.85
4825	\$1,212,368.92	\$36,549.52	\$0.00	\$0.00
4826	\$932,760.60	\$647,853.90	\$384,369.72	\$362,947.20
4827	\$258,501.24	\$144,707.12	\$30,913.00	\$30,913.00
4835	\$865,788.19	\$12,829.19	\$0.00	\$0.00
4865	\$8,044,258.01	\$3,266,831.14	\$383,323.05	\$0.00
4868	\$900,027.59	\$486,882.66	\$466,093.43	\$73,737.73
4869	\$812,167.60	\$43,983.20	\$0.00	\$0.00
4878	\$3,494,055.28	\$2,278,075.88	\$1,062,096.48	\$1,062,096.48
4893	\$9,944,621.21	\$71,025.01	\$0.00	\$0.00
4894	\$20,415,743.75	\$11,321,232.83	\$2,226,721.91	\$2,226,721.91
4901	\$5,986,175.96	\$105,687.41	\$5,765,814.72	\$0.00
4906	\$2,849.72	\$0.00	\$2,849.72	\$0.00
4921	\$787,412.16	\$0.00	\$643,612.10	\$0.00
4922	\$1,522,127.83	\$934,414.30	\$346,700.77	\$346,700.77
4928	\$1,232,238.38	\$734,010.63	\$548,565.62	\$235,782.88
4930	\$159,312.91	\$2,031.82	\$155,416.87	\$0.00
4931	\$2,870,480.47	\$1,047,388.75	\$0.00	\$0.00
4942	\$477,832.82	\$265,817.13	\$53,801.44	\$53,801.44
4962	\$456,074.89	\$36,814.28	\$0.00	\$0.00
4964	\$2,219,196.82	\$1,814,356.71	\$1,409,516.60	\$1,409,516.60
4985	\$3,722,883.35	\$187,532.98	\$0.00	\$0.00
5052	\$67,932.63	\$58,984.51	\$65,026.59	\$50,036.39
5101	\$326,070.20	\$325,300.27	\$325,150.20	\$324,530.34
5107	\$1,176,239.59	\$0.00	\$80,133.49	\$0.00
5110	\$2,501,611.79	\$1,990,072.00	\$1,478,532.21	\$1,478,532.21
5113	\$477,942.01	\$408,708.78	\$408,503.37	\$339,475.55
5115	\$401,678.34	\$139,335.21	\$0.00	\$0.00
5117	\$845,654.36	\$689,277.79	\$539,421.20	\$532,901.22
5119	\$3,131,652.07	\$564,323.00	\$0.00	\$0.00

Appendix A Data Table (Continued)				
Fund Balance vs. Expenditure Comparison - Funds Without a Specified Balance Limit				
Fund # (Cont.)	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
5144	\$6,212,084.65	\$4,993,567.85	\$3,775,051.05	\$3,775,051.05
5178	\$10,745,724.56	\$10,214,552.16	\$9,683,379.76	\$9,683,379.76
5204	\$99,541.45	\$93,077.77	\$91,023.97	\$86,614.09
5224	\$499.06	\$0.00	\$499.06	\$0.00
5225	\$1,084,624.32	\$1,044,738.87	\$1,015,438.54	\$1,004,853.42
5353	\$3,190.82	\$0.00	\$3,190.82	\$0.00
5375	\$4,551,674.03	\$3,512,953.41	\$3,174,293.07	\$2,474,232.79
5377	\$1,902,125.04	\$1,467,892.93	\$1,155,795.82	\$1,033,660.82
5454	\$203,485.35	\$0.00	\$43,271.61	\$0.00
5467	\$598,603.10	\$233,770.43	\$92,023.04	\$0.00
5475	\$307,326.59	\$204,913.30	\$106,894.87	\$102,500.01
5490	\$109,870.00	\$0.00	\$109,870.00	\$0.00
6003	\$133,539.99	\$97,365.74	\$61,191.49	\$61,191.49
6152	\$10,464,825.87	\$6,236,601.54	\$2,008,377.21	\$2,008,377.21
6160	\$253,313.48	\$235,993.10	\$218,672.72	\$218,672.72
6254	\$525,417.39	\$213,400.70	\$0.00	\$0.00
6295	\$13,039,121.11	\$9,686,885.78	\$7,079,657.61	\$6,334,650.45
6306	\$190,950.31	\$178,750.51	\$188,832.59	\$166,550.71
6331	\$125,394.35	\$101,857.33	\$78,320.31	\$78,320.31
6374	\$538,245.57	\$499,022.32	\$523,298.49	\$459,799.07
6375	\$42,201.58	\$2,640.27	\$31,600.18	\$0.00
6376	\$27,981.24	\$5,624.34	\$0.00	\$0.00
6377	\$72,133.38	\$68,677.35	\$72,133.38	\$65,221.32
6378	\$13,194.58	\$0.00	\$10,572.30	\$0.00
6379	\$64,996.69	\$29,750.76	\$3,995.83	\$0.00
6380	\$135,798.92	\$11,953.81	\$0.00	\$0.00
6381	\$185,728.99	\$24,564.57	\$0.00	\$0.00
6382	\$111,552.12	\$84,486.50	\$80,540.38	\$57,420.88
6383	\$214,311.40	\$87,687.46	\$100,893.78	\$0.00
6384	\$77,458.54	\$28,452.89	\$0.00	\$0.00
6385	\$13,272.53	\$11,618.75	\$13,272.53	\$9,964.97

Appendix A Data Table (Continued)				
Fund Balance vs. Expenditure Comparison - Funds Without a Specified Balance Limit				
Fund # (Cont.)	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
6390	\$65,814.22	\$61,432.76	\$57,051.30	\$57,051.30
6392	\$118,409.85	\$31,726.49	\$0.00	\$0.00
6396	\$35,923.37	\$29,199.20	\$22,475.03	\$22,475.03
6397	\$1,070,102.10	\$216,623.49	\$0.00	\$0.00
6401	\$530,029.64	\$45,604.37	\$423,583.38	\$0.00
6408	\$1,363,373.57	\$676,718.94	\$1,352,805.45	\$0.00
6413	\$5,746.03	\$3,076.69	\$2,836.91	\$407.35
6414	\$44,966.24	\$24,839.35	\$26,492.98	\$4,712.46
6453	\$56,412.79	\$1,345.79	\$3,361.67	\$0.00
6511	\$2,004,707.09	\$1,764,447.17	\$1,568,833.77	\$1,524,187.25
6513	\$2,860,544.65	\$1,625,077.17	\$389,609.69	\$389,609.69
6518	\$89,464.91	\$32,003.91	\$59,464.91	\$0.00
6543	\$254,674.94	\$152,083.13	\$254,674.94	\$49,491.32
6544	\$135,385.69	\$62,693.32	\$45,223.97	\$0.00
6706	\$209,589.64	\$164,356.63	\$171,626.76	\$119,123.62
6750	\$43,995.07	\$14,165.67	\$0.00	\$0.00
6801	\$1,469,653.30	\$761,223.49	\$566,527.16	\$52,793.68
6802	\$191,346.59	\$153,685.22	\$160,325.37	\$116,023.85
7009	\$59,480.24	\$38,650.39	\$49,361.14	\$17,820.54
7010	\$146,639.68	\$141,537.18	\$136,434.68	\$136,434.68
7050	\$134,353.55	\$107,382.35	\$128,689.55	\$80,411.15
7052	\$104,898.47	\$65,661.70	\$104,898.47	\$26,424.93
7064	\$14,070.46	\$10,174.05	\$14,070.46	\$6,277.64
7087	\$356,870.47	\$212,597.65	\$98,304.05	\$68,324.83
7092	\$251,545.74	\$250,888.51	\$251,545.74	\$250,231.28
7099	\$4,073,877.12	\$2,119,445.09	\$165,013.06	\$165,013.06
7150	\$2,551,348.98	\$1,492,370.88	\$433,392.78	\$433,392.78
7253	\$517,826.25	\$203,015.18	\$0.00	\$0.00
7351	\$3,915,888.20	\$3,724,254.71	\$3,653,306.00	\$3,532,621.22
7358	\$833,078.85	\$804,682.70	\$776,286.55	\$776,286.55
7359	\$537,928.80	\$478,907.60	\$419,886.40	\$419,886.40

Appendix A Data Table (Continued)				
Fund Balance vs. Expenditure Comparison - Funds Without a Specified Balance Limit				
Fund # (Cont.)	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
8212	\$640,721.95	\$160,241.51	\$208,328.81	\$0.00
8220	\$3,112,347.58	\$3,080,488.04	\$3,112,347.58	\$3,048,628.50
8221	\$2,478,924.44	\$2,070,253.16	\$1,661,581.88	\$1,661,581.88
8223	\$9,086,320.77	\$3,405,580.32	\$0.00	\$0.00
8402	\$2,800,000.00	\$250,000.00	\$1,100,000.00	\$0.00
8451	\$1,240,068.32	\$1,015,783.48	\$1,024,223.16	\$791,498.64
8624	\$753,335.36	\$480,533.95	\$240,513.48	\$207,732.54
8625	\$5,522,808.16	\$3,702,911.62	\$2,865,242.74	\$1,883,015.08
8631	\$180,452.58	\$141,629.57	\$128,217.06	\$102,806.56
8635	\$1,312,128.66	\$555,230.08	\$0.00	\$0.00
8654	\$20,517.53	\$15,517.53	\$20,517.53	\$10,517.53
8665	\$56,788.40	\$48,688.40	\$40,588.40	\$40,588.40
8685	<u>\$4,577,013.73</u>	<u>\$2,548,619.68</u>	<u>\$1,612,044.11</u>	<u>\$520,225.63</u>
Totals	<u>\$436,418,296.77</u>	<u>\$242,883,864.27</u>	<u>\$181,182,649.51</u>	<u>\$139,677,097.46</u>

Source: Legislative Auditor's Analysis. Largest difference for each fund is highlighted in bold.

Appendix B

Appendix B Data Table				
Fund Balance vs. Expenditure Comparison - Funds With Vague Balance Limitation				
Fund #	FY 2021 Ending Fund Balance	Total Exceeding Historical Expenditure Trend Based on Highest Single Year Expenditure Amount	Total Exceeding Historical Expenditure Trend Based on 2x the 2021 Expenditures	Total Exceeding Historical Expenditure Trend Based on 2x Highest Expenditure Amount in the Prior Four Years
1322	\$14,468,457.29	\$30,726,633.28	\$29,395,080.02	\$29,395,080.02
3024	\$1,085,738.64	\$188,361.48	\$0.00	\$0.00
3188	\$899,987.73	\$1,006,470.42	\$748,819.23	\$748,819.23
3191	\$679,377.89	\$637,191.53	\$522,664.03	\$522,664.03
3192	\$356,211.48	\$223,127.39	\$98,950.46	\$98,950.46
3196	\$704,751.89	\$0.00	\$120,137.81	\$120,137.81
3198	\$312,094.44	\$1,145,306.70	\$1,038,180.11	\$1,038,180.11
3199	\$2,200.00	\$9,584.92	\$8,866.88	\$8,866.88
3326	\$527,540.64	\$0.00	\$186,565.21	\$186,565.21
3486	\$59,799.06	\$0.00	\$17,783.03	\$17,783.03
6804	\$357,342.58	\$197,296.62	\$250,649.74	\$250,649.74
7071	\$68,947.58	\$49,901.27	\$31,247.30	\$31,247.30
TOTALS	<u>\$19,522,449.22</u>	<u>\$34,183,873.61</u>	<u>\$32,418,943.82</u>	<u>\$32,418,943.82</u>
<i>Source: Legislative Auditor's Analysis. Largest difference for each fund is highlighted in bold.</i>				

Appendix C

Appendix C Data Table			
Funds Without Expenditures from FY 2018 through FY 2021			
Fund #	FY 2021 Ending Fund Balance	Fund # (Cont.)	FY 2021 Ending Fund Balance
1024	\$8,287.44	6319	\$561.71
1207	\$27,859.01	6353	\$65,619.98
1228	\$2,430.00	6369	\$9,742.11
1302	\$7,228.32	6370	\$25,758.65
1343	\$1,877,802.20	6372	\$78,075.62
1359	\$39,527.44	6373	\$83,631.98
1364	\$44,012.14	6389	\$17,783.29
1511	\$4,404.66	6407	\$11,260.19
1608	\$128,804.00	6409	\$485.21
1764	\$324,280.88	6412	\$13,413.29
2461	\$931,799.15	6507	\$59,009.99
3006	\$732,786.06	6509	\$28,260.00
3007	\$1,417,797.75	6529	\$1,188.53
3008	\$2,108,311.40	6532	\$15,724.96
3009	\$255,899.11	6701	\$183.39
3010	\$7,210.11	7054	\$282,421.62
3021	\$266,269.21	7057	\$4,887.21
3259	\$109,055.96	7059	\$90,641.04
3552	\$110,209.93	7068	\$1,029.07
3935	\$19,923.48	7076	\$27,819.03
3936	\$15,650.00	7079	\$166,541.00
3977	\$7,078.54	7084	\$31,099.73
4309	\$195,272.39	7088	\$254,665.95
4566	\$33,099.29	7093	\$605,659.78
4934	\$45,018.56	7161	\$29,618.59
5104	\$882.11	7171	\$89,523.66
5124	\$4,729.11	7302	\$1,022.47
5125	\$13,147.79	8207	\$2,143,075.13
5137	\$241.05	8254	\$2,207.21
5147	\$55,875.26	8351	\$1,760,168.32
5157	\$20,130.44	8626	\$119,543.97
5182	\$27,269.13	8630	\$9,697,712.16
5186	\$9,308.22	8633	\$101,855.80
5187	\$17,184.08	8698	\$1,280.78
5195	\$13,407.96	TOTAL	\$24,703,663.60

Appendix D

Objective, Scope and Methodology

The Post Audit Division of the Office of the Legislative Auditor conducted this post audit as authorized by Chapter 4, Article 2, Section 5 of the West Virginia Code, as amended. The post audit was conducted in accordance with the standards applicable to performance audits contained in the 2018 generally accepted government auditing standards (GAGAS) issued by the Government Accountability Office. Those standards require the audit to be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The Legislative Auditor believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Legislative Auditor's Office reviews the statewide single audit and the DOH financial audit annually with regards to any issues related to the wvOASIS financial system. The Legislative Auditor's Office on a quarterly basis requests and reviews any external and internal audits of the wvOASIS financial system. Through its numerous audits, the Legislative Auditor's Office is constantly testing the financial information contained in the wvOASIS financial system. In addition, the Legislative Auditor's Office has sought the professional opinion of the reliability of wvOASIS from the Joint Committee on Government and Finance's Fiscal Officer who, along with her staff, uses the wvOASIS system daily. Based upon these actions, along with the audit tests conducted on the audited agency, it is our professional judgement that information in the wvOASIS system is reliable for auditing purposes under the 2011 Yellowbook. However, in no manner should this statement be construed as a statement that 100 percent of the information or calculations in the wvOASIS financial system is accurate.

Objectives

The objectives of this audit were to determine if the special revenue fund balances were in excess of what is necessary for the fund to meet the obligations it was intended for as prescribed by W.Va. Code and/or if fees could be modified to allow for a more appropriate fund balance; and based upon these results determine if these funds have been administered in the wvOASIS system as prescribed by W.Va. Code.

Scope

The scope of this audit covered all special revenue funds for fiscal year 2018 and 2019. With the exclusion of federal or lottery class of funds and funds with activity or ending balances for special revenue funds related to bonds, investment funds, unclaimed property, and investment accounts, the active funds from FY 2018 and FY 2019 had the scope extended through FY 2021.

Methodology

The special revenue fund population was gathered by obtaining the Digest of Revenue Source report from wvOASIS, the W.Va. State enterprise resource planning system. This report provided the name of every special revenue fund for the fiscal year along with each fund's corresponding source and use, which is the W.Va. Code that authorizes the fund for activity, and an extended description of the fund. Additionally, a list of funds was sent to the various state spending units to obtain additional information regarding the authorizing code sections, and the source and use of the funds.

The funds identified in FY 2018 and in FY 2019 that were not related to federal or lottery class of funds, bonds, investment funds, unclaimed property, and investment accounts were included in the

analysis of the fund balance and historical expenditure trend. To provide more relevant and timely data, the FY 2021 ending balance of the individual funds were compared to the total fiscal year expenditures under three scenarios utilizing the historical expenditure trends:

1. The FY 2021 Ending Fund Balance vs Highest Single Year Expenditures Total FY 2018- FY 2021;
2. The FY 2021 Ending Fund Balance vs Twice the FY 2021 Total Expenditures; and
3. The FY 2021 Ending Fund Balance vs Twice the Highest Year Expenditures Total FY 2018 – FY 2021.

These three scenarios were chosen as they can be applied to all funds devoid of the intent of an individual fund and the amount of the expenditure in relation to the ending balance acts a balance limit, when balance limits have been undefined, to determine potential excess and if the fund balances were growing at a rate beyond its intended use or need.



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