

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA REAL ESTATE APPRAISER

LICENSING AND CERTIFICATION BOARD

FOR THE PERIOD

MARCH 10, 1990 - MARCH 31, 1995



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD
FOR THE PERIOD
MARCH 10, 1990 - MARCH 31, 1995

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance



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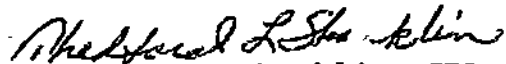
CHARLESTON, WEST VIRGINIA 25305

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 Appraiser Licensing and Certification Board.

Our examination covers the period March 10, 1990 through March 31, 1995. 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, 1995 and the years ended June 30, 1994 and June 30, 1993 are included in this report. The financial statements covering the period March 10, 1990 through June 30, 1992 are included in our audit workpapers.

Respectfully submitted,


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

TLS/tnt

WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

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WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

EXIT CONFERENCE

We held an exit conference on September 6, 1995 with the Executive Director of the West Virginia Real Estate Appraiser Licensing and Certification Board and all findings and recommendations were reviewed and discussed. The above official's responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks section of this report.

WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

INTRODUCTION

The West Virginia Real Estate Appraiser Licensing and Certification Board was created by Chapter 165 of the Acts of the Regular Session of the 1990 West Virginia Legislature and codified in Chapter 37, Article 14 of the West Virginia Code.

The Board consists of seven members. Each member is to be a resident of West Virginia. The members are appointed by the Governor with the advice and consent of the West Virginia State Senate. Two members of the Board shall be real estate appraisers and two shall be selected from financial institutions. The remaining three members "shall not be engaged in the practice of real estate appraisal, real estate brokerage or sales, or have any financial interest in such practices."

The offices of the West Virginia Real Estate Appraiser Licensing and Certification Board are located at Suite 101, 2110 Kanawha Boulevard, East, Charleston, West Virginia.

WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

BOARD MEMBERS AND SENIOR STAFF

MARCH 31, 1995

Board Members

Stephen M. Gagliardi Chairman
Wellsburg, WV

Virginia L. Shaw Secretary
Beckley, WV

Donald K. Mickey Member
Charles Town, WV

Harry Perkins Member
Frankford, WV

Patricia A. Sellers Member
Parkersburg, WV

David Thalheimer Member
Charleston, WV

Vacancy Member

Senior Staff

Si H. Galperin Executive Director
Charleston, WV

WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Use of Incorrect Fee Schedule

1. The Board charged licensing fees different from those authorized by the approved legislative rules and regulations during the period from July 1, 1992 through March 31, 1995.

We recommend the Board comply with Chapter 37, Article 14, Section 40 of the West Virginia Code and the approved rules and regulations covering the fee schedule.

AGENCY'S RESPONSE

The fees that have been charged by the Board have been less than what the rules state but are below the maximum cap established by statute. The Board will comply with the audit recommendation. (See pages 9 through 12)

Unauthorized Fees

2. The Board established an apprentice permit and an inactive status along with their respective fees by majority vote of the Board with no other force of law.

We recommend the Board comply with Chapter 37, Article 14, Section 28(c) of the West Virginia Code, as amended.

AGENCY'S RESPONSE

We will comply with the audit recommendation. (See pages 12 and 13)

Payment of Salary Before Services Were Rendered

3. The Board's staff included a part-time employee whose compensation was based on an estimate of hours worked during a pay period with adjustments in subsequent periods resulting in the employee being consistently underpaid or overpaid.

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

AGENCY'S RESPONSE

We have complied with the audit recommendation. (See pages 13 and 14)

Annual Increment For Part-Time Employees

4. A former part-time employee of the Board received \$252.00 in annual increment payments during the audit period through the implementation of a Division of Personnel Policy.

We recommend the Board comply with Chapter 5, Article 5, Section 1 of the West Virginia Code, as amended. Also, we recommend the Board seek reimbursement of the \$252.00 in annual increment payments incorrectly paid to the former part-time employee.

AGENCY'S RESPONSE

The Board will seek reimbursement of the \$252.00 of annual increment if directed to do so by the Postaudit Subcommittee; however, we believe our employees should not be treated differently than those of all other state agencies which

follow established policy of the Division of Personnel. (See pages 15 and 16)

Meal Reimbursements For Single Day Travel

5. We noted Board members and staff were reimbursed for meal expenses totaling \$321.92 during the audit period where the trips involved did not require an overnight stay (single day travel); however, these payments were not reported to these individuals on a Form W-2 (Employee Withholding Statement) or where appropriate, a Form 1099.

We recommend the Board comply with Chapter 11, Article 21, Section 72 of the West Virginia Code.

AGENCY'S RESPONSE

The Board will work with the appropriate agencies in order to comply with Chapter 11, Article 21, Section 72 of the West Virginia Code and all applicable Federal statutes. (See pages 16 through 18)

Unauthorized Petty Cash Fund and Late Deposits

6. The Board diverted miscellaneous cash receipts totaling \$77.30 to establish and replenish a petty cash fund which should have been deposited with the State Board of Investments. In addition, we determined \$1,050.00 of collections were not deposited timely and we could not determine whether an additional \$9,497.50 of collections were deposited timely.

We recommend the Board comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended. In addition, we recommend the Board end the use of the petty cash fund and deposit any remaining balance with the State Board of Investments.

AGENCY'S RESPONSE

We will comply with the audit recommendation regarding receipts and we have closed our petty cash fund. (See pages 18 through 20)

Lack of Time Sheets

7. The Board did not maintain time sheets for one employee who we believe is covered by the overtime law from March 1993 through March 1995 and time sheets for the former part-time employee did not fully meet the requirements of the West Virginia Labor Law.

We recommend the Board comply with Chapter 21, Article 5C, Section 5 of the West Virginia Code.

AGENCY'S RESPONSE

We are now in compliance with the audit recommendation. (See pages 20 and 21)

Inventory

8. Although the Board maintained an inventory of equipment, the Board did not file the inventory annually with the Director of the Purchasing Division. Also, the Board has inventory tags

on all equipment valued over \$100.00; however, the tags used do not conform to the specifications of the West Virginia State Property Handbook.

We recommend the Board comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code. Also, we recommend the Board comply with the provisions of Section 4B of the West Virginia State Property Handbook.

AGENCY'S RESPONSE

If directed by the Postaudit Subcommittee, the Board will use inventory tags available on state contract and submit a copy of our inventory to the Director of the Purchasing Division.

(See pages 21 through 23)

WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the West Virginia Real Estate Appraiser Licensing and Certification Board. The audit covered the period March 10, 1990 through March 31, 1995.

SPECIAL REVENUE ACCOUNT

All expenditures required for the general operations of the Board are made from the Special Revenue Operating Fund Number 8501, formerly Account Number 8557-16.

COMPLIANCE MATTERS

Chapter 37, Article 14 of the West Virginia Code generally governs the West Virginia Real Estate Appraiser Licensing and Certification Board. 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 as follows.

Use of Incorrect Fee Schedule

Chapter 37, Article 14, Section 40 of the West Virginia Code governs the fees charged by the Board for services and states in part:

"The board shall charge and collect appropriate fees annually for its services under this article. The fees charged by the board shall not exceed the amounts indicated below:

- (1) A license application fee of fifty dollars;
- (2) A license examination fee of fifty dollars;
- (3) A license fee of three hundred twenty-five dollars;
- (4) A delinquent license fee of an additional one hundred dollars;
- (5) A registration fee for temporary practice of one hundred dollars;
- (6) A certification application fee of seventy-five dollars;
- (7) A certification examination fee of fifty dollars;
- (8) A certification fee of five hundred twenty-five dollars;
- (9) A delinquent certification fee of an additional one hundred dollars;
- (10) The board may collect from individuals who perform or seek to perform appraisal transactions where required by federal law an annual registry fee in an amount to be set by regulation in order to enable the board to transfer the necessary fees to the federal financial institution examination council on an annual basis...."

Our examination showed the Board adopted legislatively-approved rules and regulations incorporating the statute. During the period under audit, the Board amended the rules and regulations covering fees twice for the purpose of adjusting fees within the parameters set by the Legislature. However, our audit showed the Board charged fees different than those authorized by the approved Legislative Rules and Regulations in Title 190, Series 2, Section 2.2 and Title 190, Series 3, Section 7.1, during the period July 1, 1992 through March 31, 1995.

Specifically, we noted that 12 appraisers made 33 different licensing payments to the Board during this period. We believe these 12 appraisers collectively underpaid their respective

fees by a total of \$2,703.41. The undercharges occurred because the Board believed they had the authority to authorize a lower fee than the respective fee stated in the approved rules and regulations through Board vote. We believe the Board is required by law to follow the fee schedule in the approved Legislative Rules and Regulations.

We recommend the Board comply with Chapter 37, Article 14, Section 40 of the West Virginia Code and the approved rules and regulations covering the fee schedule.

AGENCY'S RESPONSE

Chapter 37, Article 14, Section 40 of the West Virginia Code states that fees charged by the Board shall not exceed the amounts indicated below... that statutory provision is followed by a list of ten (10) fees of various amounts for various services. The statute allows the Board to charge fees other than the amounts listed in the statute as long as they are less than the amount listed. The Board promulgated legislative rules setting the fees for the same services as in the statute. The fees that have been charged by the Board have been less than what the rules state but are below the maximum cap established by statute. Statutory law prevails over legislative rule and therefore the Board was of the opinion that it had the discretion to charge a lower fee than the maximum allowed by statute regardless of the specified amount set in the legislative rule. However, the Board agrees to comply with Chapter 37, Article 14, Section 40 of the West Virginia Code and to amend its rules, as soon as possible, so that the fees charged by

the Board will be in compliance with both the West Virginia Code and the rules.

Unauthorized Fees

Chapter 37, Article 14, Section 28(c) of the West Virginia Code, as amended, states in part

"...The board is authorized to establish rules promulgated pursuant to the provisions of chapter twenty-nine-a [29A-1-1 et seq.] of this code classes or classifications of appraiser licensing not prohibited by applicable federal law...." (Emphasis Added)

Our audit revealed the Board established two classifications of permits along with their respective fees by majority vote of the Board with no other force of law. Specifically, the Board created an apprentice permit and an inactive status.

The apprentice permit was adopted in a set of emergency rules filed on May 28, 1993; however, the Secretary of State rejected a portion of those rules on July 2, 1993, including the apprentice permit on the basis that an emergency situation did not exist. However, the Board continued to issue apprentice permits and collect the \$100.00 fee. Later, the apprentice permit was established by legislatively approved rules and regulations effective April 1, 1994. Prior to April 1, 1994, \$2,800.00 in apprentice permit fees were collected by the Board. We believe the Board was not authorized to collect the apprentice permit before April 1, 1994.

Also, the Board created an inactive status at the November 20, 1991 meeting with an accompanying annual fee of \$25.00. However, the inactive status was not incorporated into

any legislatively approved rules and regulations nor mentioned in the applicable statutes. Accordingly, we believe the Board is not authorized to charge fees to register individuals under an inactive status. According to the Board's records, 42 real estate appraisers have elected to be placed on inactive status. We believe the Board was not authorized to collect the inactive status fee since its inception on November 20, 1991.

We recommend the Board comply with Chapter 37, Article 14, Section 28(c) of the West Virginia Code, as amended.

AGENCY'S RESPONSE

The Board agrees to comply with Chapter 37, Article 14, Section 28(c) of the West Virginia Code and to propose, as soon as possible, amendments to the rules which shall provide for an "Active Status" and an "Inactive Status" and for an inactive status fee.

Payment of Salary Before Services Were Rendered

Chapter 12, Article 3, Section 13 of the West Virginia Code 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 learned the Board's staff included a part-time employee and the compensation of this employee was based on an estimate of the hours to be worked during a pay period with corresponding adjustments during the following pay period. This practice resulted in the employee's pay routinely being less than or more than the actual compensation due because the employee was not paid in arrears.

Such part-time employees are to be paid for the hours actually worked and they are to be paid one pay period in arrears. The Executive Director told us he had spoken with an employee of the State Auditor's Office in early 1994, and received verbal approval to continue this payroll procedure; although, it was indicated to be technically incorrect.

We noted nine payroll periods between July 1, 1992 and February 14, 1995, where the former employee's pay did not agree with the compensation due based on the number of hours worked. Specifically, in six pay periods the former employee was overpaid a total of \$491.90 because she was paid for 55 more hours than she worked. While in three other pay periods, the former employee was underpaid by a total of \$77.22 because she was paid for 9.5 hours less than she worked. However, we were unable to calculate a total underpayment or overpayment of salary for the former employee because the employee took leave in several other pay periods and the employee's time sheets did not reflect the number of leave hours charged. Our review of subsequent events indicate the Board has changed the method used to compensate part-time employees.

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

AGENCY'S RESPONSE

The Board has changed the method by which it compensates part-time employees to comply with Chapter 12, Article 3, Section 13 of the West Virginia Code.

Annual Increment For Part-Time Employees

Chapter 5, Article 5, Section 1 of the West Virginia Code, as amended, which defines those employees who are eligible for annual increment payments, states in part,

"... "Eligible employee" means any regular full-time employee of the state or any spending unit thereof who is eligible for membership in any state retirement system of the state of West Virginia or other retirement plan authorized by the state..." (Emphasis Added)

Our audit shows a former part-time employee of the Board received annual increment payments totaling \$252.00 consisting of \$108.00 on July 30, 1993 and \$144.00 on July 29, 1994. The Executive Director indicated to us that they followed a Division of Personnel Policy which states in part,

"Definitions

A. Eligible Employee: Any permanent employee of the State or any spending unit, including any probationary or provisional employee having prior qualifying [service], whose position requires 12 months service per year or at least 1,040 hours service per year, and who are eligible for membership in any State retirement plan authorized by the State..."

This definition made the agency's part-time employee eligible for the payments under the Division of Personnel's policy; however, we believe the Division of Personnel's policy is not in compliance with Chapter 5, Article 5, Section 1 of the West Virginia Code.

We recommend the Board comply with Chapter 5, Article 5, Section 1 of the West Virginia Code, as amended. Also, we recommend the Board seek reimbursement of the \$252.00 in annual

increment payments incorrectly paid to the former part-time employee.

AGENCY'S RESPONSE

The Board believed it was mandated to provide an annual increment to all employees who met the eligibility requirements promulgated by the Division of Personnel. Ms. Barker was paid annual increments because she met the requirements established by the Division of Personnel. The Board does not think its employees who work at least 1,040 hours per year should be singled-out and considered ineligible to receive an annual increment when other state employees working an equivalent number of hours are considered eligible and, in fact, receive annual increments. If the Division of Personnel's policy is in non-compliance with the West Virginia Code, then the policy should be changed and enforced. Our employees should not be treated any differently than those of all other state agencies which follow established policy of the Division of Personnel. However, if it is the desire of the committee, the Board will seek reimbursement of the \$252 of annual increment paid to Ms. Barker.

Meal Reimbursements for Single Day Travel

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 each such employee... a written statement as prescribed by the tax commissioner showing the

amount deducted and withheld as tax, and such other information as the tax commissioner shall prescribe."

In accordance with the provisions of the Governor's Travel Regulations, both Board members and staff 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 W-2 (Employee Withholding Statement) or where appropriate, a Form 1099. Publication 334 of the Internal Revenue Service entitled "Tax Guide for Small Business (1994)" states on page 72 in Table 16-1 regarding deductible travel expenses,

"The cost of meals only if your business trip is overnight or long enough to require you to stop to get substantial sleep or rest. Includes amounts spent for food, beverages, taxes, and related tips."

Therefore, any reimbursements 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:

<u>Board</u> <u>Member</u>	<u>Meal Reimbursements For Single Day Trips</u>			
	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>Total</u>
#1	\$ 5.20	\$ 32.83	\$10.00	\$ 48.03
#2	5.20	25.79	11.25	42.24
#3	-0-	23.87	18.24	42.11
#4	12.00	33.26	-0-	45.26
#5	15.00	25.61	5.00	45.61
#6	-0-	14.18	7.50	21.68
#7	-0-	29.74	10.00	39.74
#8	20.80	-0-	-0-	20.80

<u>Employee</u>	<u>Meal Reimbursements For Single Day Trips</u>			
	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>Total</u>
#1	<u>11.45</u>	<u>5.00</u>	<u>-0-</u>	<u>16.45</u>
	<u>\$69.65</u>	<u>\$109.28</u>	<u>\$61.99</u>	<u>\$321.92</u>

We believe the Board should have reported these meal reimbursements as compensation to the respective Board members and employees.

We recommend the Board comply with Chapter 11, Article 21, Section 72 of the West Virginia Code.

AGENCY'S REPOSE

The Financial Accounting and Reporting Section of the Department of Administration generates 1099 reports required to be issued by the Board. The Payroll Section of the State Auditor's Office prepares W-2 forms for the Board's employees. The Board will work with these agencies in order to comply with Chapter 11, Article 21, Section 72 of the West Virginia Code and with all applicable Federal statutes.

Unauthorized Petty Cash Fund and Late Deposits

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

"The state board of investments shall have the authority to establish an imprest fund or funds in the office of any state agency or institution making proper application to the board."

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

"All officials and employees of the state authorized by statute to accept moneys due the state of West Virginia shall keep a daily itemized record of such 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."

Our examination showed the Board established and operated an unauthorized petty cash fund beginning January 1, 1994. The Board diverted miscellaneous cash receipts totaling \$77.30 to establish and replenish the fund which should have been deposited with the State Board of Investments. The Board's staff told us they were unaware of the statute governing imprest funds.

Also, we noted ten instances where monies collected from license fees totaling \$1,050.00 were not deposited with the State Board of Investments within 24 hours of receipt. Also, we noted 37 instances where we could not determine whether collections totaling \$9,497.50 were deposited within 24 hours of receipt because the Board did not maintain an itemized record of moneys collected as specified in Chapter 12, Article 2, Section 2(a) of the West Virginia Code, as amended. The Board's staff told us they were unaware of the statute governing the collection of monies. We were unable to determine the amount of interest which the State failed to earn because of the late deposits.

We recommend the Board comply with Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended. In addition, we recommend the Board end the use of the petty cash fund and deposit any remaining balance with the State Board of Investments.

AGENCY'S RESPONSE

The Board has closed its petty cash fund. A total of approximately \$77 was expended from the fund for which all expenses were accounted. The Board has received permission from the Board of Investments to establish an imprest fund. The Board feels it has done an excellent job in making over ninety percent (90%) of its deposits within twenty-four hours of receiving revenue. The Board agrees to keep a daily itemized record of all monies received and to make every effort to continue to comply with Chapter 12, Article 2, Section 2(a) of the West Virginia Code.

Lack of Time Sheets

Chapter 21, Article 5C, Section 5 of the West Virginia Code which specifies the records required to be kept by employers for employees subject to the Minimum Wage and Maximum Hour Law states,

"Every employer subject to the provisions of this article shall make or cause to be made, and shall keep and preserve at his place of business for a period of two years, a written record or records of the name and address of each of his employees as herein defined, his rate of pay, hours of employment, payroll deductions, and amount paid him for each pay period."

Our examination showed one employee of the Board did not maintain time sheets for the period from March 1993 through March 1995. The Executive Director told us no time sheets were maintained because the individual involved was a salary employee and not an hourly employee. However, we believe the employee is covered by the overtime law and time sheets are required.

Also, the time sheets for the Board's former part-time employee did not reflect the actual hours worked each day and the number of hours claimed for leave time in some instances. As a result, we could not determine the compensation which this former employee was due in several pay periods.

We recommend the Board comply with Chapter 21, Article 5C, Section 5 of the West Virginia Code.

AGENCY'S RESPONSE

The Board is now maintaining time sheets and agrees to comply with Chapter 21, Article 5C, Section 5 of the Code of West Virginia.

Inventory

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."

We learned during our audit the Board has not filed the required annual inventory with the Director of the Purchasing Division of the West Virginia Department of Administration. Upon inquiry, the Board's staff told us they had discussed this issue with representatives of the Purchasing Division and were informed the Board was not required to submit an annual inventory. While the Board did maintain a complete and accurate internal inventory, we believe the law requires an annual inventory to be performed and

filed with the Director of the Purchasing Division.

Also, Section 4B of the West Virginia State Property Handbook promulgated by the West Virginia State Agency for Surplus Property states in part,

"All reportable personal property owned by the State of West Virginia will be identified as such by the affixation of a property identification decal (tag) with an assigned Inventory Tag Number. The numbered tags are to be placed on all items of property/equipment in such a manner that it may be easily seen and read..."

We noted the Board had placed inventory tags on all pieces of equipment valued at over \$100.00; however, the Board does not utilize inventory tags which conform to the specifications set forth in Section 4B of the West Virginia State Property Handbook. The Board's staff told us they were not familiar with the provisions of the handbook.

We recommend the Board comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code. Also, we recommend the Board comply with the provisions of Section 4B of the West Virginia State Property Handbook regarding inventory tags.

AGENCY'S RESPONSE

The Board does maintain an inventory of all items costing over \$100 and has offered to send copies of it to the Division of Purchasing. However, the Board was informed by Joann Dunlap that the Division of Purchasing is not requiring state agencies to submit inventories at this time. The Board was unable to secure a copy of the West Virginia State Property Handbook because, according to staff at the Division of Purchasing and at the State

Agency for Surplus Property, the booklet is no longer published. The Board created the tags used to label its inventory. If the Board's inventory procedures and tags are unacceptable to the committee, the Board will use inventory tags available on state contract and will submit a copy of its inventory to the director of the Division of Purchasing.

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of revenues, expenditures and changes in cash balance of the West Virginia Real Estate Appraiser Licensing and Certification Board for the period ended March 31, 1995 and the years ended June 30, 1994 and June 30, 1993. The financial statement is the responsibility of the management of the West Virginia Real Estate Appraiser Licensing and Certification Board. Our responsibility is to express an opinion on the financial statement based on our audit.

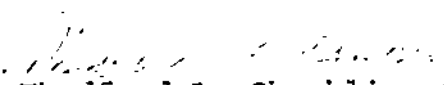
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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 presents fairly, in all material respects, the revenues collected and expenses paid of the West Virginia Real Estate Appraiser Licensing and Certification Board for the period ended March 31, 1995 and years ended June 30, 1994 and June 30, 1993 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 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,


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

June 13, 1995

Auditors: Michael E. Sizemore, CPA, Supervisor
Donna F. Simmers
Stanley D. Lynch

**WEST VIRGINIA REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET AND ACTUAL**

	<u>Period Ended March 31, 1995</u>		
			<u>(Over) Under</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Revenues:			
Fees and Licenses	\$172,000.00	\$173,548.35	(\$1,548.35)
Expenditures:			
Personal Services	74,987.00	49,124.15	25,862.85
Employee Benefits	23,000.00	14,091.84	8,908.16
Current Expenses	70,000.00	33,593.79	36,406.21
Repairs and Alterations	0.00	0.00	0.00
Equipment	10,500.00	3,319.04	7,180.96
Refunds	0.00	355.00	(355.00)
Transfer of Federal Registry Fees	<u>16,000.00</u>	<u>14,425.00</u>	<u>1,575.00</u>
	<u>194,487.00</u>	<u>114,908.82</u>	<u>79,578.18</u>
Revenues (Under) Over Expenditures	(22,487.00)	58,639.53	(81,126.53)
Beginning Balance	<u>275,000.00</u>	<u>285,648.00</u>	<u>(10,648.00)</u>
Ending Balance	<u>\$252,513.00</u>	<u>\$344,287.53</u>	<u>(\$91,774.53)</u>

See Notes to Financial Statement

<u>Year Ended June 30, 1994</u>			<u>Year Ended June 30, 1993</u>		
<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
\$179,375.00	\$218,078.75	(\$38,703.75)	\$140,800.00	\$250,018.67	(\$109,218.67)
67,536.00	64,297.45	3,238.55	67,464.00	51,615.57	15,848.43
21,730.00	18,344.72	3,385.28	19,175.00	13,609.21	5,565.79
83,250.00	57,187.54	26,062.46	72,050.00	57,441.54	14,608.46
0.00	0.00	0.00	7,000.00	0.00	7,000.00
21,100.00	18,639.80	2,460.20	0.00	4,197.44	(4,197.44)
0.00	3,030.00	(3,030.00)	0.00	1,180.00	(1,180.00)
0.00	0.00	0.00	0.00	0.00	0.00
<u>193,616.00</u>	<u>161,499.51</u>	<u>32,116.49</u>	<u>165,689.00</u>	<u>128,043.76</u>	<u>37,645.24</u>
(14,241.00)	56,579.24	(70,820.24)	(24,889.00)	121,974.91	(146,863.91)
<u>200,000.00</u>	<u>229,068.76</u>	<u>78,025.09</u>	<u>90,000.00</u>	<u>107,093.85</u>	<u>(17,093.85)</u>
<u>\$185,759.00</u>	<u>\$285,648.00</u>	<u>\$7,204.85</u>	<u>\$65,111.00</u>	<u>\$229,068.76</u>	<u>(\$163,957.76)</u>

WEST VIRGINIA REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed. 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.

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employee contributions are 4% of this compensation and employees are vested under certain circumstances. The West Virginia Real Estate Appraiser Licensing and Certification Board matches contributions at 9% of the compensation on which the employee made contributions. The West Virginia Real Estate Appraiser Licensing and Certification Board's pension expenditures were as follows:

<u>Period Ended</u>	<u>Year Ended June 30,</u>	
<u>March 31, 1995</u>	<u>1994</u>	<u>1993</u>
<u>\$4,794.22</u>	<u>\$6,027.70</u>	<u>\$4,790.61</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND

CHANGES IN CASH BALANCE

<u>Appraiser Licensing and Certification Board</u> <u>8501-640 (Account 8557-16)</u>	<u>Period Ended</u> <u>March 31, 1995</u>	<u>Year Ended June 30,</u>	
		<u>1994</u>	<u>1993</u>
Cash Receipts:			
License Fees/Federal Registry Fees	\$173,548.35	\$216,388.75	\$246,868.67
Registration Fees (Exams)	0.00	1,690.00	3,150.00
	<u>173,548.35</u>	<u>218,078.75</u>	<u>250,018.67</u>
Disbursements:			
Personal Services	49,124.15	64,297.45	51,615.57
Employee Benefits	14,091.84	18,344.72	13,609.21
Current Expenses	33,593.79	43,387.54	44,291.54
Repairs and Alterations	0.00	0.00	0.00
Equipment	3,319.04	18,639.80	4,197.44
Refunds	355.00	3,030.00	1,180.00
Transfer of Federal Registry Fees	<u>14,425.00</u>	<u>13,800.00</u>	<u>13,150.00</u>
	<u>114,908.82</u>	<u>161,499.51</u>	<u>128,043.76</u>
Cash Receipts Over Disbursements	58,639.53	56,579.24	121,974.91
Beginning Balance	<u>285,648.00</u>	<u>229,068.76</u>	<u>107,093.85</u>
Ending Balance	<u>\$344,287.53</u>	<u>\$285,648.00</u>	<u>\$229,068.76</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 18th day of September,
1995.

Thedford L. Shanklin

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 Appraiser Licensing and Certification Board; Each member of the Board; Attorney General; Governor; and, State Auditor.