

WEST VIRGINIA REAL ESTATE COMMISSION

FOR THE PERIOD

JULY 1, 1986 - MARCH 31, 1996

WEST VIRGINIA REAL ESTATE COMMISSION

FOR THE PERIOD

JULY 1, 1986 - MARCH 31, 1996

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance



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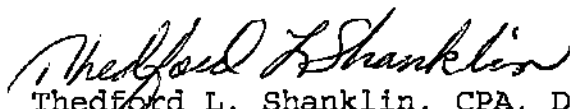
CHARLESTON, WEST VIRGINIA 25305

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 West Virginia Real Estate Commission.

Our examination covers the period July 1, 1986 through March 31, 1996. The results of this examination are set forth on the following pages of this report. However, only the financial statements for the period ended March 31, 1996 and the years ended June 30, 1995 and June 30, 1994 are included in this report. The financial statements covering the period July 1, 1986 through June 30, 1993 are included in our audit workpapers.

Respectfully submitted,


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

TLS/gkc

WEST VIRGINIA REAL ESTATE COMMISSION

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WEST VIRGINIA REAL ESTATE COMMISSION

EXIT CONFERENCE

We held an exit conference on November 13, 1996 with the Executive Director of the West Virginia Real Estate Commission and all findings and recommendations were reviewed and discussed. The above official's responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks sections of this report.

WEST VIRGINIA REAL ESTATE COMMISSION

INTRODUCTION

The West Virginia Real Estate Commission was created under Chapter 47, Acts of the Legislature in 1959. The Commission is a corporation and as such may sue and be sued, may contract and be contracted with and shall have a common seal.

The Commission consists of three persons appointed by the Governor by and with the advice and consent of the Senate. Two of these appointees must have been a resident and a citizen of this State for at least six years prior to his or her appointment and whose vocation for at least ten years must have been that of a real estate broker or real estate salesperson and the third shall be representative of the public generally. The term of the members shall be for four years and until their successors are appointed and qualify. No more than two members of the Commission can belong to the same political party. No member can be a candidate for or hold any other public office or be a member of any political committee while acting as commissioner. No member may be removed from office by the Governor except for official misconduct, incompetency, neglect of duty, gross immorality or other good cause shown and only then in the manner prescribed by law for the removal

by the Governor of State elective officers. The Governor designates one member of the Commission as the Chairman thereof and the members shall choose one of the members thereof as secretary. Two members of the Commission shall constitute a quorum for the conduct of official business.

The Commission is authorized to do all things necessary and convenient for carrying into effect the provisions of Chapter 47, Article 12 of the West Virginia Code and may from time to time promulgate reasonable, fair, and impartial rules and regulations in accordance with the provisions of Chapter 29A, Article 3 of the West Virginia Code. The Commission pays each member the same compensation as is paid to members of the Legislature for their interim duties as recommended by the citizens' legislative compensation commission and authorized by law for each day or portion thereof engaged in the discharge of official duties and reimburses each member for actual and necessary expenses incurred in the discharge of official duties.

The Commission employs an executive director and such clerks, investigators, and assistants as it deems necessary to discharge the duties imposed by the provisions of Chapter 47, Article 12 of the West Virginia Code, and to effect its purpose and the Commission determines the duties and fixes the compensation of

the executive director, clerks, investigators, and assistants, subject to the general laws of the State. The Commission is required to adopt a seal by which it authenticates its proceedings.

The Commission supervises and regulates the business of buying and selling real estate and has charge of the issuance and revocation of licenses to real estate brokers and salespersons.

WEST VIRGINIA REAL ESTATE COMMISSION

COMMISSION MEMBERS AND STAFF

March 31, 1996

| <u>Commission Members</u> | <u>Term Expires</u> |
|---|---------------------|
| Vaughn L. Riger, Chairman Morgantown, West Virginia | April 30, 1996 |
| Robert P. McLean, Vice Chairman Beckley, West Virginia | April 30, 1997 |
| R. Michael Shaw, Secretary Point Pleasant, West Virginia | April 30, 1999 |

Commission Staff

| | |
|------------------------------|--------------------|
| Richard E. Strader | Executive Director |
| Stuart E. Ellis | Deputy Director |
| Michael C. Levy | Education Director |
| Betty J. Wendling | Secretary III |
| Sheila G. Skinner | Secretary I |
| Kevin G. Hypes | Investigator |

WEST VIRGINIA REAL ESTATE COMMISSION

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

USE OF INCORRECT FEE SCHEDULE

1. Our examination of license fees for license year 1994 showed the Commission used the amended schedule of fees prior to its effective date (July 8, 1993) when they collected fees for renewal licenses due on July 1, 1993. As a result, we believe 8,706 licensees were overcharged \$160,350.00 for their respective 1994 licenses.

We recommend the Commission comply with Chapter 47, Article 12, Section 9 of the West Virginia Code, as amended. Also, we recommend the Commission refund the \$160,350.00 overcharged for 1994 renewal licenses by adjusting the licensing fee for renewing licensees affected by the overcharge at the time of their next renewal and issuing refunds to all others who were overcharged and are no longer licensed.

AGENCY'S RESPONSE

The Commission will implement any remedial action which is suggested. (See pages 16-19.)

ACCOUNT BALANCE

2. Our audit indicates the Commission has been accumulating a cash surplus since Chapter 47, Article 12, Section 9 of the West Virginia Code was amended effective July 8, 1993, which increased the annual license fee for brokers and branch offices from \$50.00 to \$80.00 and the annual license fee for salespersons from \$25.00 to \$40.00.

We recommend the Legislature consider amending Chapter 47, Article 12, Section 9 of the West Virginia Code, as amended, to allow the Commission to charge "up to \$80.00 per year" for broker and branch office license fees and "up to \$40.00 per year" for the salesperson's license fee.

AGENCY'S RESPONSE

While we do not dispute the basis of the audit finding, we believe the actual amount of the "cash surplus" may be a lesser amount than indicated. (See pages 19-22.)

MEAL REIMBURSEMENTS FOR SINGLE-DAY TRAVEL

3. We noted Commission members and one staff member were reimbursed for meal expenses totaling \$749.00 during the audit period where the trips involved did not require an overnight stay (single-day travel); however, these payments were not reported to the affected individuals on a Form 1099, or where appropriate, a Form W-2 (Wage and Tax Statement).

We recommend the Commission comply with Chapter 11, Article 21, Sections 12 and 72 of the West Virginia Code, as amended.

AGENCY'S RESPONSE

The Commission will comply with the audit recommendation.

(See pages 22-25.)

ANNUAL AND SICK LEAVE ACCRUALS AND BALANCES

4. Our examination of the annual and sick leave balances indicated two of the employees' balances were incorrect resulting in one of the employees being over compensated \$55.39 when she resigned from the Commission.

We recommend the Commission seek to recover the \$55.39 from the employee and strengthen internal controls in the area of calculation of employees' leave balances.

AGENCY'S RESPONSE

We believe the employee in question was over compensated in the amount of \$13.35 rather than \$55.30. (See pages 26-29.)

COMMISSION MINUTES AND DUTIES OF THE COMMISSION

5. We noted the Commission minutes, in the majority of instances, did not comply with the requirement of Chapter 6, Article 9A, Section 5 of the West Virginia Code, as amended, because they did not reflect the motions made, their disposition, and the results of all votes by the Commission. Also, we believe the Commission minutes should reflect the results of the votes of the Commission affecting any future employee compensation issues.

We recommend the Commission comply with Chapter 6, Article 9A, Section 5, as amended, and Chapter 47, Article 12, Section 3(b), as amended, of the West Virginia Code.

AGENCY'S RESPONSE

We believe the current format of the Commission minutes documents the business transacted at the Commission meetings. (See pages 29-31.)

ANNUAL INCREMENT

6. During our audit, we noted an employee did not receive the prorated increment payment of \$6.00 owed her upon termination with the Commission.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, when calculating increment payments or fractional portions thereof. Also, we recommend the Commission take the necessary steps to compensate the employee a total of \$6.00 owed the employee.

AGENCY'S RESPONSE

We agree the employee in question was not paid the prorated increment. (See pages 31-33.)

LEAVE USAGE

7. We noted the Commission has not defined sick leave abuse as set out in the West Virginia Division of Personnel's

"Administrative Rule". We believe the lack of a definition of sick leave abuse may permit extravagant use of sick leave.

We recommend the Commission define what a pattern of sick leave abuse means in the West Virginia Division of Personnel's "Administrative Rule" in order to minimize any extravagant use of sick leave and to avoid any misunderstandings of sick leave abuse.

AGENCY'S RESPONSE

We believe the small staff size of the Commission gives the Executive Director a greater ability to identify patterns of extravagant sick leave usage than would be the case in a larger agency. (See pages 34-37.)

EQUIPMENT INVENTORY

8. We noted during the period from June 1, 1993 through June 30, 1995, the Commission purchased computer equipment totaling \$36,335.30 and telephone equipment costing \$8,620.00 which had not been properly identified by appropriate tagging and four items of older equipment which were never added to the agency's inventory list.

We also learned the Commission has not filed the required annual inventory with the Director of the Purchasing Division of the West Virginia Department of Administration.

We recommend the Commission comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code.

AGENCY'S RESPONSE

We have complied with the audit recommendation. (See pages 37-40.)

ANNUAL REPORT

9. Our audit indicates the Commission has not filed an annual report with the Governor since the end of fiscal year 1990.

We recommend the Commission comply with Chapter 5, Article 1, Section 20 of the West Virginia Code, as amended.

AGENCY'S RESPONSE

We have complied with the audit recommendation. (See pages 40 and 41.)

SEAL OF THE COMMISSION

10. From an inspection of licenses issued by the Commission, we noted the seal imprinted on the licenses was the seal of the State of West Virginia, not the seal of the West Virginia Real Estate Commission as called for in their Legislative Rules.

We recommend the Commission comply with Title 174, Series I, Section 4 of the Legislative Rule.

AGENCY'S RESPONSE

We will comply with the audit recommendation. (See pages 41 and 42.)

UNPAID INVOICE

11. Our audit showed the Commission did not pay the West Virginia Legislative Computer Subscriber System the February 1995 access fee of \$120.00.

We recommend the Commission pay the \$120.00 access fee for February 1995 and strengthen internal controls over payment of bills.

AGENCY'S RESPONSE

We will comply with the audit recommendation. (See pages 44 and 45.)

WEST VIRGINIA REAL ESTATE COMMISSION

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the West Virginia Real Estate Commission. The audit covered the period July 1, 1986 through March 31, 1996.

SPECIAL REVENUE ACCOUNTS

All revenues generated from fees which are fixed by law and expenditures required for the general operation of the West Virginia Real Estate Commission are accounted for through the following special revenue accounts:

| <u>Fund</u> <u>Number</u> | <u>Old Account</u> <u>Number</u> | <u>Description</u> |
|------------------------------|-------------------------------------|--------------------|
| 8635-001 | 8010-00 | Personal Services |
| 8635-004 | 8010-66 | Annual Increment |
| 8635-010 | 8010-35 | Employee Benefits |
| 8635-099 | 8010-14 | Unclassified |
| 8635-640 | 8010-99 | Cash Control |

LICENSE FEES

To pay for the maintenance and the operation of the office of the Commission and the enforcement of Chapter 47, Article 12 of the West Virginia Code, the Commission is authorized to charge the following fees:

| | |
|--|---------|
| Examination Fee (no additional fee for second examination) | \$25.00 |
| Investigation Fee | \$10.00 |
| Broker's License | \$80.00 |
| Salesperson's License | \$40.00 |
| Broker's Renewal Fee | \$80.00 |
| Salesperson's License | \$40.00 |
| Branch Office Fee | \$80.00 |
| Renewal of Branch Office License | \$80.00 |
| Transfer of Salesperson's License | \$10.00 |
| Duplicate License or Certifications | \$10.00 |
| Change of Name | \$10.00 |
| Change of Office | \$10.00 |

COMPLIANCE MATTERS

Chapter 47, Article 12 of the West Virginia Code generally governs the West Virginia Real Estate Commission. We tested applicable sections of the above, plus general State regulations and other applicable chapters, articles, and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed below.

Use of Incorrect Fee Schedule

Chapter 47, Article 12, Section 9 of the West Virginia Code governs the fees charged by the Commission for licenses and other related services. On April 9, 1993, by an act of the West Virginia Legislature, Section 9 was amended with an effective date of 90 days from passage (or July 8, 1993).

The schedules of fees and the authorized periods for their use during our audit period were as follows:

| | <u>Prior to July 8, 1993</u> | <u>On or after July 8, 1993</u> |
|------------------------------|----------------------------------|-------------------------------------|
| Broker & Associate's License | \$50.00 | \$80.00 |
| Salesperson's License | 25.00 | 40.00 |
| Broker & Associate's Renewal | 50.00 | 80.00 |
| Salesperson's Renewal | 25.00 | 40.00 |
| Branch Office Fee | 50.00 | 80.00 |
| Branch Office Renewal | 5.00 | 80.00 |

Our examination of license fees for the 1994 license year showed the Commission began to use the amended fee schedule above prior to July 8, 1993 when they collected fees for renewal licenses due on July 1, 1993. This error occurred because the Commission implemented the fee increase prior to the effective date of the amendment. As a result, we believe 8,706 licensees were overcharged \$160,350.00 for their respective 1994 licenses, as shown in the following schedule:

| <u>Type of Renewal License</u> | <u>No. of Renewals</u> | <u>Amount Charged</u> | <u>Proper Amount</u> | <u>Amount Overcharged</u> |
|--|----------------------------|---------------------------|--------------------------|-------------------------------|
| Broker | 1,217 | \$ 97,360 | \$ 60,850 | \$ 36,510 |
| Associate Broker | 507 | 40,560 | 25,350 | 15,210 |
| Salesperson | 6,917 | 276,689 | 172,925 | 103,755 |
| Branch Office | 65 | 5,200 | 325 | 4,875 |
| | <u>8,706</u> | <u>\$419,800</u> | <u>\$259,450</u> | <u>\$160,350</u> |

Accordingly, we believe these licensees should be refunded their respective overpayments.

We recommend the Board comply with Chapter 47, Article 12, Section 9 of the West Virginia Code, as amended. We, also, recommend the Commission refund the \$160,350.00 overcharged for 1994 licenses by adjusting the licensing fee for renewing licensees affected by the overcharge at the time of their next renewal and issuing refunds to all others who were overcharged and are no longer licensed.

AGENCY'S RESPONSE

Upon the Governor's approval of SB #54 at the conclusion of the 1993 Legislative Session, the Executive Director of the Real Estate Commission contacted the Senate Clerk's Office to inquire as to the effective date of the new legislation. He was informed that the effective date of the new fees would be July 1, 1993. Based on this advice, the new fees were implemented on July 1, 1993.

Regardless of the above information, the Legislative Auditor has determined that the new fee structure should not have been implemented until July 8, 1993. The Auditor's report indicates that 8,706 licensees were overcharged for their 1993-94 renewal licenses. This number was computed by counting the number of renewal licenses issued for the entire fiscal year, irrespective

of whether the renewal application was received prior to or subsequent to July 8, 1993. If the renewal applications received by this Commission after July 18, 1993 are removed from the Auditor's count, the total number of individuals viewed as over-charged would then be 6,152, with a total amount of \$115,845.00.

This Commission will implement any remedial action the Committee suggests.

Account Balance

Chapter 47, Article 12, Sections 9 and 10 of the West Virginia Code, as amended, states in part:

"To pay for the maintenance and operation of the office of the commission and the enforcement of this article, the commission shall charge the following fees:

- ...(c) Broker's license -- eighty dollars.
- (d) Salesperson's license -- forty dollars.
- (e) Broker's renewal fee -- eighty dollars,...
- (f) Salesperson's renewal fee -- forty dollars,...
- (g) Branch office fee -- eighty dollars.
- (h) Renewal of branch office license -- eighty dollars....
- (j) Duplicate license or certification -- ten dollars.
- (k) Change in name -- ten dollars...."

"...All moneys which shall be paid into the state treasury and credited to the "real estate license fund" are hereby appropriated to the use of the commission in carrying out the provisions of this article, including the payment of salaries and expenses and the

printing of the annual directory of licensees and for educational purposes.

(a) The amount paid to or expended by the commission shall not exceed the revenues derived under the provisions of this article as hereinbefore provided."

We analyzed the revenues and expenditures for fiscal years 1992-1996. The following schedule shows the cash balance available to the Commission and the number of months the Commission could operate from the cash balance, assuming no fees were collected during the ensuing fiscal year as of June 30 of each year, beginning with 1992:

| <u>Year Ended June 30</u> | <u>Cash Balance</u> | <u>Disbursements</u> | <u>Number of Months Operations Funded by Cash Balance</u> |
|---------------------------|---------------------|----------------------|---|
| 1992 | \$365,923.89 | \$265,640.02 | 16.53 |
| 1993 | \$459,196.32 | 298,383.30 | 18.47 |
| 1994 | \$590,926.71 | 257,030.30 | 27.59 |
| 1995 | \$885,854.74 | 297,070.85 | 35.95 |
| 1996 | \$1,003,106.47 | 350,203.00 | 34.37 |
| Average | \$661,801.63 | \$293,665.49 | 27.04 |

Based on the schedule, we believe the Commission is accumulating a cash surplus because the statute has set the license fees for brokers and branch offices at \$80.00 and license fee for salespersons at \$40.00 per year rather than capping the fee at \$80.00 and \$40.00, which would allow the Commission to raise or lower the fees within their caps to provide for budgetary needs.

We believe the Legislature should consider amending the statute in order to give the Commission flexibility to modify the fee structure to bring revenues in line with expenditures.

We recommend the Legislature consider amending Chapter 47, Article 12, Section 9 of the West Virginia Code, as amended, to allow the Commission to charge "up to \$80.00 per year" for the broker's and branch office's license fees and "up to \$40.00 per year" for the salesperson's license fee.

AGENCY'S RESPONSE

This Commission does not dispute the "Cash Balance" amounts indicated in the Auditor's report, however, there is one important item this Commission feels the Committee needs to be made aware of. The report indicates this Commission had cash balances as of June 30 of each year as follows:

| | |
|---------|---------------|
| 1992 | \$ 365,923.89 |
| 1993 | 459,196.32 |
| 1994 | 590,926.71 |
| 1995 | 885,854.74 |
| 1996 | 1,003,106.47 |
| Average | 661,801.63 |

The above amounts include monies that were collected in June of the indicated year that were actually revenues applicable to the succeeding fiscal year. If the deferred revenue is removed

from each of the above amounts, the cash balances at June 30 of each year would appear as follows:

| | |
|---------|---------------|
| 1992 | \$ 107,138.89 |
| 1993 | 192,436.32 |
| 1994 | 407,486.71 |
| 1995 | 582,314.74 |
| 1996 | 702,716.47 |
| Average | 411,018.62 |

As can be seen from a comparison of the above sets of numbers, this Commission receives a substantial portion of its revenue in June of each year. This revenue is for the following fiscal year's licenses. This Commission proposes that the second group of numbers is a better indication of the actual "cash surplus" present in the real estate license fund.

Meal Reimbursement for Single-Day Travel

Chapter 11, Article 21, Section 12 of the West Virginia Code, as amended, states in part:

"(a) General - The West Virginia adjusted gross income of a resident individual means his federal adjusted gross income as defined in the laws of the United States for the taxable year with the modifications specified in this section...."

In accordance with the provisions of the Governor's Travel Regulations, Commission members and one staff member were reimbursed for meal expenses incurred during the audit period where the trips involved did not require an overnight stay (single-day

travel). However, these amounts were not reported to these individuals on a Form 1099, or where appropriate, a Form W-2 (Wage and Tax Statement). Paragraphs (d)(2) and (c)(5) of the Regulation §1.62 of the Internal Revenue Services' Income Tax Regulations states:

"(d)(2) *Other bona fide expenses.* If an arrangement provides advances, allowances, or reimbursements for business expenses described in paragraph (d)(1) of this section (i.e., deductible employee business expenses) and other bona fide expenses related to the employer's business (travel that is not away from home) that are not deductible under Part VI (section 161 and the following), subchapter B, chapter 1 of the Code, the payor is treated as maintaining two arrangements. The portion of the arrangement that provides payments for the deductible employee business expenses is treated as one arrangement that satisfies this paragraph (d). The portion of the arrangement that provides payments for the nondeductible employee expenses is treated as a second arrangement that does not satisfy this paragraph (d) and all amounts paid under this second arrangement will be treated as paid under a nonaccountable plan. See paragraphs (c)(5) and (h) of this section..."

"(c)(5) *Treatment of payments under nonaccountable plans.* Amounts treated as paid under a nonaccountable plan are included in the employee's gross income, must be reported as wages or other compensation on the employee's Form W-2, and are subject to withholding and payment of employment taxes (FICA, FUTA, RRTA, RURT, and income tax)...Expenses attributable to amounts included in the employee's gross income may be deducted, pro-

vided the employee can substantiate the full amount of his or her expenses (i.e., the amount of the expenses, if any, the reimbursement for which is treated as paid under an accountable plan as well as those for which the employee is claiming the deduction) in accordance with §1.274-5T and 1.274(d)-1 or §1.162-17, but only as a miscellaneous itemized deduction subject to the limitations applicable to such expenses...." (Emphasis added)

Therefore, any reimbursement received for non-deductible travel expenses are considered as taxable income under both Federal and West Virginia tax law.

According to our audit, the following amounts were reimbursed for meals which did not require an overnight stay:

| COMMISSION MEMBER | MEAL REIMBURSEMENTS FOR SINGLE-DAY TRIPS | | | |
|----------------------|--|-----------------|-----------------|-----------------|
| | 1994 | 1995 | 1996 TO 3/31/96 | TOTAL |
| #1 | \$ 13.00 | \$ 20.00 | \$ 0.00 | \$ 33.00 |
| #2 | 143.00 | 156.00 | 104.00 | 403.00 |
| #3 | 117.00 | 117.00 | 65.00 | 299.00 |
| <u>STAFF</u> | <u>0.00</u> | <u>7.00</u> | <u>7.00</u> | <u>14.00</u> |
| | <u>\$273.00</u> | <u>\$300.00</u> | <u>\$176.00</u> | <u>\$749.00</u> |

Chapter 11, Article 21, Section 72 of the West Virginia Code states in part:

"Every employer required to deduct and withhold tax under this article from the wages of an employee, or who would have been required so to deduct and withhold tax if the employee had claimed no more than one withholding exemption, shall furnish to such employee in respect of the wages paid by such employer to such employee...a written statement as prescribed by the tax commissioner showing the

amount of wages paid by the employer to the employee, the amount deducted and withheld as tax, and other information as the tax commissioner shall prescribe."

We believe the Commission should have reported the meal reimbursements as compensation to the respective Commission members and employee.

We recommend the Commission comply with Chapter 11, Article 21, Sections 12 and 72 of the West Virginia Code, as amended.

AGENCY'S RESPONSE

This Commission was not aware of the manner in which reimbursement for meals for single-day travel was to be accounted for as specified in the audit report. At no time has this Commission received any correspondence from the Travel Management Office, The State Auditor's Office, The Department of Tax & Revenue or any other organization, that indicated meal reimbursement for single-day travel was a reportable item.

This Commission will implement any remedial action the Committee suggests.

Annual and Sick Leave Accruals and Balances

Section 15.03(a) and Section 15.04(e) of the Division of Personnel's "Administrative Rule" set forth when an employee is eligible to accrue annual and sick leave and states in part:

"...Annual leave cannot not be accrued for hours not paid...."

"...Sick Leave does not accrue after the effective date of separation."

Also, Section 15.15 of the Division of Personnel's "Administrative Rule" states:

"Leave Records: Each agency shall maintain a current leave record of its employees' accrued and used leave.... Supervisors and employees shall attest to the accuracy of the records...."

Our examination of annual and sick leave balances indicated two employees' balances were not correct. The following schedule shows the apparent errors located during our testing:

| <u>Employee</u> | <u>Audited Annual Leave Balance (Days)</u> | <u>Agency Annual Leave Balance (Days)</u> | <u>Difference (Days)</u> |
|-----------------|--|---|------------------------------|
| #1 | 2.13 | 2.96 | 0.83 |
| #2 | 2.05 | 2.68 | 0.63 |

| <u>Employee</u> | <u>Audited Sick Leave Balance (Days)</u> | <u>Agency Sick Leave Balance (Days)</u> | <u>Difference (Days)</u> |
|-----------------|--|---|------------------------------|
| #1 | 8.36 | 7.57 | 0.79 |
| #2 | 12.89 | 13.64 | 0.75 |

Any errors in annual and sick leave balances could result in employees being over compensated or under compensated for their services at the time of their resignation or retirement in violation of Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended which states,

"No money shall be drawn from the treasury to pay the salary of any officer or employee before his services have been rendered."

Due to the errors in the Commission's leave records, Employee #1 was over compensated \$55.39 for accrued annual leave, in noncompliance with the State law, when she resigned from the Commission on July 16, 1993. Employee #2 is still an employee of the Commission.

The Executive Director reviewed the leave records of the affected employees and agreed the balances were in error and has made the necessary corrections to the annual and sick leave balances of Employee #2 and the sick leave balance of Employee #1, in the event this employee returns to the employment of the Commission or another agency of the State.

We recommend the Commission comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended and seek to recover the \$55.39 overpayment from the employee who resigned. Also, we recommend the Commission comply with the Division of Personnel's Administrative Rules regarding accrual of annual and sick leave.

AGENCY'S RESPONSE

The audit report indicates differences in the amount of sick and annual leave balances for two employees, as follows:

| <u>Employee</u> | <u>Days Annual Leave</u> | <u>Days Sick Leave</u> |
|-----------------|----------------------------------|--------------------------------|
| #1 | .83 | .79 |
| #2 | .63 | .75 |

The Commission contends that the actual differences should be as follows:

| <u>Employee</u> | <u>Days Annual Leave</u> | <u>Days Sick Leave</u> |
|-----------------|----------------------------------|--------------------------------|
| #1 | .20 | .04 |
| #2 | .00 | .00 |

The difference between the audit report and this Commission's numbers is attributed to the fact that this Commission awards annual and sick leave to any employees who works the majority of any month. It is felt that this method is the proper

way to handle leave accruals. This policy is not contradictory to the guidelines established by the Division of Personnel.

The audit report indicates that employee #1 was over compensated \$55.39 upon their resignation. This Commission believes employee #1 was over compensated in the amount of \$13.35.

Commission Minutes and Duties of the Commission

Chapter 6, Article 9A, Section 5 of the West Virginia Code, as amended, states in part:

"Each governing body shall provide for the preparation of written minutes of all of its meetings. All such minutes shall be available to the public within a reasonable time after the meeting and shall include, at least the following information:... (3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and (4) The results of all votes and, upon the request of a member, the vote of each member, by name..."

During our review of the Commission minutes, we noted, in the majority of instances, the Commission did not fully comply with the requirement of the law, in recording the actions taken or decisions made during its proceedings. Specifically, the minutes did not reflect the motions made, the person making the same and their disposition, and the results of all votes by the Commission.

Also, Chapter 47, Article 12, Section 3(b) of the West Virginia Code, as amended, states:

"The commission shall employ an executive director and such clerks, investigators and assistants as it shall deem necessary to discharge the duties imposed by the provisions of this article and to effect its purpose, and the Commission shall determine the duties and fix the compensation of such executive director, clerks, investigators and assistants, subject to the general laws of the state."

Since two of the duties of the Commission are to employ and fix the compensation of the executive director and other staff members, we believe the Commission minutes should reflect the results of the votes of the Commission affecting any future employee compensation issues. The Commission minutes should clearly indicate the Commission members were fully informed about employee pay issues and the compensation paid these employees was authorized by a vote of a majority of the Commission members.

We recommend the Commission comply with Chapter 6, Article 9A, Section 5, as amended, and Chapter 47, Article 12, Section 3(b), as amended, of the West Virginia Code.

AGENCY'S RESPONSE

The Real Estate Commission has always maintained detailed minutes of all of its meetings. In fact, the Commission has

maintained the official minutes of all of the meetings ever held, including the very first meeting held on May 22, 1937.

The Real Estate Commission is made up of three (3) members and has always conducted its business in an expeditious and evenhanded manner. Since 1937, when the Commission was created, the members have arrived at their decisions by consensus of the Commissioners.

Normally, the Commission meets once each month to transact its business. At each of these monthly meetings, the minutes of the preceding meeting are reviewed and approved. If any change is required to accurately reflect the activities of that meeting, the appropriate change is made. To formalize the approval of each months minutes, each Commissioner acknowledges their approval by placing their signature on the approval page. The fact that each Commissioner reads, reviews, and acknowledges their approval of the minutes indicates their concurrences as to the business transacted at each and every meeting.

Annual Increment

Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, states in part:

"Effective for the fiscal year beginning the first day of July, one thousand nine hundred eighty-five, every eligible employee with

three or more years of service shall receive an annual salary increase equal to thirty-six dollars times the employees' years of service, not to exceed twenty years of service. In each fiscal year thereafter and on the first day thereof, each such employee shall receive an annual increment increase of thirty-six dollars for such fiscal year:..."

Further, Attorney General's Opinion No. 37, dated June 27, 1990 states in part:

"...Considering that W. Va. Code 5-5-2 incremental increase constitutes part of an eligible state employee's regular pay for services previously rendered, any such employee has a statutory right to any accrued pro rata share of that increment owing but not due on his final day of employment. By entitlement to a pro rata share, it is meant that an employee who does not work an entire fiscal year is entitled to a fractional portion of the total increment to which the employee would have been entitled had he/she been employed during the entire fiscal year...."

During our audit, we noted an employee did not receive the prorated increment payment due her at the time of her termination with the Commission. The employee was hired by the Commission on August 8, 1989 and received her first increment on July 1, 1993. On July 16, 1993, she terminated her services with the Commission. While the Commission paid the employee for the balance of accrued annual leave, they overlooked paying her the fractional portion of the increment earned during the first half of

July. We calculated the employee's fractional portion (one-half month) of increment payment on four years of service (the number of years the employee would have been entitled had she been employed during the entire fiscal year). For the audit period, we found this employee was due and owed an increment of \$6.00.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, when calculating increment payments or fractional portions thereof. Also, we recommend the Commission take the necessary steps to compensate the aforementioned employee a total of \$6.00 due and owed her.

AGENCY'S RESPONSE

The audit report indicates that this Commission did not pay the prorated increment payment due an employee upon their resignation on July 16, 1993. The total amount due as indicated in the audit report is \$6.00. This is the same employee which the audit report states, in the "Annual and Sick Leave Accruals and Balances" section of the same report, was overcompensated upon her resignation for annual leave. If the Committee utilizes the amounts calculated by this Commission, the total overpayment to this individual is \$7.35.

Leave Usage

Section 15.05 of the Division of Personnel's Administrative Rule states:

"Suspected Leave Abuse: When an employee appears to have a pattern of leave abuse, including such frequent use of sick leave as to render the employee's services undependable, the appointing authority may request appropriate substantiation of the employee's claim for leave, for example, verification of an of an illness of less than three days. Prior written notice of the requirement for appropriate substantiation must be given to the employee."

We could not test the aforementioned section of the "Administrative Rule" because the Commission has not defined "a pattern of sick leave abuse". However, we believe this section may be subject to any interpretation and this condition could lead to extravagant use of sick leave. Also, we believe the particular section of the "Administrative Rule" may permit various interpretations on the part of management.

From our review of the Commission records, the employees with lower salaries took more sick leave than higher salaried employees. The average salary of all employees who accrue sick and annual leave at the Commission is \$27,491. The employees with salaries below the average salary took an average of 16.39 days of

sick leave per year. The employees with salaries above \$27,491 took an average of 12.28 days of sick leave per year.

Based on our analysis, employees with 10 to 15 years of service have the highest sick leave usage rate. These employees took a total of 132 days of sick leave, or an average of 28.80 days per year during the audit period. Employees with more than 15 years of service took the least amount of sick leave. These employees took 9.93 days of sick leave during our audit period, or an average of 1.44 days per year.

We performed a detailed analysis of the employees' sick leave usage which was verified based on the employee's word. We will refer to this sick leave as "integrity sick leave". We noted the Commission's employees used 228 days of sick leave costing approximately \$29,029 that was verified by the employee's integrity for the period of January 1, 1991 through December 31, 1995. Although there were no violations of the Department of Administration's Sick Leave Policy or the Division of Personnel's Rule, this amount of employee integrity leave may represent an extravagant use of sick leave. The days of sick leave used, which were based on the integrity of the employees, represented 70% of all sick leave (or 228 days), while 30% of the sick leave taken (or

100 days) was verified through some other source, in most cases physician's statements.

We recommend the Commission define what a pattern of sick leave abuse means in the "Administrative Rule" of the West Virginia Division of Personnel in order to minimize any extravagant use of sick leave and avoid any misunderstandings of sick leave abuse.

AGENCY'S RESPONSE

This Commission is staffed by a total of six (6) employees, one of which is the Executive Director who is responsible for the day-to-day operation of the Commission. The Executive Director is in a position to personally observe the leave usage of all Commission employees and to determine if an employee is abusing either annual or sick leave.

There is at least one important aspect that is missing from the audit report in regards to sick leave usage. During the audit period, one employee was on continuous sick leave for about a six (6) month period due to a life threatening illness. Without the benefit of the actual work papers used by the audit staff to compile this particular section of the report, it is believed that just this one instance would drastically skew the numbers because there are only six (6) employees at this Commission.

As specified in the audit report, "there were no violations of the Department of Administration's Sick Leave Policy or the Division of Personnel's Rule".

Equipment Inventory

Chapter 5A, Article 3, Section 36 of the West Virginia Code states in part:

"The director shall have the power and duty to: (1) Make and keep current an inventory of all removable property belonging to the State. Such inventory shall be kept on file in the office of the director as a public record...."

Although we found no equipment items were missing we noted the following items of equipment were never added to the Commission's inventory list:

| | | | |
|---|---|--------|--|
| 2 | - | 3178C | IBM Computers |
| 1 | - | 3274 | Control Unit to IBM 3270 Information Display System |
| 1 | - | 3268-2 | IBM Printer |

The date of purchase and cost of each item are unknown. Further, we learned the Commission is in the process of sending these items to the West Virginia State Agency for Surplus Property. The Executive Director was unable to tell us why these items had not been included in the Commission's inventory listing.

Also, we noted during the period of June 1, 1993 through June 30, 1995, the Commission had not properly identified by appropriate tagging the following items:

| <u>DATE PURCHASED</u> | <u>DESCRIPTION</u> | <u>COST</u> |
|-----------------------|--------------------------------|--------------------|
| 06/14/95 | 1 - Lot of Telephone Equipment | \$ 8,620.00 |
| 01/03/94 | 1 - Lot of Computer Equipment | 9,346.00 |
| 06/30/93 | 1 - Lot of Computer Equipment | 3,305.00 |
| 06/08/93 | 1 - Lot of Computer Equipment | <u>23,684.30</u> |
| | | <u>\$44,955.30</u> |

The three lots of computer equipment shown in the schedule above included six computers systems (processor/hard drive, keyboard, monitor, and mouse), one file server, and one laserjet printer. While the brand names of computers and the location of each computer were given on the respective WV-62 Added Property Form, we found identification tags only on the processor/hard drive of each computer system. The reason given by the Executive Director for not affixing an inventory tag to the peripherals of each computer system was that he saw each computer system as a unit, not as individual or unrelated pieces of computer equipment. The one lot of telephone equipment shown in the schedule purchased by the Commission on June 14, 1995, consisted of eight telephone units and three pieces of equipment making up the control unit for the telephone system. Of the 11 pieces of equipment making up the system, only one piece was identified with

a tag number. Again, the Executive Director told us he saw each telephone system as a unit, not as individual or unrelated pieces of telephone equipment requiring individual inventory tags.

Without accurate inventory records, the Commission will have no means to effectively manage their inventory. Further, any failure to properly tag newly purchased equipment with identification numbers increases the probability for equipment to be converted to personal use and inhibits the agency's ability to detect stolen equipment in a timely fashion. Without a complete and accurate listing being filed, the Director of the Purchasing Division cannot fulfill his duties under Chapter 5, Article 3, Section 36 regarding the maintenance of inventory.

Chapter 5A, Article 3, Section 35 of the West Virginia Code states in part:

"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."

During our audit, we learned the Commission had not filed the required annual inventory with the Director of the Purchasing Division of the West Virginia Department of Administration. The

Executive Director told us he was not aware of the provisions of aforementioned section of the Code. We believe this section of the Code not only requires an annual inventory to be filed with the Director of the Purchasing Division, but also an inventory of equipment be performed annually.

We recommend the Commission comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code.

AGENCY'S RESPONSE

The Commission has complied with the requirements of WV Code §5A-3-35.

Annual Report

Chapter 5, Article 1, Section 20 of the West Virginia Code, as amended, states in part:

"The subordinate officers of the executive department and the officers of all public institutions of the state shall make an annual report to the governor as soon as possible after the close of each fiscal year,..."

Our audit indicates the Commission had not filed an annual report with the Governor, since the end of fiscal year 1990. From a conversation with the Executive Director, he was not aware of the statutorial requirement contained in the law.

We recommend the Commission comply with Chapter 5, Article 1, Section 20 of the West Virginia Code, as amended.

AGENCY'S RESPONSE

The Commission has complied with the requirements of WV Code §5-1-20.

Seal of the Commission

Chapter 47, Article 12, Section 3 of the West Virginia Code, as amended, states in part:

"There shall be a commission known as the "West Virginia Real Estate Commission," which commission shall be a corporation...and shall have a common seal...."

Further, Section 4 of Title 174, Series 1 (the Legislative Rule and Administrative Regulations of the Commission) states in part:

"4.1. License Certificates.--The Commission shall issue to each licensee a license in such form and size as shall be prescribed by the Commission... Each license shall be imprinted with the seal of the Commission...."

From an inspection of licenses issued by the Commission, we noted the Commission was not in compliance with the aforementioned section of the Legislative Rule, in that the seal imprinted on the licenses issued by the Commission was the seal of the State of West Virginia, and not the seal of the West Virginia Real Estate Commission. We believe that, since the Commission is the issuing organization of the particular professional licenses and the

regulator of all activity involving the buying and selling of real estate in the State of West Virginia, the seal of the West Virginia Real Estate Commission should be imprinted on each license issued as required by the Legislative Rules.

We recommend the Commission comply with Title 174, Series I, Section 4 of the Legislative Rule.

AGENCY'S RESPONSE

The Commission will comply with the requirements of CSR §174-1-4, by replacing the seal of the State of West Virginia with the seal of the West Virginia Real Estate Commission on all licenses issued.

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

As a part of our examination, we reviewed and tested the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safe-

guarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal accounting control for the period July 1, 1986 to March 31, 1996 which was made for the purposes set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed conditions that we believe to be a weakness.

Unpaid Invoice

Our audit showed the Commission did not pay the West Virginia Legislative Computer Subscriber System the February 1995 access fee of \$120.00. The Subscriber System billed the Commission for a total of eight months of service from July 1, 1994 through February 28, 1995. When the Commission prepared the transfer document to pay this billing, they inadvertently paid a total of \$840.00 which represented seven months of service between July 1, 1994 and January 31, 1995. Therefore, the Commission's account with the Subscriber System remains \$120.00 in arrears because of the failure to pay the February 1995 billing.

We recommend the Commission pay the \$120.00 access fee for February 1995 and strengthen internal controls over payment of bills.

AGENCY'S RESPONSE

This Commission agrees that the Legislative Computer Subscriber System was underpaid in the amount of \$120.00 for the month of February, 1995. Eight monthly bills were received at the same time and inadvertently, only seven were paid. No notice was or has ever been received from the System indicating that the bill was unpaid.

It is this Commission understanding that the only way this bill can now be paid is if the legislative Computer Subscriber System files a Claim with the West Virginia Court of Claims. If the System files such a claim, this Commission would certainly admit the validity of the claim and do anything necessary to expedite the payment.

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of cash receipts, disbursements and changes in cash balance of the West Virginia Real Estate Commission for the period ended March 31, 1996 and the years ended June 30, 1995 and June 30, 1994. The financial statement is the responsibility of the management of the West Virginia Real Estate Commission. Our responsibility is to express an opinion on the financial statement based on our audit.


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

As described in Note A, the financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above represents fairly, in all material respect, the revenues collected and expenses paid of the West Virginia Real Estate Commission for the period ended March 31, 1996 and years ended June 30, 1995 and June 30, 1994 on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information is presented for the 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.

Sincerely yours,


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

August 5, 1996

Auditors: Michael E. Sizemore, CPA, Supervisor
Peter J. Maruish, Jr., CPA-Apprentice

WEST VIRGINIA REAL ESTATE COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE

| | <u>Period Ended</u> <u>March 31, 1996</u> | <u>Year Ended June 30,</u> | |
|--|--|----------------------------|---------------------|
| | | <u>1995</u> | <u>1994</u> |
| Cash Receipts: | | | |
| Licenses and Fees | \$156,830.00 | \$601,830.00 | \$406,005.00 |
| Disbursements: | | | |
| Personal Services | 142,440.00 | 158,345.00 | 127,187.04 |
| Annual Increment | 2,124.00 | 1,218.00 | 1,296.00 |
| Employee Benefits | 37,705.37 | 43,343.22 | 37,409.72 |
| Current Expenses | 69,526.60 | 90,070.03 | 84,769.32 |
| Equipment | 89.00 | 1,305.72 | 23,612.53 |
| Claims Against the State | 899.54 | 8,620.00 | 0.00 |
| | <u>252,784.51</u> | <u>302,901.97</u> | <u>274,274.61</u> |
| Cash Receipts (Under) Over Disbursement | (95,954.51) | 298,928.03 | 131,730.39 |
| Beginning Balance | <u>889,854.74</u> | <u>590,926.71</u> | <u>459,196.32</u> |
| Ending Balance | <u>\$793,900.23</u> | <u>\$889,854.74</u> | <u>\$590,926.71</u> |

See Notes to Financial Statement

WEST VIRGINIA REAL ESTATE COMMISSION

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed. Therefore, certain revenues and 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 the financial position and results of operations in conformity with generally accepted accounting principles.

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4.5% of their compensation and employees are vested under certain circumstances. The West Virginia Real Estate Commission matches contributions at 9.5% of the compensation on which employees made contributions. The Commission's pension expenditures were as follows:

| <u>Period Ended</u> | <u>Year Ended June 30,</u> | |
|-----------------------|----------------------------|--------------------|
| <u>March 31, 1996</u> | <u>1995</u> | <u>1994</u> |
| <u>\$13,714.58</u> | <u>\$15,177.48</u> | <u>\$12,205.88</u> |

SUPPLEMENTAL INFORMATION

WEST VIRGINIA REAL ESTATE COMMISSION
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

| | <u>Period Ended</u> | | |
|--|---------------------|----------------------------|---------------------|
| | <u>March 31,</u> | <u>Year Ended June 30,</u> | |
| | <u>1996</u> | <u>1995</u> | <u>1994</u> |
| <u>Personal Services - Fund 8635-001</u> | | | |
| Appropriations | \$267,332.00 | \$267,332.00 | \$264,332.00 |
| Supplemental Appropriations - Governor | 20,000.00 | 0.00 | 0.00 |
| | 287,332.00 | 267,332.00 | 264,332.00 |
| Expenditures | 142,240.00 | 158,545.00 | 127,187.04 |
| | 145,092.00 | 108,787.00 | 137,144.96 |
| Transmittals Paid After June 30 | 0.00 | 1,500.00 | 0.00 |
| Balance | <u>\$145,092.00</u> | <u>\$110,287.00</u> | <u>\$137,144.96</u> |
| <u>Annual Increment - Fund 8635-004</u> | | | |
| Appropriations | \$2,376.00 | \$2,124.00 | \$1,980.00 |
| Expenditures | 2,124.00 | 1,218.00 | 1,296.00 |
| | 252.00 | 906.00 | 684.00 |
| Transmittals Paid After June 30 | 0.00 | 0.00 | 0.00 |
| Balance | <u>\$252.00</u> | <u>\$906.00</u> | <u>\$684.00</u> |
| <u>Employee Benefits - Fund 8635-010</u> | | | |
| Appropriations | \$91,206.00 | \$91,206.00 | \$87,990.00 |
| Expenditures | 37,470.69 | 43,345.64 | 37,464.26 |
| | 53,735.31 | 47,860.36 | 50,525.74 |
| Transmittals Paid After June 30 | 0.00 | 1,355.21 | 232.26 |
| Balance | <u>\$53,735.31</u> | <u>\$49,215.57</u> | <u>\$50,758.00</u> |

WEST VIRGINIA REAL ESTATE COMMISSION
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 SPECIAL REVENUE

| | <u>Period Ended</u> | | |
|---|---------------------|----------------------------|---------------------|
| | <u>March 31,</u> | <u>Year Ended June 30,</u> | |
| | <u>1996</u> | <u>1995</u> | <u>1994</u> |
| <u>Unclassified - Account 8635-099</u> | | | |
| Appropriations | \$269,400.00 | \$212,400.00 | \$204,623.00 |
| Expenditures: | | | |
| Current Expenses | 63,306.01 | 91,997.48 | 75,797.89 |
| Equipment | 89.00 | 8,620.00 | 21,116.25 |
| Claims Against the State | <u>899.54</u> | <u>0.00</u> | <u>0.00</u> |
| | 64,294.55 | 100,617.48 | 96,914.14 |
| | 205,105.45 | 111,782.52 | 107,708.86 |
| Transmittals Paid After June 30 | <u>0.00</u> | <u>15,822.09</u> | <u>10,720.64</u> |
| Balance | <u>\$205,105.45</u> | <u>\$127,604.61</u> | <u>\$118,429.50</u> |
| <u>Claims Against the State - Fund 8632-319</u> | | | |
| Appropriations | \$899.54 | \$0.00 | \$0.00 |
| Expenditures | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| | 899.54 | 0.00 | 0.00 |
| Transmittals Paid After June 30 | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Balance | <u>\$899.54</u> | <u>\$0.00</u> | <u>\$0.00</u> |

WEST VIRGINIA REAL ESTATE COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

| <u>Cash Control - Account 8635-640</u> | <u>Period Ended</u> <u>March 31, 1996</u> | <u>Year Ended June 30,</u> <u>1995</u> | <u>1994</u> |
|--|--|---|----------------------------|
| Beginning Balance: | | | |
| State Treasury | \$889,854.74 | \$590,926.71 | \$459,196.32 |
| Cash Receipts: | | | |
| Licenses and Fees | <u>156,830.00</u> | <u>601,830.00</u> | <u>406,005.00</u> |
| TOTAL CASH TO ACCOUNT FOR | <u>\$1,046,684.74</u> | <u>\$1,192,756.71</u> | <u>\$865,201.32</u> |
| Disbursements: | | | |
| Personal Services | \$142,240.00 | \$158,545.00 | \$127,187.04 |
| Annual Increment | 2,124.00 | 1,218.00 | 1,296.00 |
| Employee Benefits | 37,470.69 | 43,345.64 | 37,464.26 |
| Current Expenses | 63,306.01 | 91,997.48 | 75,797.89 |
| Equipment | 89.00 | 8,620.00 | 21,116.25 |
| Claims Against State | <u>899.54</u> | <u>0.00</u> | <u>0.00</u> |
| | 246,129.24 | 303,726.12 | 262,861.44 |
| Add Transmittals Paid After June 30 | | | |
| Beginning and (Less Transmittals | | | |
| Paid After June 30 Ending) | | | |
| Personal Services | 200.00 | 0.00 | 0.00 |
| (Personal Services) | 0.00 | (200.00) | 0.00 |
| Employee Benefits | 234.68 | 232.26 | 177.72 |
| (Employee Benefits) | 0.00 | (234.68) | (232.26) |
| Current Expenses | 6,220.59 | 4,293.14 | 13,264.57 |
| (Current Expenses) | 0.00 | (6,220.59) | (4,293.14) |
| Equipment | 0.00 | 1,305.72 | 3,802.00 |
| (Equipment) | <u>0.00</u> | <u>0.00</u> | <u>(1,305.72)</u> |
| | <u>6,655.27</u> | <u>(824.15)</u> | <u>11,413.17</u> |
| | 252,784.51 | 302,901.97 | 274,274.61 |
| Ending Balance: | | | |
| State Treasury | <u>793,900.23</u> | <u>889,854.74</u> | <u>590,926.71</u> |
| TOTAL CASH ACCOUNTED FOR | <u>\$1,046,684.74</u> | <u>\$1,192,756.71</u> | <u>\$865,201.32</u> |


STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

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

Given under my hand this 17th day of November,

1996.



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 Real Estate Commission; Each member of the Commission; Attorney General; Governor; and, State Auditor.