

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA DEPARTMENT OF EDUCATION

DIVISION OF TECHNICAL AND ADULT
EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

FOR THE PERIOD

JULY 1, 2001 - DECEMBER 31, 2003



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)
CEDAR LAKES CONFERENCE CENTER
FOR THE PERIOD
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WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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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 Cedar Lakes Conference Center of the West Virginia Department of Education, Division of Technical and Adult Education Services (Division of Vocational Education).

Our examination covers the period July 1, 2001 through December 31, 2003. 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/jdb

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

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**WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)**

CEDAR LAKES CONFERENCE CENTER

EXIT CONFERENCE

We held an exit conference on August 12, 2004 with the Superintendent of the West Virginia Department of Education, Assistant Superintendent for the Division of Technical and Adult Education Services, General Manager of the Cedar Lakes Conference Center and other representatives of the West Virginia Department of Education and Cedar Lakes Conference Center. All findings and recommendations were reviewed and discussed. The responses of the Assistant State Superintendent of the Division of Technical and Adult Education Services (Division of Vocational Education) of the West Virginia Department of Education are included in bold and italics in the Summary of Findings, Recommendations and Responses and after our findings in the General Remarks section of this report.

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

INTRODUCTION

In 1950, the people of Jackson County donated 230 acres of land, known as Easter Farms to the West Virginia Board of Education to be used for the establishment of a camp for the Future Farmers and Future Homemakers of America. Eventually this donated site, along with additional acreage obtained thereafter increasing its area to 450 acres has come to be known as the Cedar Lakes Conference Center complete with cabins, meeting facilities and recreational sites. In recent years, Cedar Lakes Conference Center has been visited by approximately 350,000 people per year, whether enjoying an afternoon picnic, attending camp, participating in a corporate meeting or retreat or attending the annual Mountain State Art and Craft Fair which Cedar Lakes Conference Center is home to. The Cedar Lakes Conference Center is the site of a Craft Center that offers classes year round.

The Cedar Lakes Conference Center daily operations is managed by a General Manager/Executive Secretary under the direct supervision of the Department of Education's Assistant Superintendent of the Division of Technical and Adult Education Services.

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

ADMINISTRATIVE OFFICERS AND STAFF

Dr. David Stewart State Superintendent of Schools

Dr. Stanley Hopkins Assistant Superintendent, Division of
Technical and Adult Education Services

Mike McKown Executive Director
Office of Internal Operations

Philip Uy Coordinator of Accounting

Lisa Mahon General Manager
Cedar Lakes Conference Center
5/31/1996 - 9/25/03

Ron Grimes Executive Director/General Manager
Cedar Lakes Conference Center
11/4/03 - Present

Debbie Parsons Executive Secretary
Cedar Lakes Conference Center

Rosemary Curry Accountant III
Cedar Lakes Conference Center

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Suspected Fraud at Cedar Lakes Conference Center

1. During our post audit of the Cedar Lakes Conference Center (the Center), the Assistant State Superintendent of the Division of Technical and Adult Education Services of the West Virginia Department of Education told us that certain instances of suspected fraud had been brought to his attention by employees of Cedar Lakes Conference Center involving actions by the former General Manager.

Auditors' Recommendation

This matter has been referred to the Commission on Special Investigations. (See pages 14-16)

Lack of Effective System of Internal Controls

2. During the course of our examination, it became apparent to us, based on the observed noncompliance with the West Virginia Code, the West Virginia Department of Education (WVDOE), Division of Technical and Adult Education Services (Division of Vocational Education) did not have an effective system of internal controls in place to ensure the Center was in compliance with applicable State laws, rules and regulations. We believe an effective system of internal controls would have alerted management to these violations at an earlier date and allowed more timely corrective action.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended and establish an effective system of internal controls over the Center that will serve to alert management to areas of noncompliance as noted in this report.

WVDOE's Response

No response by West Virginia Department of Education, Division of Technical and Adult Education Services (Division of Vocational Education). (See pages 16-18)

**Administration and Oversight of
Cedar Lakes Conference Center**

3. We noted eight weaknesses in the internal control structure of Cedar Lakes Conference Center, six of which were material weaknesses, which we believe were caused by weak administration of the affairs of the Center and lack of oversight of the Center by the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education). These areas of material weaknesses involved the following: 1. The existence of unauthorized accounts receivable having numerous instances of account adjustments which were not supported by any written documentation explaining the reasons for the adjustments; 2. Our inability to determine whether all moneys due the Center during the period July 1, 2001 through December 31, 2003 had been collected, deposited and properly accounted for in the accounting records; 3. The Center did not maintain inventories of merchandise

purchased for resale in the gift shop, as well as, food products purchased for use and resale in the Dining Hall; 4. The Center provided services and generated revenues without statutory authority to conduct such transactions; these transactions included the sale of party trays by the Dining Hall; 5. The Center operated the FFA-FHA Conference Center, Crafts Center Fund - Account 3953 without specific statutory authority for the account in State law; 6. Free meals and lodging were given to independent consultants who provided craft instruction at the Center; however, no records were maintained regarding these activities; 7. The Center did not have a system in place that accounts for the use of building and maintenance supplies; and, 8. The West Virginia Department of Education, Division of Technical and Adult Education Services (Division of Vocational Education) did not have adequate records in place regarding the Minimum Reserve Fund for the Cedar Lakes Conference Center Revenue Bonds, 1995 Series A and B bonds.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 18, Article 2, Section 16 of the West Virginia Code and strengthen internal controls at the Cedar Lakes in the following areas:

1. **Unauthorized Accounts Receivable**
2. **Cash Receipts**
3. **Lack of Inventories for Merchandise for Resale**
4. **Unauthorized Services**
5. **Craft Fund Not Specifically Authorized by State Law**
6. **Free Lodging and Meals Not Reflected in Accounting Records**
7. **Building and Maintenance Supplies**
8. **"Minimum Reserve" Fund for Bond Debt Service**

WVDOE's Response

We acknowledge your findings in this area. We intend to develop new written policies and procedures to address some of the audit findings and provide training to all staff involved in the processes. Particularly, in the areas of cash receipts, merchandise for resale, the providing of free lodging and meals for independent consultants and the purchase and use of building and maintenance supplies, we have already made changes in our operations to implement the audit recommendations. Also, in regard to those areas where we believe we need the statutory authority to conduct certain activities consistent with a facility such as Cedar Lakes Conference Center, we will ask the West Virginia Legislature to amend the law to give us that authority. (See pages 18-33)

Salaries Paid Before Services Were Rendered

4. We learned that during the period February 15, 2003 through February 20, 2003, the Center was impacted by a significant ice storm which caused major disruptions to the Center's operations, including a sustained power outage. During this five-day period, we found documentation which indicated that employees of the Center who were full-time employees and who were scheduled to work were credited with having worked eight hours on each scheduled work-day for them, even if they did not report to work. We estimate the Center incurred salary costs of approximately \$18,000 as a result of employees who did not report for duty, but were paid during the period.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended.

WVDOE's Response

This finding is noted. The finding will be referred to the Office of Legal Services for further resolution. (See pages 33 and 34)

Leave Accruals

5. We noted significant weaknesses in the internal control system over the timekeeping function and corresponding leave accruals at the Center. Specifically, we observed that no prior authorizations are required for overtime work; time cards are not required to be signed by employees or their supervisors to verify hours worked; no compensatory leave records are maintained which would alert management as to the amounts of compensatory time being earned by specific employees; the timekeeper's calculations for hours worked and leave accruals are not subject to review by another Center employee for the purpose of locating computational errors; Supervisors do not approve time entered manually by employees who neglect to punch their time cards; the Center's method used to calculate time worked is in noncompliance with the provisions of the Federal Fair Labor Standards Act; and, the Center's charge against leave balances is 1/4 day or 2 hours; however, employees were being allowed to convert residual amounts of leave in less than 1/4 day increments into their compensatory leave balance thereby allowing some employees to circumvent the

limitations on carryforward of available annual leave. As a result of these weaknesses, we believe one employee's compensatory leave balance was understated by 12.75 hours while another employee's compensatory leave balance was overstated by 17.50 hours. Also, some employees are able to circumvent the 40-day limit on carryforward of annual leave.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) develop an employee manual for the Center that ensures all requirements for accruing and using leave, as well as, computing time worked are documented. We further recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) implement sufficient internal controls over timekeeping to ensure employees are paid appropriately, time cards are reviewed and signed by appropriate supervisory personnel and reflect hours actually worked, leave accruals are computed correctly, leave time is not converted to compensatory leave, and employees receive supervisory approval before working overtime hours.

WVDOE's Response

We will comply with the audit recommendations. (See pages 34-40)

Equipment Inventory

6. We noted that five equipment purchases with a total cost of \$47,076.22 which we had physically observed during our fieldwork were not shown in the Center's official inventory as maintained by the Division of Technical and Adult Education Services (Division of Vocational Education).

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code and Sections 3.1 and 3.6 of the State of West Virginia's Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines.

WVDOE's Response

We have now complied with the audit recommendation. (See pages 41-43)

No Authorization for Imprest Funds and Local Bank Accounts

7. During the period covered by our audit, the Center operated two local bank accounts, a \$550.00 Change Fund and another imprest fund known as the Stamp Fund; however, neither the local bank accounts or the two imprest funds were authorized by the State Treasurer as required by Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended. We noted the two local bank accounts were both closed in January 2002.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, and ask the State Treasurer to formally approve the use of any and all change funds in use at the Center

WVDOE's Response

We will comply with the audit recommendation. (See pages 43-45)

Lease Agreement

8. We located documentation which indicated the Center entered into a lease for telephone equipment at a total cost of \$24,750.60; however, the Center did not follow the rules and regulations for competitive bidding for leased items costing \$10,000 or more as established by the Purchasing Division of the West Virginia Department of Administration.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Sections 8.7 and 8.16 of the Purchasing Division's Policies and Procedures Handbook.

WVDOE's Response

We will comply with the audit recommendation. (See pages 45-47)

Late Payment of Invoice

9. We learned during our review of cash disbursements made by the Center that the Department of Education paid a vendor's invoice totaling \$11,700 regarding asbestos removal approximately six months after the date shown on the invoice.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 5A, Article 3, Section 54(b)(1) of the West Virginia Code.

WVDOE's Response

We will comply with the audit recommendation. (See pages 47 and 48)

Bids Not Obtained

10. The Center purchased a \$3,882 heating/cooling unit without obtaining three verbal bids as recommended by the Section 6.1.2 of the Purchasing Division's Policies and Procedures Handbook.

Auditors' Recommendation

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with the provisions of Section 6 of the Purchasing Division's Policies and Procedures Handbook regarding obtaining competitive bids.

WVDOE's Response

We have complied with this audit recommendation. (See pages 48 and 49)

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the Cedar Lakes Conference Center of the West Virginia Department of Education, Division of Technical and Adult Education Services (Division of Vocational Education). The audit covered the period July 1, 2001 through December 31, 2003.

GENERAL REVENUE ACCOUNTS

During the audit period, the Cedar Lakes Conference Center operated from the following appropriated general revenue accounts:

<u>Account Number</u>	<u>Description</u>
FFA-FHA Conference Center Fund:	
0306-001	Personal Services
0306-004	Annual Increment
0306-010	Employee Benefits
0306-099	Unclassified

SPECIAL REVENUE ACCOUNTS

During the audit period, the Cedar Lakes Conference Center operated from the following appropriated and two non-appropriated special revenue accounts:

<u>Account Number</u>	<u>Description</u>
FFA-FHA Conference Center Fund:	
3960-001	Personal Services
3960-004	Annual Increment
3960-010	Employee Benefits
3960-099	Unclassified

<u>Account Number</u>	<u>Description</u>
FFA & FHA Conference Center - Crafts Program: 3953-099	Unclassified
Flood Disaster June 1988: 3974-099	Unclassified

LOCAL ACCOUNTS

The Cedar Lakes Conference Center operated two local accounts during part of the period under audit, neither of which were authorized by the State Treasurer's Office. The following accounts were closed in January 2002.

<u>Bank</u>	<u>Account No./Description</u>
United National Bank	04415-8043 Cedar Lakes Store
United National Bank	04415-8625 Cedar Lakes Craft Center

In addition, the Cedar Lakes Conference Center maintains various accounts at City National Bank (formerly the Bank of Ripley) which were set up to collectively hold a Minimum Reserve balance related to the 1995 Series A and B, Cedar Lakes Conference Center Revenue Bonds. Deposits in each of the accounts are held in the form of Certificates of Deposit which roll over from time-to-time.

COMPLIANCE MATTERS

Chapter 18, Article 2, Sections 16 and 16a of the West Virginia Code generally govern the Cedar Lakes Conference Center (the Center). We tested applicable sections of the above plus other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed below.

Suspected Fraud at Cedar Lakes Conference Center

During our post audit of the Cedar Lakes Conference Center, the Assistant State Superintendent of the Division of Technical and Adult Education Services of the West Virginia

Department of Education told us that certain instances of suspected fraud had been brought to his attention by employees of Cedar Lakes Conference Center. His letter to us dated August 24, 2004 regarding this issue states in part,

“. . . In early September 2003, the Assistant State Superintendent of the Division of Technical and Adult Education Services was contacted by a front office employee of the Cedar Lakes Conference Center, regarding improper behaviors and actions by the former General Manager of the Cedar Lakes Conference Center (former General Manager). As a result of this conduct, the Assistant State Superintendent of the Division of Technical and Adult Education Services ordered a meeting at Cedar Lakes with several employees. During this meeting, it was disclosed that the former General Manager had engaged in the following activities:

- Failure to submit p-card receipts in a timely manner even after repeated requests;
- Deletion and/or reposting of personal charges within the Cedar Lakes billing system in order to postpone or avoid payment; and
- Other questionable behaviors unrelated to financial management.

As a result of this meeting, the Department of Education sent an investigator and a finance officer to the Cedar Lakes Conference Center on September 11, 2003, to further interview employees, review billing records and p-card receipts. The accusations regarding manipulation of personal charges within the billing system and failure to provide receipts for credit card purchases were affirmed through this investigation.

The former General Manager was sent a certified letter on September 12, 2003, outlining the findings and indicating that she had until Monday, September 15, 2003, to provide all outstanding supporting documentation (receipts) for all credit card purchases or remit payment for such sums not accounted for, in cash to a front office employee of Cedar Lakes Conference Center. Also, the former General Manager was required to make full restitution for all sums due and outstanding for personal charges within the billing system.

The former General Manager complied with the request for receipts and/or restitution by September 16, 2003. On September 23, 2003, Assistant State Superintendent of the Division of Technical and Adult Education Services recommended to the State Superintendent of Schools that the former General Manager be suspended without pay, pending termination. The State Superintendent of Schools accepted this recommendation and a meeting was held with the former General Manager on September 24, 2003, regarding this action and her pending termination. Following this meeting, the former General Manager submitted her resignation on September 25, 2003.

Another finding that leads us to suspect fraud on the part of the former General Manager relates to her providing free lodging for family or friends, particularly during the holidays. This action was reported to the current General Manager in July 2004 by the housekeeping staff. Further review of the reservation/rooming roster would indicate that this practice occurred on numerous occasions and warrants further investigation. . . .”

This matter has been referred to the Commission on Special Investigations.

Lack of Effective System of Internal Controls

During the course of our post audit, it became apparent to us, based on the observed noncompliance with the West Virginia Code, the West Virginia Department of Education (WVDOE), Division of Technical and Adult Education Services (Division of Vocational Education) did not have an effective system of internal controls in place to ensure the Center was in compliance with applicable State laws. We believe the Division of Technical and Adult Education Services’ lack of oversight and management attitude which did not emphasize an effective system of internal controls at the Center directly contributed to the compliance findings noted in our audit. 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 agency head to have in place an effective system of internal controls in the form of policies and procedures set up to ensure the agency operates in compliance with the laws, rules and regulations which govern it.

During our audit of the Center, we found the following noncompliance with State laws or other rules and regulations: (1). We noted eight internal control weaknesses, six of which were material weaknesses, in different areas in terms of the administration and oversight of the Center by the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education). (2). We noted the Center paid employees who did not report for duty during a weather emergency between February 15 - 20, 2003. We calculated the total salaries paid to employees who did not report to work amounted to approximately \$18,000. (3). We documented significant weaknesses in the internal control system over the timekeeping function and corresponding leave accruals at the Center. (4). We learned the Center does not perform annual physical inventories of equipment owned; equipment items are not being issued identifying tag numbers and the official equipment inventory for the Center maintained by the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) is incomplete and unreliable. (5). The Center has two imprest funds, a \$550.00 Change Fund and a Stamp Fund which have not been authorized by the State Treasurer. (6). The Center entered into a lease-purchase agreement for a new telephone system; however, the Center did not bid the purchase through the Purchasing Division of the Department of Administration as they should have. (7). The Center submitted a vendor's invoice totaling \$11,000 for payment approximately six months after the date of the invoice. (8). The Center purchased a new heating/cooling unit costing \$3,800 without obtaining three verbal bids as recommended in the Purchasing Division's Policies and Procedures Handbook.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, and establish an effective system of internal controls over the Center that will serve to alert management to areas of noncompliance as noted in this report.

WVDOE's Response

No response by the West Virginia Department of Education, Division of Technical and Adult Education Services.

Administration and Oversight of Cedar Lakes Conference Center

During our audit, we noted weaknesses in the internal control structure of Cedar Lakes Conference Center, six of which were material weaknesses, which we believe were caused by weak administration of the affairs of the Center and lack of oversight of the Center by the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education). Areas of noncompliance with State law and corresponding areas of material weaknesses in internal controls which we documented were as follows:

1. **Unauthorized Accounts Receivable**
2. **Cash Receipts**
3. **Lack of Inventories for Merchandise for Resale**
4. **Unauthorized Services**
5. **Craft Fund Not Specifically Authorized by State Law**
6. **Free Lodging and Meals Not Reflected in Accounting Records**
7. **Building and Maintenance Supplies**
8. **"Minimum Reserve" Fund for Bond Debt Service**

Because of these various material weaknesses in internal controls, we were unable to determine if the receipts and disbursements of the Center had been properly accounted for and reported by the Center. Chapter 18, Article 2, Section 16 of the West Virginia Code states in part,

“ For the purpose of developing competent leadership, developing character, training for useful citizenship, fostering patriotism, and of providing and encouraging the development of organized recreational activities for Future Farmers of America and Future Homemakers of America members, and other youth and adult groups, a camp and conference center is hereby established.

The West Virginia board of education is hereby authorized to secure a site for such camp and conference center at some suitable place and provide the necessary buildings and equipment therefor.

Such camp and conference center shall be operated by the division of vocational education of the West Virginia board of education. Such camp and conference center may be rented for educational purposes only and the rent received therefor shall be deposited in the state treasury and paid out on requisition of the division of vocational education of the West Virginia board of education for the maintenance and operation of such camp and conference center....” (Emphasis Added)

Our findings and observations with respect to the aforementioned seven areas of material weaknesses in internal controls are set out as follows:

1. Unauthorized Accounts Receivable

The Center is extending credit for room rentals and other services by establishing accounts receivable in noncompliance with Chapter 18, Article 2, Section 16 of the West Virginia Code. Also, we noted numerous adjustments were made to these accounts receivable records which either reduced or eliminated the amounts due the Center without any written documentation explaining the reasons for the adjustments.

The Center has provided credit for guests using the Center’s facilities by permitting them to pay for the Center’s services after the services have been rendered thereby extending credit; however, we found no authorization in the West Virginia Code which would allow the Center to extend credit to customers. Also, we noted in our testing that adjustments were being made to various

accounts set up for these customers, but written documentation to explain the adjustments was not available. Upon inquiry, we were told by an employee of the Center that the former General Manager verbally approved the adjustments, but there is no formal documentation maintained to support such adjustments.

We prepared an aging schedule of the accounts receivable due the Center at various dates from the Center's accounts receivable records which is reflected in the following schedule:

<u>Date</u>	<u>Balance</u>	<u>Current</u>	<u>Over 30 Days</u>	<u>Over 60 Days</u>	<u>Over 90 Days</u>	<u>Over 120 Days</u>
12/31/01	\$66,394.67	\$22,389.31	\$15,171.65	\$5,638.15	\$283.00	\$22,912.00
06/30/02	\$131,401.89	\$97,738.21	\$5,264.01	\$963.24	\$603.00	\$26,833.43
12/31/02	\$47,572.91	\$9,572.60	\$15,495.76	\$12,449.49	\$3,748.61	\$6,306.45
06/30/03	\$146,249.31	\$126,731.42	\$10,545.00	\$6,271.87	\$959.84	\$1,741.18
12/31/03	\$29,068.67	\$8,594.33	\$6,734.67	\$9,796.14	\$55.32	\$3,888.21

2. Cash Receipts

We are unable to determine if all moneys due the Center during the period July 1, 2001 through December 31, 2003 had been collected, deposited and properly accounted for in the accounting records. Through interviews with Center staff, we learned that during the period of our audit, the following weaknesses in internal controls were present:

1. There was a material lack of segregation of duties during our audit period. Employees having access to the cash drawer also had access to the reservation/accounting system. In addition, these same employees also opened the mail, prepared bank deposits, took deposits to the bank, posted the accounting records, made unsupported adjustments to the records and performed the night audits.
2. We were told, by the Night Auditor, that the General Manager might use some of the reports generated from a night audit; however, no formal supervisory oversight of the "night audit" function was performed. The night audit is a computerized function of the reservation system. The night audit reconciles the daily entries with recorded cash, post the accounts and transactions are reviewed for rate charges, etc. We believe the "night audit" function should be formally reviewed by a responsible supervisor on a daily basis and such review documented.

3. No formal listing of receipts is made when the mail is opened. The Center does not have an established mail routine that ensures all receipts are logged and date-stamped at the time the mail is first opened. Therefore, were unable to determine whether all collections were deposited and such deposits were made timely.
4. There are no physical safeguards in place for monies in the cash drawer and the safe. The drawer and safe remain unlocked and opened throughout the day in an area where various employees have access to the cash.
5. The cashier's report used by Cedar Lakes Conference Center does not fully account for the change funds used by the Center.
6. Receipts are collected by the Dining Hall for party tray sales but receipt books are not effectively used. The receipt books are used to record an order and when the customer pays for the order, the Dining Hall staff gives the customer a receipt. Because of the timing differences between the order date and the pick-up date (dual dating), the pre-numbered receipts are used out of sequence which makes reconciliation of the cash received to the recorded tray sales impossible. We believe the Dining Hall should use the receipts in the pre-numbered sequence as intended.

Also, Chapter 12, Article 2, Section 2 of the West Virginia Code states in part,

“(a) All officials and employees of the state authorized by statute to accept moneys so received for deposit in the state treasury and shall deposit within twenty-four hours with the state board of investments all moneys received or collected by them for or on behalf of the state for any purpose whatsoever. . . .”

We were unable to perform alternative auditing procedures to overcome these material weaknesses in internal controls over cash collections. As a result, we were unable to determine if all moneys due the Center were collected, deposited and properly accounted for. We were also unable to determine compliance with Chapter 12, Article 2, Section 2 of the West Virginia Code because we could not determine if moneys actually collected were being deposited with 24 hours of receipt.

3. Lack of Inventories for Merchandise for Resale

The Center does not maintain inventories of merchandise purchased for resale in the gift shop, as well as, food products purchased for use and resale in the Dining Hall. The Division

of Technical and Adult Education Services (Division of Vocational Education) has not implemented policies and procedures to ensure the Center safeguards its inventory from conversion to personal use or other unauthorized use or disposition. Without inventory records, we were unable to perform any tests on merchandise purchases, as well as, the corresponding revenues from shop sales and meal tickets. Excluding expenditures related to personal services and bond payments, merchandise for resale is the Center's largest expenditure during the audit period, totaling \$835,382.08. We believe this internal control weakness is significant and material to the financial statements of the Center and significantly inhibits management's ability to oversee the affairs of the Center.

We learned the Center's management did not require an inventory of merchandise purchases for resale to be maintained. Without inventories, we were unable to perform tests to determine if the State received the benefit of the expenditures, as well as, collected the attending revenues that would have been generated from the sale of the food items in the Dining Hall and items in the Gift Shop. Lastly, without inventories, no reconciliations can be performed between meals provided and meals paid for which means we were unable to perform any alternative auditing procedures with respect to merchandise purchased for resale. More importantly, management has still not put the necessary record-keeping in place which is needed to alert them if meals are being provided to non-paying customers.

4. Unauthorized Services

The Center is providing services and generating revenues without statutory authority to conduct such transactions. Further, these services result in the Center being in direct competition with the private sector. We believe the Center has an unfair competitive advantage over the private sector because as a State spending unit, the Center is not subject to income taxes.

We noted in our review of revenue transactions and interviews with employees that the Center made sales of food products (bacon, sausage, fruit, vegetable and meat/cheese trays, desserts, etc.) to employees and the general public. We believe these sales, as well as gift shop sales, are not included in the Center's legislative purpose as provided by Chapter 18, Article 2, Section 16 of the West Virginia Code.

5. Craft Fund Not Specifically Authorized by State Law

The Center operates from FFA-FHA Conference Center, Crafts Center Fund - Account 3953 and has been operating from this fund since its inception in 1975 when the account was authorized by the State Auditor; however, we cannot locate any specific statutory authority for this account in State law. We were provided correspondence from the West Virginia Department of Education dating back to 1975 which asked the State Auditor's Office to establish a revolving account for the "Crafts Program" and provided a description of types of receipts to be deposited into the account. We were also provided documents that indicate the State Board of Education approved this account on June 17, 1975. Further, we noted that this account received operating transfers from the FFA-FHA Conference Center Fund - Account 3960 totaling approximately \$157,000 for the period under audit. However, we located no budgetary authorization that permits such transfers to be made between these accounts. We also located a transfer of \$28,659.93 of expenses from the Crafts Center Fund -Account 3953 to another account of the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) - Account 0390. However, we also located no budgetary authorization that permits such transfers to be made between these accounts.

Such transfers result in circumventing the legislative appropriations authorized for the FFA-FHA Conference Center Fund - Account 3960 in the Budget Bill. Further, the Center is

operating from an account not specifically authorized by State law. The total monies transferred from the FFA-FHA Conference Center Fund - Account 3960 to the Crafts Center Fund - Account 3953 were as follows:

Fiscal Year 2002	Fiscal Year 2003	As of 12/31/2003	Total
<u>\$25,391.54</u>	<u>\$65,000.00</u>	<u>\$66,526.50</u>	<u>\$156,918.04</u>

6. Free Lodging and Meals Not Reflected in Accounting Records

During the period under audit, the Center provided free room and board to independent consultants who we believe were providing craft instruction at the Center, but no records were maintained regarding these transactions. We believe the Center should account for all room occupancies and, as such, implement internal control procedures that would alert management to rooms occupied, but not accounted for in the accounting/reservation system. Also, the terms of free room and board were not provided for in the service agreements between the consultants and the Center. The Department of Administration, Purchasing Division's Policies and Procedures Handbook, Section 8.13 covering Professional Services, states in part:

"An agreement for professional or consulting services in any amount requires the *Agreement*, (WV-48) By utilizing the form, whose content and format have previously been approved, the agency will aid in the prompt processing of the contract.

The *Agreement Questionnaire*, (WV-50), . . . is required with the Agreement form when procuring professional services without formal bidding. The purpose of the questionnaire is to document the scope of the project, to explain the selection process and to project the results expected to be attained by forming this agreement."

In our review of subsequent events, we located two service agreements to retain craft instructors. Attached with these agreements were instructor's travel reimbursement forms which

indicated that "Lodging and Meals" were "gratis". We were told by the Center's accountant that "gratis" instructor lodging was not accounted for in the Center's reservation/accounting system. We believe the value of the lodging and meals provided should be disclosed in the service agreements, as well as, accounted for by the Center. We also noted the Center does not complete the Agreement Questionnaire (WV-50) as required by Section 8.13 of the Purchasing Division's Policies and Procedures Handbook.

Of the two transactions reviewed, one instructor had stayed five nights at the Center while the other instructor stayed two nights. Lodging fees for one person at Holt Lodge totals \$59 while fees for meals are \$18 a day. We believe the value of these fees, approximately \$385 and \$155, respectively, should be included in the contracts so that all terms and conditions are fully disclosed. Secondly, we believe the Center should also use Form WV-50 to document the scope of the project, how the selection of the instructor took place and the results expected to be obtained.

7. Building and Maintenance Supplies

The Center does not have a system in place that accounts for building and maintenance supplies. Because these items can be relatively easily converted to personal use, we believe the Center should implement a system that would provide evidence that goods and services purchased were used for their intended purpose. In our test of subsequent events, we noted the Center purchased 5 ½ bags ready-mix concrete costing approximately \$340. We were told by the General Manager that the concrete was used to construct a restroom facility. However, no written documentation, such as an approved Work Order in the Maintenance Department, exists that indicates the concrete was used for this purpose. The General Manager further stated that the Center has an informal process for repair and maintenance costs – the maintenance supervisor advises him of projects/maintenance work

that needs performed and, after collaboration, the supplies are purchased and the work is done by the Center employees. Repairs and alterations costs totaled approximately \$180,000 for the Center during our audit period and are as follows:

Fiscal Year 2002	\$ 88,388.36
Fiscal Year 2003	56,843.16
Period Ending December 31, 2003	<u>34,674.86</u>
Total	<u>\$179,906.40</u>

We believe the Center should use a formal system of work orders which are approved by appropriate supervisory personnel to document maintenance work done at the Center, as well as, account for the use of supplies and materials used in doing such maintenance work.

8. “Minimum Reserve” Fund for Bond Debt Service

The West Virginia Department of Education issued the Cedar Lakes Conference Center Revenue Bonds, 1995 Series A and B bonds in the amount of \$2,497,500 for the purpose of constructing and equipping a new conference center at Cedar Lakes. We were unable to determine if the December 31, 2003 balance in the Minimum Reserve Fund relating to this bond issue is accurate and whether all deposits had been accounted for because the Center did not maintain accounting records for the period under audit relating to the Minimum Reserve Fund for the bond issue. Based on a bank confirmation returned to us by the bank holding the reserve funds, the December 31, 2003 balance was \$125,250.81; however, we were provided by the WVDOE with additional bank information that indicates another certificate of deposit should be held at the bank in the amount of \$27,438.07 which would result in a total of \$152,688.88 in the Minimum Reserve Fund as opposed to the confirmed amount of \$125,250.81

Because of the WVDOE's lack of accounting records which would detail the transactions that have occurred since the issuance of the bonds - such as payments, identification of savings instruments with interest rates and terms, withdrawals, balances, etc.; we are unable to attest to the accuracy of the amount in the Minimum Reserve Fund. Further, the WVDOE was unable to provide us with a financial statement for the Minimum Reserve Fund and we were unable to compile a financial statement for the Minimum Reserve Fund because no beginning balance as of July 1, 2001 is available and other supporting documents supporting accounting activity during the period July 1, 2001 through December 31, 2003 are unavailable to us.

In 1996, the two series of bonds totaling \$2,497,500 were issued by the WVDOE to build the Center's Holt Lodge. As part of the bond resolution, the Department is to pay the Bank of Ripley 1/12th of 1/10th the yearly debt service each month ($\$180,972/10 = \$18,097.20$ per year or \$1,508.10 per month) until the minimum reserve is met of \$180,972.00 . This minimum reserve is to be used to make up any deficiency in monthly payments of principal and interest on the bonds, as needed.

Specifically, Article V, Section 5.03B(ii) of the Cedar Lakes Conference Center Revenue Bonds, Series 1995 A and Series 1995 B, Bond Authorizing Resolution states,

“(ii) The Issuer shall next, on each date that payment is made as set forth in (i) above, transfer from the Revenue Fund and remit to the Depository for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the bonds in any year, until the amount in the Reserve Fund equals such maximum amount (the “Minimum Reserve”). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds as shall be required to maintain the

Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds”

Beginning in 1996, the Cedar Lakes Conference Center made monthly payments to the Bank of Ripley of \$1,508.10 for deposit into the Minimum Reserve Fund. We were told these monies, when deposited, were invested in interest-earning “Certificates of Deposits” (CD’s). Upon maturity, certificates were apparently “rolled over” into other certificates and the number of certificates issued by the bank since the account’s inception are numerous with varying interest rates and terms. The December 31, 2003 balance of \$125,250.81 noted above was comprised of six CD’s. During the period under audit, the Department made the following payments to the Bank which should have been deposited into the Minimum Reserve Fund:

Fiscal Year 2002	\$18,097.20
Fiscal Year 2003	18,097.20
Period Ended 12/31/2003	<u>9,048.60</u>
Total	<u>\$45,243.00</u>

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 18, Article 2, Section 16 of the West Virginia Code and strengthen internal controls at the Cedar Lakes Conference Center in the following areas:

1. Require customers to pay for lodging and other services at the time the services are provided. Also, implement internal control policies and procedures to ensure all adjustments to guests’ accounts are adequately documented, justified and approved by the General Manager.
2. Implement a system of internal controls, including segregation of duties, in relation to cash receipts that would safeguard monies from unauthorized use or disposition, determine monies are properly accounted for and any adjustments to the records are properly supported, and alert management of any noncompliance.

3. Implement internal control policies and procedures over the accounting for merchandise for resale inventory to protect the financial interests of the State.
4. Implement internal control policies and procedures to ensure the Center does not provides services and generate revenues from sources not provided by law.
5. Operate and transfer only those funds that have statutory authority.
6. Record all room occupancies and disclose all agreement terms for professional services in compliance with Section 8.13 of the Purchasing Division's rules and regulations.
7. Implement controls to ensure supplies purchased for building/maintenance are used for their intended purpose.
8. The WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with the provisions of the bond resolution for the Cedar Lakes Conference Center Revenue Bonds, Series 1995 A and Series 1995 B. Also, we recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) obtain the necessary investment information from the bank and reconstruct, from the date of inception, the accounting records to ensure an accurate accounting of the balance of the Minimum Reserve Fund, as well as, account for all deposits made and interest earned in such fund.

WVDOE's Response

1-1. Unauthorized Accounts Receivable

The finding of noncompliance is noted. In order to operate this type of camp and conference center, it is felt that account receivables are necessary. A request will be made for authorization in the West Virginia Code similar to the Division of Tourism or WV Higher Education System. With regards to adjustments, written policies and procedures will be developed and training provided to all staff involved.

1-2. Cash Receipts

A finding of lack of segregation of duties is noted. Access to cash drawers has been changed. Additional written policies and procedures will be implemented to address findings.

- *1 - Staffing changes will be made to segregate duties. Staff assigned to complete the night audit will have no access to cash or be assigned any other functions.*
- *2 - Night Audit staff reports directly to Coordinator of Administrative Services. Effective July 1, 2004, the Coordinator of Administrative Services is responsible to document the review of all night audit reports and prepare the documents for the General Manager's approval.*
- *3 - All incoming mail now has the "date received" stamped on the mail. A form has also been created that lists all receipts when mail is opened. There is currently an established mail procedure in place.*
- *4 - The safe is presently locked at all times; employees assigned to cash drawers are the only employees with access to their respective cash drawer.*
- *5 - As of August 13, 2004, daily cash report reflects all cash including beginning balances for all change funds.*
- *6 - The practice of the Dining Hall collecting for party tray sales was discontinued on April 5, 2004. No money is collected at the Dining Hall and no pickups at the Dining Hall can be made unless customers stop at the office to pay and receive the necessary paperwork to pick up order.*

1-3. Lack of Inventories for Merchandise for Resale

This finding is noted. The new general manager has initiated an inventory system; additional written policies and procedures will be implemented.

- *A complete inventory of all store items for resale was instituted July 1, 2004. Electronic cash registers were purchased for tracking individual store item for sale. Each item has*

been assigned a PLU (Price Look Up) Number. Items sold can later be printed on a report from the register showing the quantities sold by each PLU Number. Each PLU number total is subtracted from updated inventory for each item. The General Manager presents reports for review and approval weekly.

- *On June 15, 2004 a representative from Child Nutrition provided assistance to the Food Service Director in developing an inventory system. Inventories are to be implemented by September 16, 2004.*
- *A record keeping system has been implemented to account for all meals prepared and served.*
- *Dining Hall ticket taker counts all individuals who walk thru the door and also checks meal tickets and/or wristbands. Individuals without meal tickets must come to the office to purchase a ticket for the meal. The Food Service Director or Cafeteria Managers are the only individuals authorized to permit individuals through the line that do not have a ticket or wristband. Appropriate records are kept and submitted on a daily basis to the Coordinator of Administrative Services and General Manager.*

1-4. Unauthorized Services

The lack of statutory authority has been acknowledged. At the request of patrons gift shop sales and services were started. Statutory authority will be requested.

- *Effective July 1, 2004, off-site catering was discontinued (copy of memo attached). The WVDOE will seek a statute change.*

1-5. Craft Fund Not Specifically Authorized by State Law

This finding of the Craft fund is acknowledged. The account 3953 will be closed as soon as possible.

1-6. Free Lodging and Meals Not Reflected in Accounting Records

This finding is noted. Future consultant agreements will address terms and conditions of lodging and meals. Form WV-50 will be prepared as required.

- *Effective January 2004, all room and board is reflected in the reservation/accounting system.*
- *Lodging and meals are now reflected on all Agreement Forms (WV-48).*

1-7. Building and Maintenance Supplies

This finding is noted. A new general manager has begun to approve all requisitions with full explanations of the use of materials and supplies. A work order system will be reviewed for implementation.

- *Two employees have been assigned to the inventory system for paper/cleaning supplies used throughout the camp. All maintenance materials/supplies are presently secured. The Maintenance Supervisor is constructing a secured tool and supply area and the inventory system will be in place by September 16, 2004.*

1-8. "Minimum Reserve" Fund for Bond Debt Service

This finding is acknowledged. The General Manager of the Cedar Lakes Conference Center maintained the records of Certificate of Deposit. The quarterly reports regarding the balances were partially maintained at the West Virginia Department of Education, which included a running history of the quarterly balances as reported by the City National Bank to the General Manager at Cedar Lakes. Since FY 2001, these records were maintained in notebooks and, only for the last two years, they were on file at the department. The previous two years were on file at the Records Retention Center. Also, the Director of Internal Operations maintains accounting

records, including the history of each debt service payment, date issued, FIMS Invoice number and the total amount of debt payments issued to date.

With regards to the bank confirmation, a follow up call to the bank confirmed that the City National Bank had not reported the correct balance of all the CD's in effect. They acknowledge that they did not respond to the additional comments that requested them "to use 'Attachment A' to record any accounts of Cedar Lakes that are not listed in #1-8". Our recap will show, as supported by earlier bank records, that the bank standard form responses were inaccurate.

The department will reconstruct and maintain accounting records to insure that all deposits made and interest earned for the Minimum Reserve Fund.

Salaries Paid Before Services Were Rendered

We learned that during the period February 15, 2003 through February 20, 2003, the Center was impacted by a significant ice storm which caused major disruptions to the Center's operations, including a sustained power outage. During this five day period, we found documentation which indicated that employees of the Center who were full-time employees and who were scheduled to work were credited with having worked eight hours on each scheduled work-day for them, even if they did not report to work. We estimate the Center incurred salary costs of approximately \$18,000 as a result of employees who did not report for duty, but were paid during this period.

We asked the Assistant Superintendent of the Division of Technical and Adult Education Services (Division of Vocational Education) to explain to us the specific authority which allowed Center employees to be paid for not working; however, we were never given an adequate explanation. Independently, we did note the Governor declared a "State of Weather Emergency" by

Proclamation beginning February 15, 2003 which included Jackson County, West Virginia and 26 other West Virginia counties; however, nothing in the Proclamation appears to allow State employees to be paid for time not worked.

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.”

We believe the provisions of Chapter 12, Article 3, Section 13 of the West Virginia Code would preclude the payment of salaries to State employees who have not provided their services, unless such payments were otherwise lawfully authorized by appropriate authority.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended.

WVDOE's Response

This finding is noted. Due to a significant ice storm and the Governor's declaration of a "State of Weather Emergency", employees could not report to work. The finding will be referred to the Office of Legal Services for further resolution.

Leave Accruals

We noted significant weaknesses in the internal control system over the timekeeping function and corresponding employee leave accruals at the Center. During our audit period, we were told by the current General Manager that the Center was to follow the directives as set out in the West Virginia Department of Education's Employee Manual. However, we noted the Department of Education's Employee Manual explicitly stated that Cedar Lakes Conference Center is not governed by such manual. We also were told of various timekeeping policies which were being used at the

Center; however, these policies were not written and, based on testing performed, we were unable to determine what methods of accruing time and computing hours worked constituted the Center's authorized practice. Therefore, we calculated time based upon punched start and stop times reflected on employee time cards and compared such time to amounts of time worked as calculated by the Center. Based on our test of employee time records and interviews with staff, we noted the following:

1. No written authorizations were required by supervisors to approve employee time worked in excess of 40 hours per week (Overtime).
2. Time cards are not required to be signed by employees or their supervisors to verify hours worked.
3. No compensatory leave records were maintained that would alert management to the amounts of compensatory time being earned by employees. Individual accrual cards were maintained in each employees' file; however, no cumulative record of employees and amounts of compensatory leave earned was prepared for review by management of the Center or appropriate officials the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education).
4. The timekeeper's calculations for hours worked and leave accruals are not subject to a review by another Center employee for the purpose of locating computational errors. The Center had approximately 60 employees at the end of our audit period. Our test of two employees revealed errors in leave accruals; one employee (Employee #2) was charged 16 hours of annual leave not taken while the other employee (Employee #1) was *not* charged for 20 hours of annual leave and 16 hours of sick leave taken.
5. The Center rounds time worked to the nearest ½ hour instead of quarters of an hour. Secondly, the timekeeper told us that time punched in on a time card before a shift begins is not included, as policy, in the employees' weekly time calculation unless initialed by a supervisor. However, employees received payment for hours worked after a shift without supervisory approval. We also noted the timekeeper with respect to her time worked, counted time before shifts in the daily totals without written supervisory approval to do so. We were told that employees who performed administrative duties were permitted to count all clocked hours as time worked.

We believe the Center's method in calculating time worked is in noncompliance with the Fair Labor Standards Act which states in part, "In

those cases where time clocks are used, employees who voluntarily come in before their regular starting time or remain after their closing time, do not have to be paid for such periods provided, of course, that they do not engage in any work. Their early or late clock punching may be disregarded. Minor differences between the clock records and actual hours worked cannot ordinarily be avoided, but major discrepancies should be discouraged since they raise a doubt as to the accuracy of the records of the hours actually worked.” We believe the inconsistencies with policies on not including time before a shift begins results in doubts as to the accuracy of the individual employee time cards. Therefore, we calculated time based on the actual punched time - rounded to the nearest quarter hour. Of the two employees tested, based on the method used by us, one employee (Employee #1) had her compensatory leave balance overstated by a total of 12.75 hours while the second employee (Employee #2) had her compensatory leave balance understated by 17.50 hours.

6. Supervisors do not approve time entered manually by employees who neglect to punch their time cards. For the two employees selected for testing, we noted numerous instances where time was manually recorded.
7. The Center’s minimum leave charge is 1/4 day increments (2 hour) and increments thereof. The Center permits the residual of leave less than 1/4 day increments to be credited to compensatory leave providing the employees’ weekly hours - including the incremental leave amounts taken - total over 40. For example, an employee worked four 8-hour days and 5.5 hours on the fifth day for a total of 37.5 hours for the week. The employee would be required to charge ½ day (4 hours) of annual leave resulting in a weekly total of 41.5 hours. The timekeeper would accrue 1.5 hours to the employees compensatory leave balance. The preceding policy can result in employees circumventing the 40-day annual leave carry-forward amount, as well as, result in employees receiving payment for residual amounts of sick or annual leave not used. We noted one of the two employees selected for testing used excessive amounts of annual leave on days where sufficient hours were worked in December 2003. Therefore, it appears this employee (Employee #1) may have been converting annual leave that would have been lost because of the carry-forward limit of 40 days to compensatory leave earned.

Also, the employee handbook indicates sick leave shall be taken in ½ day minimum charges and is silent on the minimum charges for annual leave; we believe the handbook should be amended to reflect the minimum charges and carry-forwards actually used by the Center. In actual practice, the Center follows the West Virginia Department of Education’s Employee Manual.

Section 785.48, "Use of Time Clocks", of the Fair Labor Standards Act of 1938, as

amended states:

"(a) Differences between clock records and actual hours worked. Time clocks are not required. In those cases where time clocks are used, employees who voluntarily come in before their regular starting time or remain after their closing time, do not have to be paid for such periods provided, of course, that they do not engage in any work. Their early or late clock punching may be disregarded. Minor differences between the clock records and actual hours worked cannot ordinarily be avoided, but major discrepancies should be discouraged since they raise a doubt as to the accuracy of the records of the hours actually worked.

(b) Rounding practices. It has been found that in some industries, particularly where time clocks are used, there has been the practice for many years of recording the employees' starting time and stopping time to the nearest 5 minutes, or to the nearest one-tenth or quarter of an hour. Presumably, this arrangement averages out so that the employees are fully compensated for all the time they actually work. For enforcement purposes this practice of computing working time will be accepted, provided that it is used in such a manner that it will not result, over a period of time, in failure to compensate the employees properly for all the they have actually worked."

Section 7(o)(1) of the Fair Labor Standards Act of 1938, as amended states in part:

"Employees of a public agency which is a State, a political subdivision of a State, or an interstate governmental agency may receive, in accordance with this subsection and in lieu of overtime compensation, compensatory time off at a rate not less than one and one-half hours for each hour of employment for which overtime compensation is required by this section."

The Center follows the practices noted in the Department of Education's Employee Manual for usage and carry forwards of annual and sick leave. The Department of Education's Employee Manual states in part,

". . . Up to 40 days of annual leave may be carried over from one calendar year to another.... The minimum charge against annual leave is one-quarter (1/4) day and any additional leave is charged in multiples thereof. One-quarter (1/4) of a day is interpreted as two (2)

hours... The minimum charge against such leave [*sick*] is one-quarter (1/4) day and any additional leave is charged in multiples thereof ... Sick leave can be accumulated on an unlimited basis" (Emphasis Added)

We scheduled two employees' time worked for the period July 1, 2001 through December 31, 2003 and noted the following differences between the amounts of compensatory leave calculated by the agency and audited amounts:

<u>Employee</u>	<u>Audited Balance (In Hours)</u>	<u>Agency Balance (In Hours)</u>	<u>Over/(Under) Difference (In Hours)</u>
#1	55.50	68.25	12.75
#2	107.50	90.00	(17.50)

We believe the preceding differences were primarily caused by not rounding work hours in quarter-hour increments, as well as, not including time recorded on the time cards before shifts begin as time worked.

For these two employees, we also noted the following items in our test of annual and sick leave accruals:

<u>Employee</u>	<u>Date</u>	<u>Annual Leave Taken</u>			<u>Sick Leave Taken</u>		
		<u>Audited (Hours)</u>	<u>Agency (Hours)</u>	<u>Difference (Hours)</u>	<u>Audited (Hours)</u>	<u>Agency (Hours)</u>	<u>Difference (Hours)</u>
#1	07/05/2001	8.00	0.00	8.00	0.00	0.00	0.00
#1	07/06/2001	8.00	0.00	8.00	0.00	0.00	0.00
#1	10/19/2001	0.00	0.00	0.00	4.00	0.00	4.00
#1	11/30/2001	0.00	0.00	0.00	2.00	0.00	2.00
#1	12/07/2001	4.00	0.00	4.00	0.00	0.00	0.00
#1	03/26/2002	0.00	0.00	0.00	8.00	4.00	4.00
#1	05/01/2002	0.00	0.00	0.00	4.00	0.00	4.00
#1	10/07/2003	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2.00</u>	<u>0.00</u>	<u>2.00</u>
		<u>20.00</u>	<u>0.00</u>	<u>20.00</u>	<u>20.00</u>	<u>4.00</u>	<u>16.00</u>
#2	11/25/2002	0.00	8.00	(8.00)	0.00	0.00	0.00
#2	11/26/2002	<u>0.00</u>	<u>8.00</u>	<u>(8.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		<u>0.00</u>	<u>16.00</u>	<u>(16.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

The current General Manager told us the differences shown in the schedule above for Employee #1 were caused by mathematical errors and Employee #2 was charged in error for both compensatory leave, as well as, annual leave for a two day period. We believe the Center should adjust the respective employee's leave accrual records to correct these errors.

Based on the Center's policy to converting unused annual or sick leave that are less than 1/4 days to compensatory leave, we noted where one employee (Employee #1) appears to be circumventing the annual leave carry-forward amount of 40 days. As of November 30, 2003, this employee had 48.75 days of annual leave. Throughout the month of December, this employee accrued two days of annual leave, took 11 days of annual leave and earned four days of compensatory time. Her ending annual leave balance was 39.75 days. We noted the following four instances set out in the schedule below where Employee #1 overcharged amounts of annual leave which, when included in the calculation of total weekly hours to be paid to the employee, enabled that portion of the compensable hours above 40 hours to be converted to compensatory time and added to compensatory leave balance of Employee #1:

<u>Date</u>	<u>Hours Worked</u>	<u>Annual Leave Taken</u>	<u>Total Hours Daily</u>
12/12/2003	8.50	4.00	12.50
12/15/2003	8.75	4.00	12.75
12/16/2003	7.50	8.00	15.50
12/17/2003	<u>8.50</u>	<u>4.00</u>	<u>12.50</u>
Totals	<u>33.25</u>	<u>20.00</u>	<u>53.25</u>

Employees are not required to obtain supervisory approval for time recorded on time cards that is manually entered - not punched in through the time clock system. During the period July 1, 2001 through December 2003, Employee #1 failed to properly punch the timecard a total of

153 times. The other employee (Employee #2) had on 29 occasions where she wrote her own "time in or out" on the time card, instead of using the time clock. Both employees work in buildings that contain time clocks.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) develop an employee manual for the Center that ensures all requirements for accruing and using leave, as well as computing time worked, are documented. We further recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) implement sufficient internal controls over timekeeping to ensure employees are paid appropriately, time cards are reviewed and signed by appropriate supervisory personnel and reflect hours actually worked, leave accruals are computed correctly, leave time is not converted to compensatory leave, and employees receive supervisory approval before working overtime hours.

WVDOE's Response

3-1. This finding is acknowledged. A thorough review will be conducted and written policies and procedures will be implemented. An employee manual is in the process of being updated for the center. The center will adjust all employees leave accrual records to correct any errors during the audit period.

- Cedar Lakes is currently going back to recalculate employees leave accrual records from July 1, 2001 thru August 1, 2004 to make any necessary required adjustments. We are in the process of reviewing all leave records with the time cards starting with July 1, 2001 to ascertain if any employees were under compensated for time worked.***
- An employee manual has been developed and sent to the WVDE for review and adoption by the WV State Board of Education. The new document ensures all requirements for accruing and using leave, as well as computing time worked, are documented.***

Equipment Inventory

We did a physical observation of equipment bought by the Center during the audit period. We were unable to find five equipment purchases which we had physically observed during our fieldwork on the Center's official inventory as maintained by the Division of Technical and Adult Education Services (Division of Vocational Education). Also, physical inventories of equipment are not performed as set out in Chapter 5A, Article 3, Section 35 of the West Virginia Code and rules and regulations promulgated by the Purchasing Division of the West Virginia Department of Administration, and equipment is not being issued identifying tags.

When we examined the inventory list for the Center, we were unable to locate five equipment purchases with a total purchase cost of \$47,076.22 on the Department's WVFIMS Fixed Assets Inventory, even though we had actually seen these equipment items in use at the Center. The following schedule contains information concerning these five equipment items:

<u>Account No.</u>	<u>Amount Paid</u>	<u>Date Paid</u>	<u>FIMS #</u>	<u>Vendor</u>	<u>Description</u>
3960	\$14,360.78	11/30/2001	1005111305	Advanta Leasing Corp	Telephone System
3960	3,500.00	02/28/2002	E000439064	Surplus Property	Van
3960	3,405.44	04/02/2002	1005286437	Ferguson Enterprises Inc	Water Heater
3960	19,610.00	05/29/2002	1005367052	University Loft co	Twin Bunk Beds
3960	<u>6,200.00</u>	06/25/2002	1005412994	Fairplain Tractor Sales Inc	Bush Hog Mower
	<u>\$47,076.22</u>				

Further, we were told by a member of the Center's staff that no inventory records are maintained by the Center and inventory tags are not currently being forwarded to the Center by the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education), and physical inventories are not being performed as required by State law and other State rules and regulations.

Specifically, Chapter 5A, Article 3, Section 35 of the West Virginia Code states,

“The head of every spending unit of state government shall, on or before the fifteenth day of July of each year, file with the director an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year, as directed by the director.”

In addition, Section 3.1 of the State of West Virginia’s Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines, revised October 1, 2000, states:

“The head of every department of State government must, on or before July fifteenth of every year, file with the Director of the Purchasing Division a certification verifying that all reportable property in its possession as of the close of the last fiscal year was properly entered into the WVFIMS Fixed Assets System in accordance with policy and the WVFIMS Fixed Assets Training Manual.”

Also, Section 3.6 of the State of West Virginia’s Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines, revised October 1, 2000, states:

“The Purchasing Division has established a capitalization figure of \$1,000 and a useful life of one (1) year or more as reportable property. This means that any item which has an original acquisition cost of \$1,000 or more and a useful life of one (1) year or more is required to be entered into the WVFIMS Fixed Asset system. Although not required by the Purchasing Division, agencies may, however, enter property or equipment costing less than \$1,000 in the WVFIMS Fixed Asset system.”

Without accurate records and periodic physical inventories, the possibility for equipment items to either become lost or be converted to personal use is increased.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 5A, Article 3, Section 35 of the West

Virginia Code and Sections 3.1 and 3.6 of the State of West Virginia's Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines.

WVDOE's Response

This finding is noted. Attached are copies of equipment purchases. Four items have tags assigned (see attached sheet for numbers). The University Loft Company was for 185 beds at \$106 each. This is below the \$1,000 per item requirement to have tags assigned. A physical inventory of equipment has been taken by the new General Manager and staff and is on file at the center. The four assigned tags have been placed on the equipment.

No Authorization for Imprest Funds and Local Bank Accounts

During the period covered by our audit, the Center operated two local bank accounts, one \$550.00 Change Fund and another imprest fund (Stamp Fund); however, neither the local bank accounts or the two imprest funds were authorized by the State Treasurer as required by Chapter 12, Article 2, Section 12 of the West Virginia Code, as amended. Both of the local bank accounts were closed in January 2002; however, the Center still maintains the two local imprest funds, but they still have not been approved by the State Treasurer. Of the \$550 Change Fund, \$150 is used as "start-up" monies for the beginning of each business day. The remaining \$400 is kept in a safe for "making change", if needed. Another imprest fund, commonly referred to by Center employees as the "Stamp Fund" is used to furnish stamps to guests and employees at the cost paid by the Center, as well as, pay postage for mailing packages of lost and found items belonging to Center guests who sometimes inadvertently leave personal items when departing the facility at the end of their stay. Moneys are obtained from guests who wish such items returned. Guests wishing to use this service pay a flat rate of \$8.00 per package mailed. Any difference between the \$8.00 fee and the actual postage cost needed to mail a package is retained in a cash box and referred to by the Center as the "Stamp Fund".

The Coordinator of Administrative Services told us that periodically monies from the "Stamp Fund" are deposited into accounts in the State Treasury when the amount in the "Stamp Fund" appears to be getting large; however, there is no specific amount which when held in the "Stamp Fund" automatically triggers such a transfer. The cash count performed by us on April 15, 2004 showed the Stamp Fund amounted to \$141.24 as of that date.

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

"(d) The state treasurer shall have authority to establish an imprest fund or funds in the office of any state agency or institution making proper application to the board. . . . The treasurer or his or her designee shall annually audit all funds and prepare a list of all such funds showing the location and amount as of fiscal year end, retaining the list as a permanent record of the treasurer until the legislative auditor has completed an audit of the imprest funds of all agencies and institutions involved.

Because State Treasurer authorizations were not requested and received, corresponding audits were not performed by the State Treasurer and accounting records were not maintained for these local bank accounts and imprest funds, we are unable to determine whether these funds have been properly collected, safeguarded, deposited, expended and accounted for.

In examining bank statements, cancelled checks and other documents regarding the closed bank accounts noted earlier, we did locate two cancelled checks which had two corresponding receipts from Sam's Club for purchases of tables and chairs on November 14, 2001. These checks totaled \$6,119.00 which included \$346.37 in West Virginia sales taxes even though State agencies are tax-exempt. Also, we were unable to determine if the Purchasing Division's rules and regulations for competitive bidding were followed because no bid documentation was located for these purchases.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended, and ask the State Treasurer to formally approve the use of any and all change funds in use at the Center.

WVDOE's Response

This finding is acknowledged.

- *WVDOE will seek State Treasurer's Office formal approval for all change funds in use at Cedar Lakes.*
- *The Stamp fund was eliminated in April 2004.*

Lease Agreement

We located documentation which indicated the Center made a final payment for leased telephone equipment amounting to \$14,360.78. After inquiry and reviewing correspondence from the Purchasing Division of the Department of Administration, we determined the lease entered into by the Center was not in compliance with Purchasing Division's Rules and Regulations. The Cedar Lakes Conference Center apparently leased telephone equipment from Advanta Leasing Corporation at a total cost of \$24,750.60 consisting of 30 monthly payments of \$825.02 each. Based on information made available to us and our review of the Center's records, the Center leased this lease and we do not believe the Center followed the rules and regulation for competitive bidding for leased items costing \$10,000 or more as established by the Purchasing Division of the West Virginia Department of Administration.

Section 8.7 of the Purchasing Division's Policies and Procedures Handbook regarding leases and lease-purchases of equipment, states in part:

“ . . . State agencies may be authorized by the Purchasing Division to purchase equipment currently under lease if the Purchasing Division competitively bid the lease originally. Each request will be evaluated on its own merits by the Purchasing Division. Approval is required by the Purchasing Division . . . ”

Section 8.16 of the Purchasing Division’s Policies and Procedures Handbook regarding telecommunication systems, states in part:

“All telephone systems with a total cost (purchase price of lease purchase payments, including maintenance if selected by the agency at the time of award) over \$10,000 must be bid through the Purchasing Division. . . .

All telecommunications systems, upgrades, and expansions regardless of cost must be approved prior to bidding by the Information Services and Communications Division. All telecommunications purchases orders greater than \$10,000 must be approved by the Chief Technology Officer of the Governor’s Office of Technology. . . .”

The Coordinator of Accounting at the WVDOE told us that the former General Manager entered into the lease of telephone equipment and the Center did not bid this lease through the Purchasing Division of the West Virginia Department of Administration because the former General Manager believed that since the lease payments for each fiscal year totaled less than \$10,000, the telephone equipment lease did not need to be bid through the Purchasing Division. The Coordinator of Accounting also said that invoices were submitted monthly to the State Auditor’s Office for payment. On one occasion, the Center submitted a copy of the lease agreement with the invoice to the State Auditor’s Office and the State Auditor’s Office recognized that this payment actually related to a lease-purchase agreement totaling over \$10,000.00 and refused to process any more invoices because it should have been bid through the Purchasing Division. At that time, the leasing company threatened legal action for non-payment and, ultimately, the Purchasing Division said the only acceptable alternative for resolving the situation was for the Center to buy out the lease agreement for the abovementioned cost of \$14,360.78.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Sections 8.7 and 8.16 of the Purchasing Division's Policies and Procedures Handbook.

WVDOE's Response

This finding is acknowledged. As noted the lease was implemented based upon a misunderstanding of purchasing guidelines. Center personnel involved in purchasing will be required to attend the purchasing division's annual seminar or similar training.

- *Cedar Lakes will comply with Sections 8.7 and 8.16 of the Purchasing Division's Policies and Procedures Handbook.*

Late Payment of Invoice

We learned during our review of cash disbursements made by the Center that the Department of Education paid a vendor's invoice totaling \$11,700.00 regarding asbestos removal approximately six months after the date shown on the invoice.

Chapter 5A, Article 3, Section 54(b)(1) of the West Virginia Code, states as follows:

"(b)(1) Except as provided in subdivision (2) of this subsection, for purchases of services or commodities made on or after the first day of July, one thousand nine hundred ninety-one, a state check shall be issued in payment thereof within sixty days after a legitimate uncontested invoice is received by the state agency receiving the services or commodities. Any state check issued after such sixty days shall include interest at the current rate, as determined by the state tax commissioner under the provisions of section seventeen-a [§ 11-10-17a], article ten, chapter eleven of this code, which interest shall be calculated from the sixty-first day after such invoice was received by the state agency until the date on which the state check is mailed to the vendor."

As a result of the Center not paying the invoice timely, the Center could have been subjected to the payment of interest if the vendor requested interest to be paid. Officials in the Department of Education told us they did not receive the vendor's invoice for processing until June 30, 2003 as indicated by the date-stamp shown on their copy of the paid invoice. The current General Manager of the Center could not provide us with an explanation as to why the payment was apparently made late.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with Chapter 5A, Article 3, Section 54(b)(1) of the West Virginia Code.

WVDOE's Response

This finding is noted. An additional review of the situation will be made and steps taken to prevent future instances.

- *Example cited was result of vendor not providing an invoice in a timely manner. However, we are complying with Chapter 5A, Article 3, Section 54(b)(1) of the West Virginia Code.*

Bids Not Obtained

The Center purchased a \$3,882 heating/cooling unit without obtaining three verbal bids. The Purchasing Division's Policies and Procedures Handbook, Section 6.1.2 states in part,

“6.1.2 Purchases \$1,000.01 to \$5,000: A minimum of three (3) verbal bids are required *when possible*.

Bids shall be documented and recorded for public record. (See Appendix B for **Verbal Bid Quotation Summary form, **WV-49**). An **Agency Purchase Order, WV-88** or **Team-Generated Purchase Order** is required for purchases exceeding \$1,000. . . .”**

We were provided with the “WV-39 Verbal Bid Quotation Summary” which states that only one bid was obtained. Carrier Mid Atlantic is the wholesale distributor for the East Coast.

The Center's Maintenance Supervisor stated that a "Carrier" furnace was required because of compatibility issues with the other existing equipment. He further stated that purchasing the unit from the wholesale distributor would be less expensive than obtaining the unit from a retailer. However, we were unable to determine if the practice of buying from a distributor was actually less expensive in this case because two additional bids were not obtained.

We recommend the WVDOE, Division of Technical and Adult Education Services (Division of Vocational Education) comply with the provisions of Section 6 of the Purchasing Division's "Policies and Procedures Handbook" regarding obtaining competitive bids.

WVDOE's Response

This finding is noted. Procedures have been put into affect to prevent unauthorized purchased.

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 Cedar Lakes Conference Center (The Center) as administered by the West Virginia Department of Education, Division of Technical and Adult Education Services (Division of Vocational Education) for the period ended December 31, 2003 and the years ended June 30, 2003 and June 30, 2002. The financial statement is the responsibility of the management of the West Virginia Department of Education, Division of Technical and Adult Education (Division of Vocational Education). Our responsibility is to express an opinion on the financial statement based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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.

Our audit revealed several areas of material weakness in the system of internal controls over the financial operations of the Center as follows: 1. The existence of unauthorized accounts receivable having numerous instances of account adjustments which were not supported by any written documentation explaining the reasons for the adjustments; 2. Our inability to determine whether all moneys due the Center during the period July 1, 2001 through December 31, 2003 had been collected, deposited and properly accounted for in the accounting records; 3. The Center did not maintain inventories of merchandise purchased for resale in the gift shop, as well as, food products purchased for use and resale in the Dining Hall; 4. Free meals and lodging were given to independent consultants who provided craft instruction at the Center; however, no records were maintained regarding these activities; 5. The Center did not have a system in place that accounts for the use of building and maintenance supplies; and, 6. The West Virginia Department of Education, Division of Technical and Adult Education Services (Division of Vocational Education) did not have adequate records in place regarding the Minimum Reserve Fund for the Cedar Lakes Conference Center Revenue Bonds, 1995 Series A and B bonds.

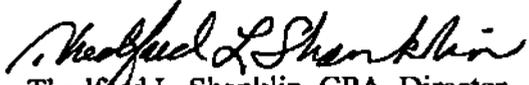
As described in Note A, the financial statement was prepared on the cash and modified cash bases of accounting, which are comprehensive bases of accounting other than generally accepted accounting principles.

In our opinion, except for the effects, if any, of our inability to rely on the system of internal controls of the Cedar Lakes Conference Center and our corresponding inability to determine that all financial activities of the Cedar Lakes Conference Center were properly and fully accounted for the financial records of the Cedar Lakes Conference Center, the financial statement referred to above presents

fairly, in all material respects, the appropriations and expenditures and revenues collected and expenses paid of the Cedar Lakes Conference Center as administered by the West Virginia Department of Education, Division of Technical and Adult Education Services (Division of Vocational Education) for the period ended December 31, 2003 and for the years ended June 30, 2003 and June 30, 2002 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 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 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.

Respectively submitted,


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

July 12, 2004

Auditors: Michael E. Sizemore, CPA, Supervisor
Jean Ann Krebs, CPA, Auditor-in-Charge
Charles L. Lunsford
Sheela S. Francis
Bonita P. Compton
Eric B. Ammons

WEST VIRGINIA DEPARTMENT OF EDUCATION
 DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
 (DIVISION OF VOCATIONAL EDUCATION)
 CEDAR LAKES CONFERENCE CENTER
 STATEMENT OF APPROPRIATIONS/CASH RECEIPTS,
 EXPENDITURES/DISBURSEMENTS AND CHANGES IN FUND BALANCES

	Period Ending December 31, 2003			Combined Totals
	General Revenue	Special Revenue	Local Accounts	
Appropriations / Cash Receipts:				
Appropriations	\$1,068,293.00	\$ 0.00	\$0.00	\$1,068,293.00
Room and Board	0.00	1,116,589.76	0.00	1,116,589.76
West Virginia Department of Education Grants	0.00	0.00	0.00	0.00
Budgets Digest Grants	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Interest Earnings	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	1,068,293.00	1,116,589.76	0.00	2,184,882.76
Expenditures / Disbursements:				
Personal Services	294,314.77	408,584.69	0.00	702,899.46
Annual Increment	11,800.00	11,700.00	0.00	23,500.00
Employee Benefits	109,566.46	151,349.14	0.00	260,915.60
Current Expenses	9,172.00	325,351.67	0.00	334,523.67
Repairs and Alterations	0.00	34,674.86	0.00	34,674.86
Board of Risk and Insurance	18,834.50	0.00	0.00	18,834.50
Assets (Equipment)	0.00	1,344.99	0.00	1,344.99
Bank Credit Card Processing Fees	0.00	3,821.83	0.00	3,821.83
Debt Service	0.00	99,534.60	0.00	99,534.60
West Virginia State Tax Department (Sales Tax)	0.00	17,799.91	0.00	17,799.91
Public Employees' Insurance Reserve Transfer	0.00	0.00	0.00	0.00
Revenue Refunds	0.00	6,944.39	0.00	6,944.39
Miscellaneous	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>443,687.73</u>	<u>1,061,106.08</u>	<u>0.00</u>	<u>1,504,793.81</u>
Appropriations / Cash Receipts Over/(Under)				
Expenditures / Disbursements	624,605.27	55,483.68	0.00	680,088.95
Expirations and Expenditures after June 30	0.00	0.00	0.00	0.00
Beginning Balance	0.00	168,754.74	0.00	168,754.74
Transfers: In/(Out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$ 624,605.27</u>	<u>\$ 224,238.42</u>	<u>\$0.00</u>	<u>\$ 848,843.69</u>

See Notes to Financial Statement

General Revenue	Year Ended June 30, 2003			General Revenue	Year Ended June 30, 2002		
	Special Revenue	Local Accounts	Combined Totals		Special Revenue	Local Accounts	Combined Totals
\$1,100,603.00	\$ 0.00	\$0.00	\$1,100,603.00	\$970,404.00	\$ 0.00	\$ 0.00	\$ 970,404.00
0.00	1,749,255.56	0.00	1,749,255.56	\$0.00	1,806,930.10	0.00	1,806,930.10
0.00	56,000.00	0.00	56,000.00	0.00	60,000.00	0.00	60,000.00
0.00	0.00	0.00	0.00	0.00	87,000.00	0.00	87,000.00
0.00	0.00	0.00	0.00	0.00	0.00	103,861.09	103,861.09
0.00	0.00	0.00	0.00	0.00	0.00	82.77	82.77
<u>1,100,603.00</u>	<u>1,805,255.56</u>	<u>0.00</u>	<u>2,905,858.56</u>	<u>970,404.00</u>	<u>1,953,930.10</u>	<u>103,943.86</u>	<u>3,028,277.96</u>
618,053.00	743,968.83	0.00	1,362,021.83	531,058.00	755,807.11	0.00	1,286,865.11
11,100.00	10,650.00	0.00	21,750.00	9,150.00	9,750.00	0.00	18,900.00
220,929.00	261,147.06	0.00	482,076.06	184,455.00	264,848.81	0.00	449,303.81
168,837.78	502,350.06	0.00	671,187.84	209,809.52	530,074.36	0.00	739,883.88
0.00	55,847.16	0.00	55,847.16	0.00	87,438.36	0.00	87,438.36
25,949.00	0.00	0.00	25,949.00	22,580.00	0.00	0.00	22,580.00
0.00	5,350.93	0.00	5,350.93	0.00	99,211.44	0.00	99,211.44
0.00	5,017.42	0.00	5,017.42	0.00	4,272.84	0.00	4,272.84
0.00	199,069.20	0.00	199,069.20	0.00	199,069.20	0.00	199,069.20
0.00	28,512.85	0.00	28,512.85	0.00	30,651.68	0.00	30,651.68
6,166.37	6,006.41	0.00	12,172.78	5,305.00	6,166.00	0.00	11,471.00
0.00	9,117.39	0.00	9,117.39	0.00	1,775.59	0.00	1,775.59
0.00	0.00	0.00	0.00	0.00	0.00	169,874.25	169,874.25
<u>1,051,035.15</u>	<u>1,827,037.31</u>	<u>0.00</u>	<u>2,878,072.46</u>	<u>962,357.52</u>	<u>1,989,065.39</u>	<u>169,874.25</u>	<u>3,121,297.16</u>
49,567.85	(21,781.75)	0.00	27,786.10	8,046.48	(35,135.29)	(65,930.39)	(93,019.20)
(49,567.85)	0.00	0.00	(49,567.85)	(8,046.48)	0.00	0.00	(8,046.48)
0.00	190,536.49	0.00	190,536.49	(0.00)	225,671.78	88,523.45	314,195.23
0.00	0.00	0.00	0.00	0.00	0.00	(22,593.06)	(22,593.06)
<u>\$ 0.00</u>	<u>\$ 168,754.74</u>	<u>\$0.00</u>	<u>\$ 168,754.74</u>	<u>(\$ 0.00)</u>	<u>\$ 190,536.49</u>	<u>(\$ 0.00)</u>	<u>\$ 190,536.49</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

NOTES TO FINANCIAL STATEMENTS

Note A - Accounting Policies

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. 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 paid up to 31 days after the year end, however, appropriations for buildings or land remain in effect until three years after 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 Paid</u>		<u>Expirations</u>	
	<u>After June 30,</u>		<u>July 31,</u>	<u>July 31,</u>
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Personal Services	\$ 0.00	\$ 0.00	\$0.00	\$0.00
Annual Increment	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Unclassified	49,567.85	8,046.48	0.00	0.00
BRIM Premium	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$49,567.85</u>	<u>\$8,046.48</u>	<u>\$0.00</u>	<u>\$0.00</u>

Combined Totals: The combined totals contain the totals of similar accounts of the various funds which 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 - Bonds

The West Virginia Department of Education issued the Cedar Lakes Conference Center Revenue Bonds, Series 1995 A and Series 1995 B bonds for the purpose of constructing a new lodge and conference facility consisting of a 20,905 square foot, 48-room lodge and meeting room facility, together with furnishings, fixtures and equipment and all necessary appurtenances.

All bonds were issued under the provisions of the West Virginia Code of 1931, as amended, specifically, Chapter 18, Article 2 and all other provisions of law. The payment of principal and interest related to the Bonds is secured by a first lien on the revenues derived from the Facilities of Cedar Lakes Conference Center. These bonds are summarized as follows:

The Series 1995 A bonds are issued in single form, numbered AR-1, only as fully registered bonds, and are dated on the date of delivery thereof. The Series 1995 A bonds bear interest from the date of delivery, payable monthly at a rate of 5.75% per annum, and were sold for the par value thereof.

The Series 1995 B bonds are issued in single form, numbered BR-1, only as fully registered bonds, and are dated on the date of delivery thereof. The Series 1995 B bonds bear interest from the date of delivery, payable monthly at 6.00% per annum, and were sold for the par value thereof.

A summary of annual aggregate principle and interest payments for periods subsequent to December 31, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Due</u>
2004	\$ 25,822.43	\$ 64,663.57
2005	53,944.60	127,027.40
2006	57,163.07	123,808.93
2007	60,573.62	120,398.38
2008	64,187.74	116,784.26
2009	68,071.56	112,954.44
2010	72,075.98	108,896.02
2011	76,376.63	104,595.37
2012	80,933.99	100,038.01

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Due</u>
2013	85,763.39	95,208.61
2014	90,881.06	90,090.94
2015	96,304.21	84,667.79
2016	102,051.11	78,920.89
2017	108,141.06	72,830.94
2018	114,594.57	66,377.43
2019	121,433.34	59,538.66
2020	128,680.37	52,291.63
2021	136,360.06	44,611.94
2022	144,498.25	36,473.75
2023	153,122.30	27,849.70
2024	162,261.25	18,710.75
2025	171,945.85	9,026.15
2026	<u>219,607.73</u>	<u>766.30</u>
TOTALS	<u>\$2,394,740.07</u>	<u>\$1,716,531.85</u>

Note C - Pension Plan

All eligible employees are members of the West Virginia Teachers' Retirement System or the Teachers' Insurance Annuity Association. Certain eligible employees belonging to the West Virginia State Teachers' Retirement System may also belong to the Teachers' Insurance Annuity Association.

For the West Virginia State Teachers' Retirement System, employees' contribution are 6.0% of their compensation and employees are vested under certain circumstances. The aggregate of the Cedar Lakes Conference Center's contributions shall be the following percentages of the earned compensation of the members: fiscal year 2002 - 15% and fiscal year 2003 - 15%.

For the Teachers' Insurance Annuity Association, employees' contributions are either 6.0% or 7.5% of their compensation and employees are vested under certain circumstances. Contributions by the Cedar Lakes Conference Center are also either 6.0% or 7.5% of the compensation on which the employee made contributions.

The contributions by Cedar Lakes Conference Center to the pension and retirement plans were as follows:

	<u>Period Ended December 31, 2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
General Revenue	\$35,745.24	\$ 63,265.54	\$ 50,147.61
Special Revenue	<u>35,400.61</u>	<u>71,809.61</u>	<u>73,497.40</u>
TOTALS	<u>\$71,145.85</u>	<u>\$135,075.15</u>	<u>\$123,645.01</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)
CEDAR LAKES CONFERENCE CENTER
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA & FHA Camp & Conference Center Fund -</u>			
<u>Personal Services - Account (0306-001)</u>			
Appropriations	\$604,970.00	\$618,053.00	\$531,058.00
Expenditures:			
Personal Services	<u>294,314.77</u>	<u>618,053.00</u>	<u>531,058.00</u>
	310,655.23	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$310,655.23</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA & FHA Camp & Conference Center Fund -</u>			
<u>Annual Increment - Account (0306-004)</u>			
Appropriations	\$12,050.00	\$11,100.00	\$9,150.00
Expenditures:			
Personal Services	<u>11,800.00</u>	<u>11,100.00</u>	<u>9,150.00</u>
	250.00	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 250.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA & FHA Camp & Conference Center Fund -</u>			
<u>Employee Benefits - Account (0306-010)</u>			
Appropriations	\$221,763.00	\$220,929.00	\$184,455.00
Expenditures:			
Employee Benefits	<u>109,566.46</u>	<u>220,929.00</u>	<u>184,455.00</u>
	112,196.54	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$112,196.54</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA & FHA Camp & Conference Center Fund -</u>			
<u>Unclassified - Account (0306-099)</u>			
Appropriations	\$191,841.00	\$224,572.00	\$223,161.00
Expenditures:			
Current Expenses	9,172.00	218,405.63	217,856.00
Public Employees Insurance Reserve	<u>0.00</u>	<u>6,166.37</u>	<u>5,305.00</u>
	<u>9,172.00</u>	<u>224,572.00</u>	<u>223,161.00</u>
	182,669.00	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>49,567.85</u>	<u>8,046.48</u>
Balance	<u>\$182,669.00</u>	<u>\$ 49,567.85</u>	<u>\$ 8,046.48</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA & FHA Camp & Conference Center Fund -</u>			
<u>BRIM Premium - Account (0306-913)</u>			
Appropriations	\$37,669.00	\$25,949.00	\$22,580.00
Expenditures:			
Current Expenses	<u>18,834.50</u>	<u>25,949.00</u>	<u>22,580.00</u>
	18,834.50	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$18,834.50</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE**

SPECIAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u> <u>2003</u> <u>2002</u>	
<u>FFA & FHA Conference Center - Crafts Program -</u>			
<u>Unclassified - Account 3953 - 099</u>			
Cash Receipts:			
West Virginia Department of Education Grants	\$ 0.00	\$ 0.00	\$60,000.00
Transfer from Account 3960 FFA & FHA Conference Center	<u>66,526.50</u>	<u>65,000.00</u>	<u>25,391.54</u>
	66,526.50	65,000.00	85,391.54
Disbursements:			
Personal Services	8,278.62	25,647.60	24,941.08
Annual Increment	350.00	750.00	250.00
Employee Benefits	2,724.85	9,443.08	13,975.24
Current Expenses	27,741.84	40,597.93	36,690.50
Repairs and Alterations	850.46	1,433.33	143.18
Public Employees Insurance Reserve	<u>0.00</u>	<u>279.79</u>	<u>0.00</u>
	<u>39,945.77</u>	<u>78,151.73</u>	<u>76,000.00</u>
Cash Receipts Over/(Under) Disbursements	26,580.73	(13,151.73)	9,391.54
Beginning Balance	<u>13,473.50</u>	<u>26,625.23</u>	<u>17,233.69</u>
Ending Balance	<u>\$40,054.23</u>	<u>\$13,473.50</u>	<u>\$26,625.23</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA-FHA Conference Center Fund -</u>			
<u>Personal Services - Account (3960-001)</u>			
Appropriations	\$780,000.00	\$770,861.00	\$737,016.00
Expenditures:			
Personal Services	399,691.91	718,935.39	730,866.03
Employee Benefits	<u>0.00</u>	<u>0.00</u>	<u>6,083.48</u>
	<u>399,691.91</u>	<u>718,935.39</u>	<u>736,949.51</u>
	380,308.09	51,925.61	66.49
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$380,308.09</u>	<u>\$ 51,925.61</u>	<u>\$ 66.49</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA-FHA Conference Center Fund -</u>			
<u>Annual Increment - Account (3960-004)</u>			
Appropriations	\$11,350.00	\$9,900.00	\$10,250.00
Expenditures:			
Personal Services	<u>11,350.00</u>	<u>9,900.00</u>	<u>9,500.00</u>
	0.00	0.00	750.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 750.00</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>FFA-FHA Conference Center Fund -</u>			
<u>Employee Benefits - Account (3960-010)</u>			
Appropriations	\$275,354.00	\$249,705.00	\$230,308.00
Expenditures:			
Employee Benefits	<u>143,176.38</u>	<u>249,705.00</u>	<u>229,616.84</u>
	132,177.62	0.00	691.16
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>1,998.98</u>
Balance	<u>\$132,177.62</u>	<u>\$ 0.00</u>	<u>\$ 2,690.14</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u> <u>2003</u> <u>2002</u>	
<u>FFA & FHA Conference Center -</u>			
<u>Unclassified Account 3960 - 099</u>			
Appropriations	\$1,033,296.00	\$1,022,776.00	\$1,043,520.00
Expenditures:			
Employee Benefits	0.00	5,447.91	13,057.61
Current Expenses	290,547.91	410,641.98	486,131.15
Repairs and Alterations	20,099.80	66,282.77	80,831.79
Assets (Equipment)	995.00	5,700.92	99,211.44
Other Disbursements	102,068.22	204,289.12	203,467.86
Public Employees Insurance Reserve	0.00	<u>5,726.62</u>	<u>6,166.00</u>
	<u>413,710.93</u>	<u>698,089.32</u>	<u>888,865.85</u>
	619,585.07	324,686.68	154,654.15
Transmittals Paid After June 30	<u>0.00</u>	<u>27,872.63</u>	<u>70,229.00</u>
Balance	<u>\$ 619,585.07</u>	<u>\$ 352,559.31</u>	<u>\$ 224,883.15</u>

**WEST VIRGINIA DEPARTMENT OF EDUCATION
 DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
 (DIVISION OF VOCATIONAL EDUCATION)
 CEDAR LAKES CONFERENCE CENTER
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 CASH CONTROL ACCOUNT 3960-999**

	<u>Period Ending December 31, 2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
Beginning Balance:			
State Treasury	\$ 151,923.24	\$ 160,553.26	\$ 202,773.09
Cash Receipts:			
Budget Digest Grant	0.00	0.00	87,000.00
West Virginia Department of Education Grants	0.00	56,000.00	0.00
Room and Board	<u>1,116,589.76</u>	<u>1,749,255.56</u>	<u>1,806,930.10</u>
	<u>1,116,589.76</u>	<u>1,805,255.56</u>	<u>1,893,930.10</u>

TOTAL CASH TO ACCOUNT FOR	<u>\$1,268,513.00</u>	<u>\$1,965,808.82</u>	<u>\$2,096,703.19</u>
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	Period Ending	Year Ended June 30,	
	December 31,	2003	2002
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Ending Balance			
State Treasury	\$ 180,826.19	\$ 151,923.24	\$ 160,553.26
Disbursements:			
Personal Services	399,691.91	718,935.39	730,866.03
Annual Increment	11,350.00	9,900.00	9,500.00
Employee Benefits	143,176.38	255,152.91	248,757.88
Current Expenses	290,547.91	402,522.42	486,131.15
Repairs and Alterations	20,099.80	65,286.77	79,881.79
Assets (Equipment)	995.00	5,700.92	99,211.44
Bank Credit Card Processing Fees	2,533.62	5,219.92	4,398.66
Debt Service	99,534.60	199,069.30	199,069.20
Public Employees' Insurance Reserve	0.00	5,726.62	6,166.00
Transfer to Account 3953 FFA & FHA			
Conference Center - Crafts Program	66,526.50	65,000.00	25,391.54
West Virginia State Tax Department (Sales Tax)	17,799.91	28,512.85	30,651.68
Revenue Refunds	<u>6,944.39</u>	<u>9,117.39</u>	<u>1,775.59</u>
	1,059,200.02	1,770,144.49	1,921,800.96
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:			
Personal Services	614.16	0.00	0.00
(Personal Services)	0.00	(614.16)	0.00
Employee Benefits	5,447.91	1,998.98	4,114.67
(Employee Benefits)	0.00	(5,447.91)	(1,998.98)
Current Expenses	7,061.92	66,291.63	71,237.34
(Current Expenses)	0.00	(7,061.92)	(66,291.63)
Repairs and Alterations	13,724.60	2,851.66	10,265.05
(Repairs and Alterations)	0.00	(13,724.60)	(2,851.66)
Assets (Equipment)	349.99	0.00	0.00
(Assets (Equipment))	0.00	(349.99)	0.00
Bank Credit Card Processing Fees	1,288.21	1,085.71	959.89
Bank Credit Card Processing Fees	<u>0.00</u>	<u>(1,288.21)</u>	<u>(1,085.71)</u>
	<u>28,486.79</u>	<u>43,741.19</u>	<u>14,348.97</u>
TOTAL CASH ACCOUNTED FOR	<u>\$1,268,513.00</u>	<u>\$1,965,808.92</u>	<u>\$2,096,703.19</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)
CEDAR LAKES CONFERENCE CENTER

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE

SPECIAL REVENUE

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u> <u>2003</u> <u>2002</u>	
<u>Flood Disaster - June 1998</u>			
<u>Unclassified - Account 3974 - 099</u>			
Cash Receipts:	\$ 0.00	\$ 0.00	\$ 0.00
Disbursements:			
Current Expenses	0.00	0.00	2,307.00
	<u>0.00</u>	<u>0.00</u>	<u>2,307.00</u>
Cash Receipts (Under) Disbursements	0.00	0.00	(2,307.00)
Beginning Balance	<u>3,358.00</u>	<u>3,358.00</u>	<u>5,665.00</u>
Ending Balance	<u>\$3,358.00</u>	<u>\$3,358.00</u>	<u>\$3,358.00</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE**

LOCAL ACCOUNTS

	<u>Period Ending</u> <u>December 31,</u> <u>2003</u>	<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
<u>United National Bank - Cedar Lakes Store</u>			
Beginning Book Balance	\$0.00	\$0.00	\$ 58,593.24
Cash Receipts:			
Miscellaneous Cash Receipts	0.00	0.00	100,535.09
Interest Earnings	<u>0.00</u>	<u>0.00</u>	<u>82.77</u>
	<u>0.00</u>	<u>0.00</u>	<u>100,617.86</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$159,211.10</u>
Cash Disbursements			
Miscellaneous Disbursements	\$0.00	\$0.00	\$157,815.58
Transfer to Cedar Lakes Conference Center - Account 3960	<u>0.00</u>	<u>0.00</u>	<u>1,395.52</u>
	<u>0.00</u>	<u>0.00</u>	<u>159,211.10</u>
Ending Book Balance	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$159,211.10</u>

WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)

CEDAR LAKES CONFERENCE CENTER

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE**

LOCAL ACCOUNTS

	Period Ending December 31, 2003	Year Ended June 30,	
		2003	2002
<u>United National Bank - Cedar Lakes Craft Center</u>			
Beginning Book Balance	\$0.00	\$0.00	\$29,930.21
Cash Receipts:			
Miscellaneous Cash Receipts	<u>0.00</u>	<u>0.00</u>	<u>3,326.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$33,256.21</u>
Cash Disbursements:			
Miscellaneous Disbursements	\$0.00	\$0.00	\$12,058.67
Transfer to Cedar Lakes Conference Center - Account 3960	<u>0.00</u>	<u>0.00</u>	<u>21,197.54</u>
	0.00	0.00	33,256.21
Ending Bank Balance	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$33,256.21</u>

**WEST VIRGINIA DEPARTMENT OF EDUCATION
DIVISION OF TECHNICAL AND ADULT EDUCATION SERVICES
(DIVISION OF VOCATIONAL EDUCATION)**

CEDAR LAKES CONFERENCE CENTER

RECONCILIATION

DECEMBER 31, 2003

Cedar Lakes Store Account

Balance per Bank and Book \$0.00

Cedar Lakes Craft Center Account

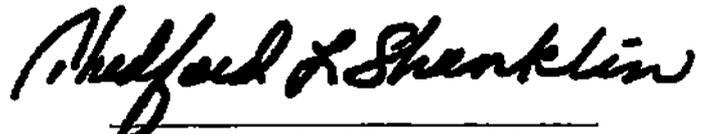
Balance per Bank and Book \$0.00

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 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 20th day of September 2004.



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 Department of Education; the Cedar Lakes Conference Center; Governor; Attorney General; State Auditor; and, Director of Finance Division, Department of Administration.