

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA STATE BOARD OF INVESTMENTS

FOR THE PERIOD

JULY 1, 1978 - JUNE 30, 1987



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

WEST VIRGINIA STATE BOARD OF INVESTMENTS

FOR THE PERIOD

JULY 1, 1978 - JUNE 30, 1987



LEGISLATIVE AUDITOR

CHARLESTON

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

Sir:

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

Our examination covers the period July 1, 1978 through June 30, 1987. The results of this examination are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 1987 and June 30, 1986 are included in this report. The financial statements covering the period July 1, 1978 through June 30, 1985 are included in the audit workpapers.

Respectfully submitted,

A handwritten signature in cursive script that reads "Thedford L. Shanklin".

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/tb

WEST VIRGINIA STATE BOARD OF INVESTMENTS

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WEST VIRGINIA STATE BOARD OF INVESTMENTS

EXIT CONFERENCE

we held an exit conference on November 21, 1988 with the Associate Treasurer of the State - Investments of the West Virginia State Treasurer's Office and all findings and recommendations were reviewed and discussed. The above official's responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks section of this report.

WEST VIRGINIA STATE BOARD OF INVESTMENTS

INTRODUCTION

The State Board of Investments was created by Chapter 162, Acts of the 67 Legislature (Chapter 12, Article 6, Sections 1-17, of the West Virginia Code amended.)

The Board consists of three members: the Governor serves as Chairman; the State Treasurer serves as Executive Secretary and custodian of all funds, securities and assets of the Board; and the State Auditor.

The primary function of the Board is to formulate and adopt rules and regulations for the protection of State funds invested; obtain consultant services for the proper management and investment of such funds; maintain accounts with banks, securities dealers, and financial institutions; engage in financial transactions whereby securities are bought and sold; and enters into agreements with political subdivisions for investment of their monies.

WEST VIRGINIA STATE BOARD OF INVESTMENTS

BOARD MEMBERS AND STAFF

AS OF JUNE 30, 1987

Board Members

Arch A. Moore, Jr.
Governor
Chairman Charleston

A. James Manchin
State Treasurer
Secretary Charleston

Glen B. Gainer, Jr.
State Auditor
Member Charleston

Staff

Arnold Margolin Associate Treasurer
Kathryn M. Lester Assistant Treasurer/Investments
Mary O. Hudson Director of Investments
Diana Will Assistant Director of Investments
Jack Fuller Investment Officer
Rockland Poole Investment Officer
Celeta Wade Investment Officer
Mary Jane Lopez Investment Clerk
Wilma Groves Local Government Liaison
Debra Campbell Local Government Liaison
Susan Guthrie Investment Secretary
Debores Humbles Investment Secretary

WEST VIRGINIA STATE BOARD OF INVESTMENTS
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

REAS OF NONCOMPLIANCE

Unapportioned Investment Income Totaling \$53,393,618.36

1. During our examination, we noted the State Board of Investments had not apportioned a total of \$53,393,618.36 of net investment income earned by several pools within the Consolidated Fund during the period August 1984 through December 1986. Our examination of minutes of meetings of the State Board of Investments showed no indication the Board had voted to establish a reserve within the Consolidated Fund although the Board has had such power since 1978.

We recommend the Board apportion any accumulated investment income in those affected pools among the participants in accordance with the Board's earnings distribution formula.

We will make a recommendation to the Board that the provisions allowing the establishment of a reserve for losses in the Consolidated Fund be implemented. (See pages 6-10)

Payment of Expenses from Inappropriate Funds

2. During our examination, we noted various costs were paid from the Investment Services Fees Account (8004-08) which benefitted divisions of the State Treasurer's Office other than the Investments Division. The expenditures in question consisted of \$952,225.00 of personal services and a combined total of \$186,426.15 in expenditures for Current Expense items, Repair and Alterations items and Equipment items.

We recommend the Board comply with Chapter 12, Article 6, Section 6 of the West Virginia Code, as amended.

We do not agree with this audit finding. (See pages 10-11)

Payment for Services Not Received

3. We noted during our review of annual and sick leave records that one employee was allowed to maintain a substantial negative sick leave balance but was not removed from the Board's payroll. The employee left the State Treasurer's employment in July 1987 with a negative sick leave balance of 32 days.

We recommend the Board comply with Chapter 12, Article 3, Section 13 of the West Virginia Code as amended.

We will continue to attempt to recover these funds. (See pages 11-12)

Overexpenditures of Approved Expenditure Schedule

4. During our examination, we noted expenditures from the Investment Service Fees Account (8004-08) exceeded the limits set in the approved expenditure schedule. The amount expended over the approved budget for the fiscal year ending June 30, 1986 was \$232,387.74.

We recommend the Board comply with Chapter 5A, Article 2, Section 20 of the West Virginia Code, as amended.

We are now in compliance with this audit recommendation. (See pages 12-13)

WEST VIRGINIA STATE BOARD OF INVESTMENTS

GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of the West Virginia State Board of Investments. The audit covered the period July 1, 1978 through June 30, 1987.

SPECIAL REVENUE ACCOUNT

During the audit period, the West Virginia State Board of Investments generated from the following special revenue accounts:

<u>Number</u>	<u>Description</u>
8004-07	Investment Interest - Escrow Account Investment Interest; held in escrow for investment services.
8004-08	Investment Service Fees Earned Interest and Charges against the Earnings of Various Funds; to pay investment costs.

AREAS OF NONCOMPLIANCE

Chapter 12, Article 6, of the West Virginia Code generally governs the West Virginia State Board of Investments. We tested applicable sections of the Code plus the State Treasurer's regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed below.

Unapportioned Investment Income Totaling \$53,393,618.36

During our examination, we noted the State Board of Investments had not apportioned a total of \$53,393,618.36 of net investment income earned by several pools within the Consolidated Fund during the period August 1984 through December 31, 1986. Based on records supplied to us, we determined the Board had not allocated a portion of the net investment income earned by Pool 100 - Consolidated Fund - Restricted - Account 7600-05; Pool 110 - Workers' Compensation Fund -

account 7645-12; Pool 115 - Local Government Pension - Account 7605-13; Pool 140 - Consolidated Fund Restricted - Account 7610-05 and Pool 3300 - Retirement System Operating Account - Account 7649-13.

Specifically, records supplied to us showed the abovementioned pools during the period August 1984 through December 1986 had net investment income, net investment income apportioned to the various subaccounts and unapportioned net investment income as follows:

<u>Description</u>	<u>Income</u>	<u>Net Investment</u>	
		<u>Apportioned Income</u>	<u>Unapportioned Income</u>
State General Revenue Fund	\$ 91,435,252.69	\$ 84,422,210.34	\$ 7,013,042.35
Political Subdivisions	113,176,082.47	104,624,151.30	8,551,931.17
State Agency Trust Funds	3,323,078.97	3,044,632.68	278,446.29
State Board of Regents	37,608,254.39	34,323,323.36	3,284,931.03
Other State Spending Units	47,703,806.35	43,852,620.18	3,851,186.17
Pool 100 - Consolidated Fund Unrestricted	293,246,474.86	270,266,937.86	22,979,537.00
Workers' Compensation Operating Fund	49,045,185.27	45,681,364.64	3,363,820.63
Workers' Compensation Pneumoconiosis Fund	96,707,695.51	89,952,693.59	6,755,001.92
Pool 110 - Workers' Compensa- tion Fund Pool	145,752,880.78	135,634,058.23	10,118,822.55
Pool 115 - Local Government Pension	17,838,866.39	15,238,789.97	2,600,076.42
Department of Highways	17,361,789.12	16,726,036.53	635,752.59
Municipal Bond Commission	45,946,068.31	42,715,931.36	3,230,136.95
State General Revenue Fund	(259,834.35)	(244,567.42)	(15,266.93)
Housing Development Fund	61,547,308.47	58,098,554.02	3,448,754.45
Water Development Authority	620,381.51	581,387.50	38,994.01
State Board of Regents	7,900,176.42	8,423,817.36	(523,640.94)
Department of Finance and Administration	396,295.47	454,234.70	(57,939.23)
State School Building Bond Fund	798,889.69	743,665.99	55,223.70
Pool 140 - Consolidated Fund Restricted	134,311,074.65	127,499,060.04	6,812,014.61

<u>Description</u>	<u>Income</u>	<u>Net Investment</u>	
		<u>Apportioned Income</u>	<u>Unapportioned Income</u>
Judges' Retirement	141,113.86	118,615.00	22,498.86
Public Safety Retirement	5,978,186.75	5,096,860.75	881,326.00
Public Employees Retirement	51,251,566.27	43,491,031.96	7,760,534.51
Teachers' Retirement	<u>14,889,676.09</u>	<u>12,670,867.48</u>	<u>2,218,808.61</u>
Pool 3300 - Retirement System Operating Accounts	<u>72,260,542.97</u>	<u>61,377,375.19</u>	<u>10,883,167.78</u>
	<u>\$663,409,839.65</u>	<u>\$610,016,221.29</u>	<u>\$53,393,618.36</u>

We reviewed applicable sections of the West Virginia Code as well as formally adopted rules and regulations of the State Board of Investments to determine whether the Board is required to apportion the earnings of a pool in their entirety among the participants of the individual pools. Our review shows the State Board of Investments adopted administrative rules and regulations concerning the Consolidated Fund in 1978 which were last amended in 1983. Section 6.01 of the "Rules for the Administration of the Consolidated Fund by the West Virginia State Board of Investments", 1983 amendment states, "The board may create a reserve for losses in the Consolidated Fund if the board determines that the one-year amortization of gains and losses is inappropriate or inadequate for unusual losses." Our examination of minutes of meetings of the State Board of Investments showed no indication the Board had voted to establish a reserve within the Consolidated Fund although the Board has had such power since 1978.

Moneys invested with the West Virginia State Board of Investments are pooled for investment purposes. Section 5.01 of the "Rules for the Administration of the Consolidated Fund by the West Virginia State Board of Investments" as amended in 1983 defines the measurement of ownership in the fund and states in part, "Each participant shall own an undivided interest in the portfolio of the Consolidated Fund based on the participant's pro rata contribution of assets at any time. Ownership shall be expressed in terms of units. One dollar shall equal one unit of ownership" The investment income earned by a particular pool is

apportioned among the participants by use of a formula based on the amount of ownership the participant has in the pool.

The State Board of Investments under Section 4.02, Subsection (e) is allowed to charge an investment service fee for providing investment services. Section 4.02, Subsection (e) of the abovementioned rules states, "The Treasurer may collect a fee of up to one percent of the earnings of the Local Government account as a charge for the investment services being provided to local governments." The Board has charged a fee of three-fourths of one percent of earnings since March 1983. The Board does not transfer the earned service fees until the investment income is apportioned among the participants in the pool. Accordingly, the gross investment income of the pool will exceed the net investment income by the amount of applicable investment service fees.

As stated earlier, the Board does not transfer earned investment service fees until the investment income is apportioned among the participants in the pool. As such, based on records examined by us the Board has earned but not transferred \$403,478.22 of investment service fees to their Investment Service Fees Account (8004-08) as follows during the period from January 1984 through December 1986:

<u>Pool</u>	<u>Service Fees Earned</u>	<u>Service Fees Transferred</u>	<u>Untransferred Service Fees</u>
Pool 100 - Consolidated Fund Unrestricted	\$2,516,478.72	\$2,342,829.82	\$173,648.90
Pool 110 - Workers' Com- pensation Fund Pool	1,257,678.77	1,181,214.04	76,464.73
Pool 115 - Local Government Pension	134,802.52	115,154.66	19,647.86
Pool 140 - Consolidated Fund Restricted	1,123,391.58	1,071,915.41	51,476.17
Pool 3300 - Retirement System Operating Account	603,745.33	521,504.77	82,240.56
	<u>\$5,636,096.92</u>	<u>\$5,232,618.70</u>	<u>\$403,478.22</u>

Further, we determined the amounts of net investment income that had not been apportioned to the various participants by examining several records produced by the State Board of Investments. We were unable to locate accounting records maintained by the Board which would have allowed us to trace into the Board's records the unapportioned net investment income and thereby confirm the accuracy of the amounts calculated by us.

We recommend the Board apportion any accumulated investment income in those affected pools among the participants in accordance with the Board's earnings distribution formula.

The West Virginia Treasury, acting in its capacity as staff agency for the State Board of Investments, will make a recommendation to the Board that the provisions of sections 5.03 and 6.01 of the Administrative Regulations for the management of the Consolidated Fund be implemented.

Payment of Expenses from Inappropriate Funds

Chapter 12, Article 6, Section 6 of the West Virginia Code, as amended, states, "All costs and expenses of the board including fees of professional consultants, advisors and auditors, brokerage commissions and all other necessary expenses of the board incurred in the performance of its functions shall be proper charges against, and payable on a pro rata basis from, the earnings of the various funds managed by the board."

The office of the State Treasurer serves as staff agency for the Board of Investments. According to the payroll register for the period ended June 30, 1987, a total of 45 full time equivalent employees were being paid from the board's Investment Service Fees Account (8004-08). Based on our review of the job descriptions and organizational chart, we noted that 11 of the 45 employees paid from the Investment Service Fees Account are involved directly with the functions of the Board. The remaining 34 employees are indirectly involved in performing

rious activities pertaining to investments as well as other Treasury Office actions at an annual cost of \$952,225.00. Since employees of the Treasurer's Office do not submit detailed time sheets indicating how much time is spent on any particular function, we were unable to determine the amount of time the 34 employees spent on investment related duties.

Also, we noted, various expenditures for Current Expense items, Repairs and Alterations and Equipment items, in the amount of \$186,426.15 which appear to have been expenditures benefiting divisions of the State Treasurer's Office other than the Investments Division. The expenditures paid from the Board's account are used by the following divisions of the State Treasurer's Office:

TEDDI Program	\$ 6,364.47
Abandoned and Unclaimed Property Treasurer's Office	81,827.00
	<u>98,234.68</u>
	<u>\$186,426.15</u>

According to the State Treasurer in a letter dated January 15, 1988, ... "A primary purpose of this office is effective and efficient cash management of all state dollars. The more efficient we are in this area, the more interest income can be generated for the People of West Virginia through our sound investment program. Therefore, virtually all expenditures of funds by this office are related to this investment activity." In our opinion, these expenditures should have been paid from other funds within the Treasurer's Office or prorated between the Board and the Treasurer's Office.

We recommend the Board comply with Chapter 12, Article 6, Section 6 of West Virginia Code, as amended.

The Treasurer of State reaffirms the same position as stated in his January 15, 1988, letter.

Payment for Services Not Received

We noted during our review of the annual and sick leave records of

employees paid from the Investment Service Fees Account (8004-08) one employee was allowed to maintain a substantial negative sick leave balance but was not removed from the Board's payroll. We were informed by State Treasury Office personnel that the employee in question had a series of medical problems during the tenure of his employment. The employee left the State Treasurer's employment in July 1987 with a negative sick leave balance of 32 days.

Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended states, "No money shall be drawn from the treasury to pay the salary of any officer or employee before his services have been rendered." Based on the aforementioned Code section, the employee should have been removed from the payroll once all available annual and sick leave was exhausted.

We recommend the Board comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended.

Extended sick leave was granted to this profoundly handicapped, former employee for manifestly humanitarian reasons. We have pursued and will continue to pursue the recovery of these funds in an effort that can only be classified as massive and titanic and that will make all other recovery attempts even undertaken seem minuscule in comparison.

Overexpenditure of Approved Expenditure Schedule

During our examination, we noted expenditures from the Investment Service Fees Account (8004-08) exceeded the limits set in the approved expenditure schedule. The amount expended over the approved budget for the fiscal year ending June 30, 1986 was \$232,387.74.

Chapter 5A, Article 2, Section 20 of the West Virginia Code, as amended states, "If the amount actually collected by a spending unit exceeds the amount which it is authorized to expend from collections, the excess in collections shall be set aside in a special surplus fund for the spending unit. Expenditures from this fund shall be made only in accordance with the following procedures:

"The spending officer shall submit to the commissioner (of the Department of Finance and Administration):

1. A plan of expenditure showing the purpose for which the surplus is to be expended, and
2. A justification statement showing the reasons why the expenditure is necessary and desirable.

"The commissioner shall submit the request to the governor with his recommendation.

"If the governor approves the plan of expenditure and justification statement, and is satisfied that the expenditure is required to defray the additional cost of the service or activity of the spending unit and that the expenditure is in accordance with sound fiscal policy, he may authorize the use of the surplus during the current fiscal year

"An expenditure from a special surplus fund without the authorization of the governor, or other than in accordance with this section, shall be an unlawful use of public funds."

We recommend the Board comply with Chapter 5A, Article 2, Section 20 of the West Virginia Code, as amended.

Due to an inadequate system of monitoring expenditures that was in place when A. James Manchin assumed office, this overexpenditure occurred in the first full fiscal year of his term. Since that time, administrative changes and a new internal accounting system have been put in place to eliminate the possibility of this occurring again.

AUDITORS' OPINION

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

Sir:

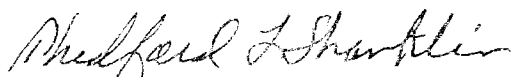
We have examined the statement of revenues, expenditures and changes in cash balance of the West Virginia State Board of Investments for the years ended June 30, 1987 and June 30, 1986. Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

In our opinion, the statement of revenues, expenditures and changes in cash balance of the West Virginia State Board of Investments presents fairly the cash transactions for the years ended June 30, 1987 and June 30, 1986 on a basis consistent with the preceding year.

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

Respectfully submitted,


Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

April 26, 1988

Auditors: Michael E. Sizemore, CPA, Supervisor
Harvey R. Burke, Auditor-in-Charge
Ronald F. Osmianski

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN CASH BALANCE - BUDGET AND ACTUAL

	<u>Year Ended June 30, 1987</u>		
	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Revenues:			
Management Service Fees	\$3,375,000.00	\$3,436,620.79	(\$ 61,620.79)
Expenditures:			
Personal Services	1,152,484.00	1,111,451.05	41,032.95
Current Expenses	1,848,070.00	1,708,393.58	139,676.42
Repairs and Alterations	-0-	2,480.95	(2,480.95)
Equipment	60,000.00	68,556.78	(8,556.78)
Interest Expense	-0-	708.75	(708.75)
Costs of Investments	-0-	75,396.24	(75,396.24)
	<u>3,060,554.00</u>	<u>2,966,987.35</u>	<u>93,566.65</u>
Revenues Over (Under) Expenditures	314,446.00	469,633.44	(155,187.44)
Beginning Balance	500,000.00	1,485,711.16	(985,711.16)
Transfers to State General Revenue Fund	-0-	(849,948.90)	(849,948.90)
Ending Balance	<u>\$ 814,446.00</u>	<u>\$1,105,395.70</u>	<u>(\$ 290,949.70)</u>

See Notes to Financial Statements

Year Ended June 30, 1986

<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
50,000.00	\$3,746,587.90	(\$1,496,587.90)
12,702.00	1,042,157.36	544.64
17,298.00	1,385,349.22	(188,051.22)
-0-	-0-	-0-
50,000.00	63,727.38	(3,727.38)
-0-	-0-	-0-
-0-	41,153.78	(41,153.78)
<u>50,000.00</u>	<u>2,532,387.74</u>	<u>(232,387.74)</u>
50,000.00)	1,214,200.16	(1,264,200.16)
50,000.00	771,746.44	(271,746.44)
<u>-0-</u>	<u>(500,235.44)</u>	<u>(500,235.44)</u>
<u>50,000.00</u>	<u>\$1,485,711.16</u>	<u>(\$1,035,711.16)</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

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

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4½% of their compensation and employees have vested rights under certain circumstances. Contributions by the Board are 9½% of the employees' compensation. The Board's pension expenditures are as follows:

<u>Year Ended June 30.</u>	
<u>1987</u>	<u>1986</u>
<u>\$100,228.72</u>	<u>\$ 91,801.64</u>

Note C - Reserve Fund

The State Treasurer's Office, acting as the staff agency for the State Board of Investments established, in August 1984, a reserve for losses within the Consolidated Fund. This reserve, which was not approved prior to its establishment, grew to a total of \$53,797,096.58 by June 30, 1987. The reserve represents funds which should have been apportioned to various investment pools within the Consolidated Fund. Since the reserves were not apportioned the earnings applicable to them were not apportioned either. During the period \$403,478.22 of earnings were not apportioned. If they had been the Board would have earned \$12,724.51 and \$15,780.43 for the years ended June 30, 1986 and 1987, respectively and \$174,973.28 for the period prior to July 1, 1985.

SUPPLEMENTAL INFORMATION

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCE

<u>Investment Interest - Escrow Account - Account 8004-07</u>	<u>Year Ended June 30,</u>	
	<u>1987</u>	<u>1986</u>
Cash Receipts	\$ -0-	\$ -0-
Disbursements	<u>-0-</u>	<u>-0-</u>
Beginning Balance	49,948.90	49,948.90
Transfers to State General Revenue Fund	<u>(49,948.90)</u>	<u>-0-</u>
Ending Balance	<u>\$ -0-</u>	<u>\$ 49,948.90</u>
<u>Investment Service Fees - Account 8004-08</u>		
Cash Receipts:		
Management Service Fees	\$3,436,620.79	\$3,746,563.77
Interest	<u>-0-</u>	<u>24.13</u>
	3,436,620.79	3,746,587.90
Disbursements:		
Personal Services	1,111,451.05	1,042,157.36
Current Expenses	1,708,393.58	1,385,349.22
Repairs and Alterations	2,480.95	-0-
Equipment	68,556.78	63,727.38
Interest Expense	608.75	-0-
Costs of Investments	<u>75,396.24</u>	<u>41,153.78</u>
	2,966,987.35	2,532,387.74
Cash Receipts Over Disbursements	469,633.44	1,214,200.16
Beginning Balance	1,435,762.26	721,797.54
Transfers to State General Revenue Fund	<u>(800,000.00)</u>	<u>(500,235.44)</u>
Ending Balance	<u>\$1,105,395.70</u>	<u>\$1,435,762.26</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
STATEMENT OF CHANGES IN INVESTMENT BALANCE

	YEAR ENDED JUNE 30,	
Investments - Account 8004-08	1987	1986
Additions:		
Interest Reinvested	\$ -0-	\$ 24.13
Deductions:		
Withdrawals from the Board of Investments	-0-	243.12
	-0-	(218.99)
Beginning Balance	-0-	218.99
Ending Balance	\$ -0-	\$ -0-

WEST VIRGINIA STATE BOARD OF INVESTMENTS

RECONCILIATION

JUNE 30, 1987

vestment Service Fees - Account (8004-08)

Balance per State Treasury and Agency

\$1,105,395.70

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is true and correct copy of said report.

Given under my hand this 5th day of December,
1988.

Encil Bailey

Encil Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to the Members of the West Virginia State Board of Investments and Attorney General.