A Proposal to Serve



Department of Administration Purchasing Division 2019 Washington Street East Charleston, WV 25305-0130

by

Hayflich Grigoraci

Certified Public Accountants | Business Advisors

8 Stonecrest Drive Huntington, WV 25701



07/07/14 10:09:02AM West Virginia Purchasing Division



PROPOSAL TO PROVIDE PROFESSIONAL SERVICES TO

WorkForce West Virginia

Table of Contents

Our Preliminary Understanding of Your Needs	1
Our Experience Serving the Governmental & Nonprofit Industries	3
Why WorkForce West Virginia Should Choose Hayflich Grigoraci PLLC	7
Your Client Service Team	9
Pricing Page	12
Peer Review Report	14

Attachments

Vendor Preference Certification

Purchasing Affidavit

Certification and Signature Page

Addendum Acknowledgement Form



Our Preliminary Understanding of Your Needs:

WorkForce West Virginia's immediate goal is to comply with statutory reporting obligations during the forthcoming year. With your approval, our immediate focus will be on the following:

Audit Services

For the year ending June 30, 2014, we will provide audit services in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

The completed audit package for WorkForce West Virginia will include the following:

- Independent auditors' report
- Complete set of financial statements, including notes
- Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards
- Schedule of findings and responses
- Auditors' communication with those charged with governance



Timing of Work:

It is our goal to complete engagements in a timely and efficient manner with as little disruption as possible to the client's routine. Thus our schedule for performing the audit will be dependent upon your schedule and availability. To achieve maximum efficiency, we will strive to avoid starting our work before you and your staff are fully prepared, but yet allow for sufficient time to complete the audit before the established due dates. Assuming standard lead time, we would anticipate a schedule as follows:

- By July 31, 2014 Entrance conference and Interim fieldwork wherein we would review WorkForce West Virginia's systems and perform transaction testing.
- August 14, 2014 Detailed audit plan along with a "Prepared By Client Schedule" wherein we will list the various schedules and analyses that we will need from you to complete our audit will be provided.
- August 20, 2014 Annual fieldwork will begin.
- By August 27, 2014 Draft of reports and financial statements will be ready.
- By September 4, 2014 Submission of a draft of the financial statements to management with all requested changes and modifications.
- By September 15, 2014 Draft of the financial statements will be submitted to the Financial Accounting and Reporting Section (FARS) and the Executive Director of WORKFORCE West Virginia and Director of FAM.
- By October 14, 2014 Final draft with all modifications will be submitted to management for final review.
- By October 20, 2014 Final signed report will be submitted to WORKFORCE West Virginia and FARS.

We will work with you in adjusting this schedule to meet your time requirements.



Our Experience Serving the Governmental& Nonprofit Industries:

Audits & Examinations in accordance with Government Auditing Standards:

- West Virginia Division of Highways
- Glenville State College
- Marshall University (under contract to Deloitte & Touche)
- Marshall University Research Corporation
- West Virginia State University
- West Virginia State University Research & Development
- Shepherd University
- Sistersville General Hospital (city-owned critical access hospital)
- Braxton County Memorial Hospital (city-owned critical access hospital)
- Office of Accountability and Management Reporting West Virginia Department of Health and Human Resources

Audits in accordance with *Government Auditing Standards* and OMB Circular A-133 (Single Audits):

- West Virginia Department of Transportation
- West Virginia State Rail Authority
- City of Point Pleasant Housing Authority
- City of Parkersburg Housing Authority
- Valley Health Systems, Inc.
 - Community Health Centers
 - Health Care for the Homeless
 - Special Supplemental Nutrition Program for Women, Infants and Children
- Grant Medical Center, Inc.
- Wayne Health Services, Inc.
- Harts Health Clinic, Inc.
- Fort Gay Primary Health Care, Inc.
- Upper Kanawha Health Association, Inc.
- Ouch, Inc
- Monroe County Health Services, Inc.
- Prestera Center for Mental Health Services, Inc.
 - Substance Abuse Prevention and Treatment Block Grant
 - o Region II Mental Health Initiative
 - Treatment Access for Rural Populations
 - Aftercare Transitional Services for Juveniles
- West Virginia Department of Education
 - Vocational Education



- o Title I
- o Child Nutrition Cluster
- Office of Special Education
- West Virginia Division of Rehabilitation Services
 - Rehabilitation Services Vocational Rehabilitation
- West Virginia Division of Emergency Management
 - Hazard Mitigation
- West Virginia Development Office
 - Community Development Block Grant
- Appalachian Supplements to Federal Grant-in-Aid

Other governmental attestation engagements:

- Mildred Mitchell Bateman, compilation of year-end Medicare and Medicaid cost reports.
- William R. Sharpe, Jr., compilation of year-end Medicare and Medicaid cost reports.
- Welch Community Hospital, compilation of year-end Medicare and Medicaid cost reports.
- Ohio Department of Job and Family Services (in conjunction with the Ohio Auditor of State) – 120 agreed-upon procedures engagements performing reviews of Medicaid cost reports for long-term care nursing facilities.
- Maryland Medicare Part A Intermediary Limited-scope desk and field audits of the Medicare cost reports of 25 end-stage renal disease (ESRD) dialysis facilities.



Additional Resources:



Hayflich Grigoraci CPA's, PLLC is an independent member of the BDO Seidman Alliance of Accounting Firms. The BDO Seidman Alliance is a nationwide association of independently owned local and regional accounting, consulting, and service firms with similar service goals. The Alliance presents an opportunity for member firms, by accessing the resources of BDO Seidman, LLP and other Alliance members, to expand services to their clients without jeopardizing their existing relationship or autonomy.

With over 2,000 clients in the non-profit sector within BDO Seidman, LLP and its Alliance firms, our team of professionals offers the hands-on experience and technical skill you can rely upon to serve the distinctive needs of your Organization. Whether from the 250+ other independent CPA firm Alliance members or directly from BDO Seidman, LLP, we have capabilities equal to any CPA firm.



Hayflich & Grigoraci CPA's, PLLC is a member firm in good standing of the AICPA Employee Benefit Plan Audit Quality Center. The Center is a firm-based voluntary membership center for firms that audit employee benefit plans.



References:

Mr. Jeffrey L. Bush, CPA
Office Director
Office of Accountability and Management Reporting
West Virginia Department of Health and Human Resources
I Davis Square, Suite 304
Charleston, WV 25301
304-558-2587

David M. Ward, CPA, Senior VP Cabell Huntington Hospital, Inc. 1340 Hal Greer Boulevard Huntington, WV 25701 (304) 526-2052

Rick Bozeman, CFO American Foundation for the Blind 1000 5th Avenue, Suite 275 Huntington, WV 25701 (304) 710-3021

Tom Denbow, CMPE Holzer Clinic, Inc. 90 Jackson Pike Gallipolis, OH 45631-1562 (740) 446-5712

Mr. Richard G. Weinberger, CPA Chief Financial Officer Valley Health Systems, Inc. 2585 Third Avenue Huntington, WV 25703 (304) 525-3334



Why the WorkForce West Virginia Should Choose Hayflich Grigoraci PLLC:

Who We Are:

Hayflich is a full-service regional accounting firm with offices located in Huntington and Charleston, West Virginia. Our clients conduct business nationwide and internationally. They range in size from small businesses to multi-million dollar enterprises and are located in West Virginia, Ohio, Kentucky, Maryland, Virginia, North Carolina, Tennessee, Pennsylvania, Indiana, Arizona, Texas, Florida and Washington D.C.

We are organized departmentally, in a manner conducive to making the highly specialized abilities of the firm's members available to all clientele. Considering the complexity of business today, a blend of several specialists is often required to handle an engagement properly. The professionals we commit to an engagement not only have the necessary training and experience, but also a results-oriented attitude.

The size of Hayflich is important to our clients for two reasons, the firm is small enough so that our partners can maintain an intimate knowledge of our clients' businesses and needs; second the firm is large enough to have specialists available in the various disciplines of the profession; accounting, auditing, income tax, management consulting, retirement planning and administration, business valuation, and estate planning services.

At the present time, Hayflich is staffed as follows:

	Audit &		Other		
	Accounting	Tax	Specialties	Support	Total
Partners	2	3			5
Managers	5	5	2	1	13
Professional staff	7	6	1		14
Para-professional		1		1	2
Office support			1	5	6
Total	14	15	4	7	40

As the needs arise, we can draw on the expertise available from BDO Seidman LLP and our Alliance members to assist with new or unusual issues. This strategic alliance increases the depth and breadth of services and expertise Hayflich is able to offer the Corporations.



Quality Control:

Our firm is a member of the Private Companies Practice Section of the Division of CPA firms. We are proud of the membership requirements, including the review requirement. Each three years we undergo a peer review under guidelines issued by the American Institute of Certified Public Accountants Review Team, which studies and evaluates our firm's policies and procedures for maintaining quality in accounting and auditing work. We are proud to be one of the firms in this area to have undergone this review for several years and to have received an unqualified opinion for each review.

A copy of our latest peer review report accompanies this proposal.

Maintaining Our Expertise:

All professional personnel are periodically evaluated for technical competence and are tested as to their potential leadership qualities and aptitude. Training is accomplished through outside professional development programs and internal training programs. On the job training is enhanced by the active participation of our partners in the planning, review and problem solving phases of our work. Recruiting and retention of topflight staff personnel is made easy by knowledge that our staff will be working on a direct inter-relationship basis with our partners.



Your Client Service Team:

Choosing the right professionals to serve you is a critical element of success. In selecting your service team, we reviewed carefully our understanding of your needs, as well as your plans, and identified the people whose credentials are ideal for you. Following is the team that will be assigned to WorkForce West Virginia:



Robert C. Fuller, CPA
Partner – Assurance, Accounting & Business Taxation

- Member American Institute of Certified Public Accountants
- Member West Virginia Society of Certified Public Accountants
- Member Healthcare Financial Management Association

Mr. Fuller will serve as the engagement partner for the engagement. He will work closely with the engagement staff on a day to day basis to ensure a timely and accurate completion of the engagement. He will also perform a detailed review of all work performed by staff members and senior staff.

Mr. Fuller has been with HAYFLICH since 1996. He is a 1990 graduate of Marshall University, and also performed accounting work post-graduation at the University of Kentucky.

Mr. Fuller has extensive experience in the performance, management, and review of audited financial statements for wholesale, manufacturing, retail, governmental, not-for-profit, private foundations and hospital and education clients. He also has experience in audits of employee benefit plans and audits requiring compliance with OMB Circular No. A-133. His experience also includes the performance of traditional accounting engagements, such as reviews and compilations, as well as the preparation and review of federal, state, and local income tax returns for business entities and individuals.





Richard A. (Rick) Eskins, CPA, CVA, FHFMA, CGFM Director – Healthcare & Government

- Member American Institute of Certified Public Accountants
- Member West Virginia Society of Certified Public Accountants
- Member National Association of Certified Valuation Analysts
- Member Healthcare Financial Management Association
- Member Association of Government Accountants

Mr. Eskins will serve as your engagement director. He will manage all aspects of the audit and be the primary contact for you and your staff. He will be present throughout the audit fieldwork.

Mr. Eskins has been with HAYFLICH since 1978, shortly after graduating from Marshall University. During his tenure with HAYFLICH he has worked almost exclusively with governmental industry clients.

Mr. Eskins is a certified public accountant, a certified valuation analyst, a fellow in the Healthcare Financial Management Association, and a certified government financial manager. He is involved in the organizations supporting these certification credentials and maintains the continuing professional education required by the respective organizations, as well as the continuing education requirements set out in *Government Auditing Standards*.



J. Michael (Mike) Hager, CPA, CFE Senior Manager – Assurance and Accounting

- Member American Institute of Certified Public Accountants
- Member West Virginia Society of Certified Public Accountants
- Member Association of Certified Fraud Examiners

Mr. Hager has been associated with Hayflich since 2004. Mike graduated from Marshall University in 2003 with a Bachelor of Business Administration. In addition to being a Certified Public Accountant, he is also a Certified Fraud Examiner.

Mike serves the firm in the performance, management, and review of audited financial statements for wholesale, manufacturing, construction, retail, governmental, not-for-profit, and college and university clients. He also has experience in audits requiring compliance with OMB Circular A-133. Mike's experience also includes the performance of traditional accounting engagements, such as reviews and compilations, as well as the preparation and review of federal, state, and local income tax returns for business entities.





Stacy L. DeRossett, EA Audit Senior

Stacy DeRossett will serve as the senior on the engagement. She will supervise the audit fieldwork procedures, prepare various account analyses, and supervise the assistants.

Stacy has been associated with Hayflich since February of 2009. She is a 1998 honors graduate of Morehead State University. She has over 10 years experience in public accounting and the banking/financial services industries.

Stacy's experience includes the performance of traditional accounting and auditing engagements for governmental and nonprofit organizations and audits requiring compliance with OMB Circular A-133. She also has extensive experience in the planning and conducting county and local independent school board audits.

Stacy's continuing professional education focuses on governmental, not-for-profit, and the financial institution industry. Her coursework includes courses designed to meet the continuing education requirements of Government Auditing Standards.



Charles A. (Alex) Peach, CPA Senior Accountant

- Member American Institute of Certified Public Accountants
- Member West Virginia Society of Certified Public Accountants

Mr. Peach has been associated with Hayflich since 2011. Alex graduated from Marshall University in 2010 with a Bachelor of Business Administration. Alex's experience includes the performance of traditional accounting and auditing engagements for wholesale, manufacturing, governmental, not-for-profit, and college and university clients. He also has experience in audits of employee benefit plans and audits requiring compliance with OMB Circular A-133.

We anticipate that the above-listed engagement team members will serve on a full-time basis. Other staff members will serve as needed and potentially on a part-time basis.

	STATE OF WEST VIRGINIA				-						
	WORKFORCE WEST VIRGINIA WWV14869	make a second communication and a second communi	310								
	Exhibit A - Pricing Page										
DELIVERABLES	9 × 30 × 10 × 10 × 10 × 10 × 10 × 10 × 10	Estimated Haves		I							
PHASE I	Estimated Hours Hourly Rate										
	Entrance Conference										
	Detailed audit plan	4			40						
	Draft of WORKFORCE West Virginia Reports and financial statements for review	15			1,50						
		120	100	12	2,00						
	TOTAL PHASE I			\$ 13	3,90						
PHASE II	EII										
	Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial										
	statements for review	400		l go							
	Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of	100	100	\$ 10	0,00						
	Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	20	4.00								
			100	2	2,00						
DUACE III	TOTAL PHASE II			\$ 12	2 00						
PHASE III				3 12	2,00						
	Unsigned final draft with all modifications to WORKFORCE West Virginia management for final review	50	100								
	Final signed report submitted to WORKFORCE West Virginia and FARS	15	100 100		5,00						
	TOTAL PHASE III				1,500 5,500						
Hourly Services	Phase Total = PHASE I + PHASE III			\$ 32.	2,40						
	Rate per hour for accounting, auditing, and consulting services	10	100		,00						
-	Hourly Services Total				,000						
	Grand Total (Total Hourly Services + Total Phase)				,400						
OURS SHOWN ARE A	N ESTIMATATION AND IS FOR AWARD PURPOSES ONLY.										
WARD WILL BE BASE	D ON GRAND TOTAL, HOWEVER THE COST OF THE HOURS WILL BE ACTUAL PAYMENT AND THOSE HOURS ARE NOT GUARANTEED.				-						
endor may requ	est payment pursuant to the following schedule:				-						
First payment shall b	e 25% of the grand total and can be submitted upon completion of Phase I identified in the above table.			POWER DESIGNATION OF THE PARTY							
Second payment sha	I be 25% of the grand total and can be submitted upon completion of Phase II identified in the above table.										
Third payment shall b	pe 50% of the grand total and can be submitted upon completion of Phase II identified in the above table.				-						
	The same of the sa										
					-						
ORKEORCE West Visain	ia requires that the accounting firm be available to assist with accounting issues and new reporting requirements as they arise on an as-needed basis. The biting and auditing consulting services. The total cost submitted for bid must include all travel and out-of-pocket expenses.										



Fee Inclusions and Assumptions:

The total cost of your engagement is subject to the timely and accurate completion of the information we request be prepared by your personnel. If the information is not presented timely or accurately, we will advise you and not proceed on your engagement until the information has been submitted or corrected

Our charges for any other agreed upon services will be agreed to by you in writing before we incur charges and will be billed to you separately.

Thank you for the opportunity to provide professional services for WorkForce West Virginia

We will dedicate a staff of professionals to your engagement that will allow us to both meet and exceed your expectations related to the quality and timely delivery of your audit reports. Our proposal illustrates our qualifications, highlights our desire to work with the corporations, and allows for the professional time required to assist the organization in achieving its goals.

Should you have any questions or wish to discuss this proposal further, please contact Robert C. (Rob) Fuller or J. Michael (Mike) Hager at 304-697-5700.

Very truly yours,

Hayflich Grigoraci PLLC July 3, 2014



SYSTEM REVIEW REPORT

September 26, 2013

To the Shareholders of Hayflich Grigoraci PLLC and the WV Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Hayflich Grigoraci PLLC (the firm) in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Hayflich Grigoraci PLLC in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Hayflich Grigoraci PLLC has received a peer review rating of pass.

Olsen Thielen + Co., L+D.

Olsen Thielen & Co., Ltd.

2675 Long Lake Road, St. Paul, Minnesota 55113-1117 651 483 4521 FAX 651 483 2467 300 Prairie Center Drive, Ste. 300, Minneapolis, Minnesota 55344-7908 952 941 9242 FAX 952 941 0577





State of West Virginia Department of Administration Purchasing Division 2019 Washington Street East Post Office Box 50130 Charleston, WV 25305-0130

RFQ COPY
TYPE NAME/ADDRESS HERE
HAYFLICH & STEINBENL ORS DBA
HAYFLICH GLICOMACI PULC
8 STONE CLESS DR
HUNTINGTON, UN 2570

Solicitation

SH

NUMBER WWV14869

PAGE 1

ADDRESS CORRESPONDENCE TO ATTENTION OF

BETH COLLINS 304-558-2157

WORKFORCE WEST VIRGINIA OFFICE OF ADMIN. SUPPORT-5302

112 CALIFORNIA AVENUE CHARLESTON, WV 25305-0112 304-558-2631

DATE PRINTED 06/04/2014 BID OPENING DATE: 07/10/2014 BID OPENING TIME 1:30PM CAT. LINE QUANTITY UOP ITEM NUMBER UNIT PRICE **AMOUNT** 0001 S 946-20 \$33,400.00 AUDITING SERVICES REQUEST FOR QUOTATION (RFQ) THE WEST VIRGINIA PURCHASING DIVISION FOR THE AGENCY, WORKFORCE WEST VIRGINIA, IS SOLICITING BIDS FOR AN PPEN-END CONTRACT FOR AUDITING OF AGENCY FINANCIAL STATEMENTS PER THE ATTACHED SPECIFICATIONS. THIS IS THE END OF REQ WWV14\$69 ***** TOTAL:

GNATURE ACT OF SA

304 (97-5700

DATE 7/3/2014

ADDRESS CHANGES TO BE NOTED ABOVE

MEN DESPONDING TO SOLICITATION OF THE PROPERTY OF THE PROPERTY

INSTRUCTIONS TO VENDORS SUBMITTING BIDS

- 1. REVIEW DOCUMENTS THOROUGHLY: The attached documents contain a solicitation for bids. Please read these instructions and all documents attached in their entirety. These instructions provide critical information about requirements that if overlooked could lead to disqualification of a Vendor's bid. All bids must be submitted in accordance with the provisions contained in these instructions and the Solicitation. Failure to do so may result in disqualification of Vendor's bid.
- 2. MANDATORY TERMS: The Solicitation may contain mandatory provisions identified by the use of the words "must," "will," and "shall." Failure to comply with a mandatory term in the Solicitation will result in bid disqualification.

PREE	BID MEETING: The item identified below shall apply to this Solicitation.									
\bigcirc	A pre-bid meeting will not be held prior to bid opening.									
	A NON-MANDATORY PRE-BID meeting will be held at the following place and time:									
	A MANDATORY PRE-BID meeting will be held at the following place and time:									

All Vendors submitting a bid must attend the mandatory pre-bid meeting. Failure to attend the mandatory pre-bid meeting shall result in disqualification of the Vendor's bid. No one person attending the pre-bid meeting may represent more than one Vendor.

An attendance sheet provided at the pre-bid meeting shall serve as the official document verifying attendance. The State will not accept any other form of proof or documentation to verify attendance. Any person attending the pre-bid meeting on behalf of a Vendor must list on the attendance sheet his or her name and the name of the Vendor he or she is representing. Additionally, the person attending the pre-bid meeting should include the Vendor's E-Mail address, phone number, and Fax number on the attendance sheet. It is the Vendor's responsibility to locate the attendance sheet and provide the required information. Failure to complete the attendance sheet as required may result in disqualification of Vendor's bid.

All Vendors should arrive prior to the starting time for the pre-bid. Vendors who arrive after the starting time but prior to the end of the pre-bid will be permitted to sign in, but are charged with knowing all matters discussed at the pre-bid.

Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting are preliminary in nature and are non-binding. Official and binding answers to questions will be published in a written addendum to the Solicitation prior to bid opening.

4. VENDOR QUESTION DEADLINE: Vendors may submit questions relating to this Solicitation to the Purchasing Division. Questions must be submitted in writing. All questions must be submitted on or before the date listed below and to the address listed below in order to be considered. A written response will be published in a Solicitation addendum if a response is possible and appropriate. Non-written discussions, conversations, or questions and answers regarding this Solicitation are preliminary in nature and are non-binding.

Question Submission Deadline: June 23, 2014 at 5:00 PM, EST

Submit Questions to: Beth A. Collins, Senior Buyer

2019 Washington Street, East Charleston, WV 25305 Fax: (304) 558-4115

(Vendors should not use this fax number for bid submission)

Email: beth.a.collins@wv.gov

- 5. VERBAL COMMUNICATION: Any verbal communication between the Vendor and any State personnel is not binding, including that made at the mandatory pre-bid conference. Only information issued in writing and added to the Solicitation by an official written addendum by the Purchasing Division is binding.
- 6. BID SUBMISSION: All bids must be signed and delivered by the Vendor to the Purchasing Division at the address listed below on or before the date and time of the bid opening. Any bid received by the Purchasing Division staff is considered to be in the possession of the Purchasing Division and will not be returned for any reason. The Purchasing Division will not accept bids, modification of bids, or addendum acknowledgment forms via e-mail. Acceptable delivery methods include hand delivery, delivery by courier, or facsimile. The bid delivery address is:

Department of Administration, Purchasing Division 2019 Washington Street East Charleston, WV 25305-0130

	The bid should contain the information listed below on the face of the envelope or the bid may not be considered:
	SEALED BID:
	BUYER:
	SOLICITATION NO.:
	BID OPENING DATE:
	BID OPENING TIME:
	FAX NUMBER:
	In the event that Vendor is responding to a request for proposal, the Vendor shall submit one original technical and one original cost proposal plus convenience copies of each to the Purchasing Division at the address shown above. Additionally, the Vendor should identify the bid type as either a technical or cost proposal on the face of each bid envelope submitted in response to a request for proposal as follows:
	BID TYPE: Technical Cost
7.	BID OPENING: Bids submitted in response to this Solicitation will be opened at the location identified below on the date and time listed below. Delivery of a bid after the bid opening date and time will result in bid disqualification. For purposes of this Solicitation, a bid is considered delivered when time stamped by the official Purchasing Division time clock.
	Bid Opening Date and Time: July 10, 2014 at 1:30 PM, EST
	Bid Opening Location: Department of Administration, Purchasing Division 2019 Washington Street East Charleston, WV 25305-0130
8.	ADDENDUM ACKNOWLEDGEMENT: Changes or revisions to this Solicitation will be made by an official written addendum issued by the Purchasing Division. Vendor should acknowledge receipt of all addenda issued with this Solicitation by completing an Addendum Acknowledgment Form, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.
9.	BID FORMATTING: Vendor should type or electronically enter the information onto its bid to prevent errors in the evaluation. Failure to type or electronically enter the information may result in bid disqualification.

GENERAL TERMS AND CONDITIONS:

- CONTRACTUAL AGREEMENT: Issuance of a Purchase Order signed by the Purchasing Division
 Director, or his designee, and approved as to form by the Attorney General's office constitutes
 acceptance of this Contract made by and between the State of West Virginia and the Vendor. Vendor's
 signature on its bid signifies Vendor's agreement to be bound by and accept the terms and conditions
 contained in this Contract.
- DEFINITIONS: As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.
 - 2.1 "Agency" or "Agencies" means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.
 - 2.2 "Contract" means the binding agreement that is entered into between the State and the Vendor to provide the goods and services requested in the Solicitation.
 - 2.3 "Director" means the Director of the West Virginia Department of Administration, Purchasing Division.
 - 2.4 "Purchasing Division" means the West Virginia Department of Administration, Purchasing Division.
 - 2.5 "Purchase Order" means the document signed by the Agency and the Purchasing Division, and approved as to form by the Attorney General, that identifies the Vendor as the successful bidder and Contract holder.
 - **2.6 "Solicitation"** means the official solicitation published by the Purchasing Division and identified by number on the first page thereof.
 - 2.7 "State" means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.
 - 2.8 "Vendor" or "Vendors" means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

3.	. CONTRACT TERM; RENEWAL; EXTENSION: The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below:									
	✓ Term Contract									
		Initial Contract Term: This Contract becomes effective on award								
	and extends for a period of one year(s).									
	Renewal Term: This Contract may be renewed upon the mutual written consent Agency, and the Vendor, with approval of the Purchasing Division and the A General's office (Attorney General approval is as to form only). Any request for a should be submitted to the Purchasing Division thirty (30) days prior to the expiration the initial contract term or appropriate renewal term. A Contract renewal shall accordance with the terms and conditions of the original contract. Renewal of this C is limited to two successive one (1) year periods or multiple reperiods of less than one year, provided that the multiple renewal periods do not exceed months in total. Automatic renewal of this Contract is prohibited. Notwithstandiforegoing, Purchasing Division approval is not required on agency delegated or purchases. Attorney General approval may be required for vendor terms and conditions.									
		Release Order Limitations: In the event that this contract permits release orders, a release order may only be issued during the time this Contract is in effect. Any release order issued within one year of the expiration of this Contract shall be effective for one year from the date the release order is issued. No release order may be extended beyond one year after this Contract has expired.								
	Fixed Period Contract: This Contract becomes effective upon Vendor's receipt of the notice to proceed and must be completed within days. One Time Purchase: The term of this Contract shall run from the issuance of the Purchase Order until all of the goods contracted for have been delivered, but in no event shall this Contract extend for more than one fiscal year.									
		Other: See attached.								
4.	 4. NOTICE TO PROCEED: Vendor shall begin performance of this Contract immediately upon receiving notice to proceed unless otherwise instructed by the Agency. Unless otherwise specified, the fully executed Purchase Order will be considered notice to proceed 5. QUANTITIES: The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below. 									
5.										
Revised	05/27/2014	Open End Contract: Quantities listed in this Solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.								

	Ш	Service: The scope of the service to be provided will be more clearly defined in the specifications included herewith.							
	\checkmark	Combined Service and Goods: The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.							
		One Time Purchase: This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.							
6.	elsewh provis	CING: The pricing set forth herein is firm for the life of the Contract, unless specified here within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment ions in its bid, without an express authorization from the State in the Solicitation to do so, may in bid disqualification.							
7.	to pure Contra Emerginereas Purcha Vendo	RGENCY PURCHASES: The Purchasing Division Director may authorize the Agency chase goods or services in the open market that Vendor would otherwise provide under this ct if those goods or services are for immediate or expedited delivery in an emergency, encies shall include, but are not limited to, delays in transportation or an unanticipated se in the volume of work. An emergency purchase in the open market, approved by the using Division Director, shall not constitute of breach of this Contract and shall not entitle the reto any form of compensation or damages. This provision does not excuse the State from the ingree its obligations under a One Time Purchase contract.							
8.		DIRED DOCUMENTS: All of the items checked below must be provided to the Purchasing on by the Vendor as specified below.							
	BID BOND: All Vendors shall furnish a bid bond in the amount of five percent (5%) of the total amount of the bid protecting the State of West Virginia. The bid bond must be submitted with the bid.								
		PERFORMANCE BOND: The apparent successful Vendor shall provide a performance bond in the amount of . The performance bond must be issued and received by the Purchasing Division prior to Contract award. On construction contracts, the performance bond must be 100% of the Contract value.							
		LABOR/MATERIAL PAYMENT BOND: The apparent successful Vendor shall provide a labor/material payment bond in the amount of 100% of the Contract value. The labor/material payment bond must be issued and delivered to the Purchasing Division prior to Contract award.							
	provid	of the Bid Bond, Performance Bond, and Labor/Material Payment Bond, the Vendor may e certified checks, cashier's checks, or irrevocable letters of credit. Any certified check, 's check, or irrevocable letter of credit provided in lieu of a bond must be of the same amount and							

delivered on the same schedule as the bond it replaces. A letter of credit submitted in lieu of a Revised 05/27/2014

perfor Perso	rmance and labor/material payment bond will only be allowed for projects under \$100,000. nal or business checks are not acceptable.
	MAINTENANCE BOND: The apparent successful Vendor shall provide a two (2) year maintenance bond covering the roofing system. The maintenance bond must be issued and delivered to the Purchasing Division prior to Contract award.
	WORKERS' COMPENSATION INSURANCE: The apparent successful Vendor shall have appropriate workers' compensation insurance and shall provide proof thereof upon request.
	INSURANCE: The apparent successful Vendor shall furnish proof of the following insurance prior to Contract award and shall list the state as a certificate holder:
	Commercial General Liability Insurance:
	Builders Risk Insurance: builders risk – all risk insurance in an amount equal to 100% of the amount of the Contract.
	The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed above.
	LICENSE(S) / CERTIFICATIONS / PERMITS: In addition to anything required under the Section entitled Licensing, of the General Terms and Conditions, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits prior to Contract award, in a form acceptable to the Purchasing Division.

The apparent successful Vendor shall also furnish proof of an y additional licenses or certifications contained in the specifications prior to Contract award regardless of whether or not that requirement is listed above.

- 9. LITIGATION BOND: The Director reserves the right to require any Vendor that files a protest of an award to submit a litigation bond in the amount equal to one percent of the lowest bid submitted or \$5,000, whichever is greater. The entire amount of the bond shall be forfeited if the hearing officer determines that the protest was filed for frivolous or improper purpose, including but not limited to, the purpose of harassing, causing unnecessary delay, or needless expense for the Agency. All litigation bonds shall be made payable to the Purchasing Division. In lieu of a bond, the protester may submit a cashier's check or certified check payable to the Purchasing Division. Cashier's or certified checks will be deposited with and held by the State Treasurer's office. If it is determined that the protest has not been filed for frivolous or improper purpose, the bond or deposit shall be returned in its entirety.
- 10. ALTERNATES: Any model, brand, or specification listed herein establishes the acceptable level of quality only and is not intended to reflect a preference for, or in any way favor, a particular brand or vendor. Vendors may bid alternates to a listed model or brand provided that the alternate is at least equal to the model or brand and complies with the required specifications. The equality of any alternate being bid shall be determined by the State at its sole discretion. Any Vendor bidding an alternate model or brand should clearly identify the alternate items in its bid and should include manufacturer's specifications, industry literature, and/or any other relevant documentation demonstrating the equality of the alternate items. Failure to provide information for alternate items may be grounds for rejection of a Vendor's bid.
- 11. EXCEPTIONS AND CLARIFICATIONS: The Solicitation contains the specifications that shall form the basis of a contractual agreement. Vendor shall clearly mark any exceptions, clarifications, or other proposed modifications in its bid. Exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in bid disqualification.
- 12. LIQUIDATED DAMAGES: Vendor shall pay liquidated damages in the amount for

This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy.

- 13. ACCEPTANCE/REJECTION: The State may accept or reject any bid in whole, or in part. Vendor's signature on its bid signifies acceptance of the terms and conditions contained in the Solicitation and Vendor agrees to be bound by the terms of the Contract, as reflected in the Purchase Order, upon receipt.
- 14. REGISTRATION: Prior to Contract award, the apparent successful Vendor must be properly registered with the West Virginia Purchasing Division and must have paid the \$125 fee if applicable.
- 15. COMMUNICATION LIMITATIONS: In accordance with West Virginia Code of State Rules §148-1-6.6, communication with the State of West Virginia or any of its employees regarding this Solicitation

during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited without prior Purchasing Division approval. Purchasing Division approval for such communication is implied for all agency delegated and exempt purchases.

- 16. FUNDING: This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available.
- 17. PAYMENT: Payment in advance is prohibited under this Contract. Payment may only be made after the delivery and acceptance of goods or services. The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To."
- 18. UNIT PRICE: Unit prices shall prevail in cases of a discrepancy in the Vendor's bid.
- 19. DELIVERY: All quotations are considered freight on board destination ("F.O.B. destination") unless alternate shipping terms are clearly identified in the bid. Vendor's listing of shipping terms that contradict the shipping terms expressly required by this Solicitation may result in bid disqualification.
- 20. INTEREST: Interest attributable to late payment will only be permitted if authorized by the West Virginia Code. Presently, there is no provision in the law for interest on late payments.
- 21. PREFERENCE: Vendor Preference may only be granted upon written request and only in accordance with the West Virginia Code § 5A-3-37 and the West Virginia Code of State Rules. A Resident Vendor Certification form has been attached hereto to allow Vendor to apply for the preference. Vendor's failure to submit the Resident Vendor Certification form with its bid will result in denial of Vendor Preference. Vendor Preference does not apply to construction projects.
- 22. SMALL, WOMEN-OWNED, OR MINORITY-OWNED BUSINESSES: For any solicitations publicly advertised for bid on or after July 1, 2012, in accordance with West Virginia Code §5A-3-37(a)(7) and W. Va. CSR § 148-22-9, any non-resident vendor certified as a small, women-owned, or minority-owned business under W. Va. CSR § 148-22-9 shall be provided the same preference made available to any resident vendor. Any non-resident small, women-owned, or minority-owned business must identify itself as such in writing, must submit that writing to the Purchasing Division with its bid, and must be properly certified under W. Va. CSR § 148-22-9 prior to submission of its bid to receive the preferences made available to resident vendors. Preference for a non-resident small, women-owned, or minority owned business shall be applied in accordance with W. Va. CSR § 148-22-9.
- 23. TAXES: The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
- 24. CANCELLATION: The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract.

- The Purchasing Division Director may cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-7.16.2.
- 25. WAIVER OF MINOR IRREGULARITIES: The Director reserves the right to waive minor irregularities in bids or specifications in accordance with West Virginia Code of State Rules § 148-1-4.6.
- 26. TIME: Time is of the essence with regard to all matters of time and performance in this Contract.
- 27. APPLICABLE LAW: This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code or West Virginia Code of State Rules is void and of no effect.
- 28. COMPLIANCE: Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendors acknowledge that they have reviewed, understand, and will comply with all applicable law.
- 29. PREVAILING WAGE: On any contract for the construction of a public improvement, Vendor and any subcontractors utilized by Vendor shall pay a rate or rates of wages which shall not be less than the fair minimum rate or rates of wages (prevailing wage), as established by the West Virginia Division of Labor under West Virginia Code §§ 21-5A-1 et seq. and available at http://www.sos.wv.gov/administrative-law/wagerates/Pages/default.aspx. Vendor shall be responsible for ensuring compliance with prevailing wage requirements and determining when prevailing wage requirements are applicable. The required contract provisions contained in West Virginia Code of State Rules § 42-7-3 are specifically incorporated herein by reference.
- 30. ARBITRATION: Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.
- 31. MODIFICATIONS: This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary, no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). No Change shall be implemented by the Vendor until such time as the Vendor receives an approved written change order from the Purchasing Division.
- 32. WAIVER: The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.
- 33. SUBSEQUENT FORMS: The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or Revised 05/27/2014

maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.

- 34. ASSIGNMENT: Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency, the Purchasing Division, the Attorney General's office (as to form only), and any other government agency or office that may be required to approve such assignments. Notwithstanding the foregoing, Purchasing Division approval may or may not be required on certain agency delegated or exempt purchases.
- 35. WARRANTY: The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.
- 36. STATE EMPLOYEES: State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.
- 37. BANKRUPTCY: In the event the Vendor files for bankruptcy protection, the State of West Virginia may deem this Contract null and void, and terminate this Contract without notice.

38. [RESERVED]

- 39. CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in http://www.state.wv.us/admin/purchase/privacy/default.html.
- 40. DISCLOSURE: Vendor's response to the Solicitation and the resulting Contract are considered public documents and will be disclosed to the public in accordance with the laws, rules, and policies governing the West Virginia Purchasing Division. Those laws include, but are not limited to, the Freedom of Information Act found in West Virginia Code § 29B-1-1 et seq.

If a Vendor considers any part of its bid to be exempt from public disclosure, Vendor must so indicate by specifically identifying the exempt information, identifying the exemption that applies, providing a detailed justification for the exemption, segregating the exempt information from the general bid information, and submitting the exempt information as part of its bid but in a segregated and clearly identifiable format. Failure to comply with the foregoing requirements will result in public disclosure of the Vendor's bid without further notice. A Vendor's act of marking all or nearly all of its bid as exempt is not sufficient to avoid disclosure and WILL NOT BE HONORED. Vendor's act of marking a bid or any part thereof as "confidential" or "proprietary" is not sufficient to avoid disclosure and WILL NOT BE HONORED. In addition, a legend or other statement indicating that all or substantially all of the bid is exempt from disclosure is not sufficient to avoid disclosure and WILL NOT BE HONORED.

Vendor will be required to defend any claimed exemption for nondisclosure in the event of an administrative or judicial challenge to the State's nondisclosure. Vendor must indemnify the State for any costs incurred related to any exemptions claimed by Vendor. Any questions regarding the applicability of the various public records laws should be addressed to your own legal counsel prior to bid submission.

- 41. LICENSING: In accordance with West Virginia Code of State Rules §148-1-6.1.7, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.
- 42. ANTITRUST: In submitting a bid to, signing a contract with, or accepting a Purchase Order from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.
- 43. VENDOR CERTIFICATIONS: By signing its bid or entering into this Contract, Vendor certifies (1) that its bid was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid for the same material, supplies, equipment or services; (2) that its bid is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this RFQ in its entirety; understands the requirements, terms and conditions, and other information contained herein. Vendor's signature on its bid also affirms that neither it nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency.

The individual signing this bid on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or any documents related thereto on Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.

44. PURCHASING CARD ACCEPTANCE: The State of West Virginia currently utilizes a Purchasing Card program, administered under contract by a banking institution, to process payment for goods and services. The Vendor must accept the State of West Virginia's Purchasing Card for payment of all orders under this Contract unless the box below is checked.

Vendor is not required to accept the State of West Virginia's Purchasing Card as payment for all goods and services.

Revised 05/27/2014

- 45. VENDOR RELATIONSHIP: The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.
- 46. INDEMNIFICATION: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.
- 47. PURCHASING AFFIDAVIT: In accordance with West Virginia Code § 5A-3-10a, all Vendors are required to sign, notarize, and submit the Purchasing Affidavit stating that neither the Vendor nor a related party owe a debt to the State in excess of \$1,000. The affidavit must be submitted prior to award, but should be submitted with the Vendor's bid. A copy of the Purchasing Affidavit is included herewith.
- 48. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE: This Contract may be utilized by and extends to other agencies, spending units, and political subdivisions of the State of West Virginia; county, municipal, and other local government bodies; and school districts ("Other Government Entities"). This Contract shall be extended to the aforementioned Other Government Entities on the same prices, terms, and conditions as those offered and agreed to in this Contract. If the Vendor does not wish to extend the prices, terms, and conditions of its bid and subsequent contract to the Other Government Entities, the Vendor must clearly indicate such refusal in its bid. A refusal to extend this Contract to the Other Government Entities shall not impact or influence the award of this Contract in any manner.
- 49. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire any interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder.

Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

ov.	REP	JKIS:	vendor	snaii	provide	the	Agency	and/or	the	Purchasing	Division	with
	the fol	lowing rep	orts ident	ified by	a checke	d box	below:					
			out are no	ot limit	ed to, qua					y request. Restilizing the co		
			ses by ag	gency. (Quarterly r	eport	s should			and dollars, a the Purchas		

51. BACKGROUND CHECK: In accordance with W. Va. Code § 15-2D-3, the Director of the Division of Protective Services shall require any service provider whose employees are regularly employed on the grounds or in the buildings of the Capitol complex or who have access to sensitive or critical information to submit to a fingerprint-based state and federal background inquiry through the state repository. The service provider is responsible for any costs associated with the fingerprint-based state and federal background inquiry.

After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision.

The State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check.

Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

- 52. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS: Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:
 - "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West

Revised 05/27/2014 Virginia for which bids were solicited on or after June 6, 2001.

b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open heath, basic oxygen, electric furnace, Bessemer or other steel making process.

The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:

- a. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
- b. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.
- 53. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a "substantial labor surplus area", as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products.

This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference.

If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.

REQUEST FOR QUOTATION WWV14869- Auditing Services

SPECIFICATIONS

- 1. PURPOSE AND SCOPE: The West Virginia Purchasing Division is soliciting bids on behalf of WorkForce West Virginia to establish a contract with a certified public accounting firm to audit agency financial statements for the fiscal year ending June 30, 2013. The auditing firm shall issue an opinion on the fair presentation, in conformity with Generally Accepted Accounting Principles, of its general purpose financial statements that will include all WorkForce West Virginia Programs (the audit for fiscal year 2013 forward and must be audited in accordance with Government Auditing Standards, issued by the Comptroller General of the United States). This work is to include providing technical assistance to WorkForce West Virginia's financial personnel for the continuation of GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and the continuation of SAS 99 which revises guidance on the consideration of fraud in financial statement audits. WorkForce West Virginia desires the auditing firm to express an opinion on the fair presentation of its financial statements and schedules in conformity with Generally Accepted Accounting Principles. The auditing firm is required to audit the additional financial information schedules required by the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration. The auditing firm shall also be responsible for performing certain limited procedures involving required supplementary information required by Governmental Accounting Standards Board as mandated by Generally Accepted Auditing Standards. All work under the proposed contract will be under the direction of the Executive Director of WorkForce West Virginia or his designee. Written reports must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance. Any public statements, which may be required, must be discussed with the Executive Director or designee prior to the statements being made or released.
 - 1.1 The accounting staff of WorkForce West Virginia, as well as management, will be available during the audit to assist the auditing firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor. An appropriate number of hours of clerical support will be made available to the auditing firm for preparation of routine conformation and/or informational letters and memoranda. The agency will provide the auditing firm with workspace, desks, and chairs. The auditing firm will also be provided with access to telephone lines, internet access, photocopying facilities, and fax machines. The firm will provide WorkForce with an estimate of the number of personnel to be assigned to the audit in the detailed audit plan. Final report preparation, editing, and printing shall be the responsibility of the auditing firm. No internal audit support will be available.

REQUEST FOR QUOTATION WWV14869- Auditing Services

- 2. **DEFINITIONS:** The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions.
 - **2.1 "Contract Item"** Certified public accounting firm to perform audit of agency Financial Statements for fiscal year ending June 30, 2013 with the option of two (2) subsequent fiscal years
 - 2.2 "Pricing Page" means the pages upon which Vendor should list its proposed price for the Contract Items in the manner requested. The Pricing Page is either included on the last page of this RFQ or attached hereto as Exhibit A.
 - 2.3 "RFQ" means the official request for quotation published by the Purchasing Division and identified as WWV14869.
 - 2.4 "FARS" means Financial Accounting and Reporting Section of the WV Department of Administration
 - 2.5 "INDEPENDENCE" means in all matters to the audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance.
 - 2.6 "FAM" means the Fiscal and Administrative Management Division of WorkForce West Virginia.
 - 2.7 "GASB" means Government Accounting Standards Board.
 - 2.8 "SAS" means statements on auditing standards.
- 3. GENERAL REQUIREMENTS:
 - 3.1 Mandatory Contract Item Requirements: Contract Item must meet or exceed the mandatory requirements listed below.
 - 3.1.1 A certified public accounting firm to provide audit of agency financial statements for fiscal year ending June 30, 2013.
 - 3.1.1.1 The successful firm shall provide a written statement in conformity with Generally Accepted Accounting Principles, on the fair

REQUEST FOR QUOTATION WWV14869- Auditing Services

presentation of the general purpose financial statements that will include all WorkForce West Virginia programs to the Director of FAM.

- 3.1.1.2 The audit for fiscal year 2013 and forward must be audited in accordance with Government Auditing Standards, issues by the Comptroller General of the United States.
- 3.1.1.3 The successful firm must provide technical assistance to WorkForce West Virginia's financial personnel for the continuation of GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and the continuation of SAS 99 which revises guidance on the consideration of fraud in financial statement audits.
- 3.1.1.4 The successful firm must audit the additional financial information schedules required by the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration.
- 3.1.1.5 The successful firm shall also be responsible for performing certain limited procedures involving required supplementary information required by Governmental Accounting Standards as mandated by Generally Accepted Auditing Standards.
- **3.1.1.6** The successful firm will provide all work under the direction of the Executive Director of WorkForce West Virginia or his designee.
- 3.1.1.7 Following the completion of each audit of the fiscal's year's financial statements, the firm shall issue reports on the fair presentation of the financial statements in conformity with Generally Accepted Accounting Principles
- 3.1.1.8 The successful firm shall be required to give to the Director of the Financial Accounting and Reporting Section (FARS) of the Department of Administration, 2101 Washington Street East,

Building 17 3rd floor, Charleston, WV 25305, under the authority of Section 5-A of the State Code, a written report within twenty-four (24) hours of all irregularities and illegal acts of which the firm becomes aware.

- 3.1.1.9 Additionally, a copy of all such reports will be given to the Executive Director of WORKFORCE West Virginia and the Director of Financial Administrative & Management (FAM) in writing of each of the firm's responsibility under general accepted auditing standards, accounting policies, management judgments, accounting estimates and projections, audit adjustments and revisions of past and current estimates and projections, disagreements with management, consultation with other accountants and actuaries, major issues discussed with management prior to retention, and difficulties encountered in performing the audit.
- 3.1.1.10 The firm must immediately communicate to the Executive Director of WorkForce West Virginia and the Director of FAM any issues that arise during the course of the audit that could cause delays in the issuance of the report or have an adverse impact. A written summary of these issues must be provided within twenty-four (24) hours to the Executive Director of WorkForce the Director of FAM.
- 3.1.1.11 The successful firm shall submit all written reports initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance.
- **3.1.1.12** Any public statements, which may be required, must be discussed with the Executive Director or designee prior to the statements being made or released.
- 3.1.1.13 The firm may be required to provide special assistance to the WorkForce West Virginia's auditors, the State's auditors, and the Financial Accounting and the Financial Accounting and Reporting Section of the West Virginia Department of Administration since

WorkForce West Virginia's financial statements are to be included in the financial statements of the State of West Virginia.

- 3.1.1.14 As defined by the fourth general standard as set forth in governmental auditing standards and promulgated by the United States Governmental Accounting Offices which states that "each audit Organization conducting audits in accordance with these standards should have an appropriate internal control system in place and undergo an external quality control review" the firm must provide an affirmative statement that it is independent of the State of West Virginia and any component units of that entity as defined by the same standards. The firm must also provide an affirmative statement that it is independent of WorkForce West Virginia and related systems
- 3.1.1.15 The firm must provide an affirmative statement that it will review the independence of all personnel within the firm assigned to this project to ensure they are independent of WorkForce West Virginia and the State of West Virginia and its component entities.
- 3.1.1.16 The firm shall give WorkForce West Virginia written notice of any professional relationships entered into during the period of the agreement with any major contractors as defined in WV State Code 29.22.23. (http://www.legis.state.wv.us/wvcode/code.cfm) The firm shall also notify WorkForce in writing if any other matters that come to its attention during this contract which may impair its independence/
- 3.1.1.17 The firm and all assigned professional personnel and all associated subcontracted firms must be licensed to practice accounting in West Virginia.
- 3.1.1.18 The firm ad all associated and sub-contracted firms must have in place an internal quality control system to provide assurance that an adequate standard will be maintained during the contract as set forth in the governmental auditing standards and promulgated by the United State Governmental Accounting Offices.
- 3.1.1.19 Upon award the successful firm provide copies of their internal control documents as well as a copy of the most recent external

quality control review. The quality control review should have included a review of specific governmental audits. These documents must be received by the agency within forty-eight (48) hours of request.

- 3.1.1.20 The firm must identify the managing partner of the office from which the auditing services will be performed upon request within forty-eight (48) hours. The contact information for the managing partner must include the name of the managing partner, his address, his direct dial telephone number, fax number, and email address. This information intended for use in the unlikely event that WorkForce is unable to obtain satisfactory responses from the audit team and need to have direct contact with management.
- 3.1.1.21 The firm must identify the principle supervisory and management personnel who will be included in providing the auditing services under this contract including the partner, reviewing partners, managers, other supervisors and specialists. All personnel must hold a license to practice as a Certified Public Accountant in West Virginia.
- 3.1.1.22 The firm must provide for each of the aforementioned personnel a resume outlining the qualifications and experience including years of experience in the auditing field and in the governmental sectors. Resumes should be attached to the bid response. At a minimum each resume must include numbers of years of total experience, number of years in specific specialities and a description of each specialty, general certifications and qualifications obtained, listing of relevant continuing professional education courses with the last three years, and a list of those clients similar to WorkForce West Virginia for which the person has performed work within the last three (3) years.
- 3.1.1.23 All personnel assigned to this project must have a least one year of auditing experience in public accounting or a similar environment. References to support the one (1) year auditing experience must be submitted to the Director of FAM within fifteen (15) days of receipt of the approved purchase order.
- 3.1.1.24 Subcontracted and jointly associated firms can only be added, dropped, or changed with the expressed written permission of WorkForce West Virginia,

which retains the right to approve and reject these changes. Personnel to this project by subcontracted or jointly associated firms must go through the same approval process as the primary firm's personnel; however, the primary firm will be responsible for the results and deliverables of this

- All working papers and reports must be retained at the auditing firm's expense in a secure storage area for a minimum of five (5) years, unless the firm is notified by WorkForce West Virginia of the need to extend the retention period. The firm will be required to make working papers available upon request to the Executive Director of WorkForce and the Director of FAM and the Financial Accounting and Reporting Section of the West Virginia Department of Administration. In addition, the firm must respond to the inquiries of grantors and successor auditors and allow them to review working papers. The agency must be provided access keys to the storage area upon request.
- 3.1.1.26 The firm must deliver 50 copies of the bound final report to the Director FAM, Room 618, 112 California Avenue, Charleston, WV 25305 by October 20, 2014. An electronic copy of the report must be provided in a PDF or similar format for public review on the agency's website.

4. CONTRACT AWARD:

- 4.1 Contract Award: The Contract is intended to provide Agencies with a purchase price for the Contract Items. The Contract shall be awarded to the Vendor that provides the Contract Items meeting the required specifications for the lowest overall total cost as shown on the Pricing Pages.
- 4.2 Pricing Page: Vendor should complete the Pricing Page by providing an all-inclusive price for each deliverable reflected on the Pricing Page. Vendor should complete the Pricing Page in full as failure to complete the Pricing Page in its entirety may result in Vendor's bid being disqualified.

Vendor should type, legibly write, or electronically enter the information into the Pricing Page to prevent errors in the evaluation.

5. PAYMENT:

5.1 Payment: Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia and the percentage of payment of fees for each phase reflected on the Pricing Page.

6. DELIVERY AND RETURN:

- 6.1 Shipment and Delivery: Vendor shall ship the Contract Items immediately after being awarded this Contract and receiving a purchase order or notice to proceed. Vendor shall deliver the Contract Items within timeframes set forth in the Delivery Schedule (Attachment 1). Contract Items must be delivered to Agency at 112 California Avenue, Charleston, WV 25305.
- 6.2 Late Delivery: The Agency placing the order under this Contract must be notified in writing if the shipment of the Contract Items will be delayed for any reason. Any delay in delivery that could cause harm to an Agency will be grounds for cancellation of the Contract, and/or obtaining the Contract Items from a third party.

Any Agency seeking to obtain the Contract Items from a third party under this provision must first obtain approval of the Purchasing Division.

- **6.3** Delivery Payment/Risk of Loss: Vendor shall deliver the Contract Items F.O.B. destination to the Agency's location.
- 6.4 Return of Unacceptable Items: If the Agency deems the Contract Items to be unacceptable, the Contract Items shall be returned to Vendor at Vendor's expense and with no restocking charge. Vendor shall either make arrangements for the return within five (5) days of being notified that items are unacceptable, or permit the Agency to arrange for the return and reimburse Agency for delivery expenses. If the original packaging cannot be utilized for the return, Vendor will supply the Agency with appropriate return packaging upon request. All returns of unacceptable items shall be F.O.B. the Agency's location. The returned product shall either be replaced, or the Agency shall receive a full credit or refund for the purchase price, at the Agency's discretion.
- 6.5 Return Due to Agency Error: Items ordered in error by the Agency will be returned for credit within 30 days of receipt, F.O.B. Vendor's location. Vendor shall not charge a restocking fee if returned products are in a resalable condition. Items shall be deemed to be in a resalable condition if they are unused and in the original packaging. Any restocking fee for items not in a resalable condition shall be the lower of the Vendor's customary restocking fee or 5% of the total invoiced value of the returned items.

	WORKFORCE WEST VIRGINIA WWV14869										
	Exhibit A - Pricing Page	***************************************									
DELIVERABLES	Estimated Hours Hourly Rate										
PHASE I			Medity Rate	Extended Cost							
	Entrance Conference	New York Const.	40 Yan - 174	1 Control (1)							
	Detailed audit plan		3334 3-44	33 030 7552 500							
	Draft of WORKFORCE West Virginia Reports and financial statements for review	9612312W18961	STILLS V								
			4								
	TOTAL PHASE I			\$							
PHASE II		Per Shall Inc	37 & F*724 S	14 7 1 1 1 1 1 1 1 1 1 1							
	Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial statements for review										
	Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM										
	TOTAL PHASE II			Ś							
PHASE III		e estado por estados para	rie en aleman	AL CAMPAGE TO							
	Unsigned final draft with all modifications to WORKFORCE West Virginia management for final review	No. of Publisher State									
	Final signed report submitted to WORKFORCE West Virginia and FARS										
***************************************	The state of the s			6 P. 15 P. 18 P. 1							
	TOTAL PHASE III			\$							
			60246044645050								
	Phase Total = PHASE II + PHASE III			s							
Hourly Services	Rate per hour for accounting, auditing, and consulting services	T		- F							
Journal Delvices	Thate per ricultion accounting, auditing, and consulting services	10	\$	\$							
	W										
	Hourly Services Total			\$							
	Grand Total (Total Hourly Services + Total Phase)			\$							
Cline e l'alle l'article											
WARD WILL BE BASED ON	TIMATATION AND IS FOR AWARD PURPOSES ONLY. GRAND TOTAL, HOWEVER THE COST OF THE HOURS WILL BE ACTUAL PAYMENT AND THOSE HOURS ARE NOT GUARANTEED.										
	THE COST OF THE HOURS WILL BE ACTUAL PAYMENT AND THOSE HOURS ARE NOT GUARANTEED.										
endor may reques	I st payment pursuant to the following schedule:										
First payment shall be 2:	5% of the grand total and can be submitted upon completion of Phase Lidentified in the above table										
Second payment shall be	e 25% of the grand total and can be submitted upon completion of Phase II identified in the above table. 50% of the grand total and can be submitted upon completion of Phase III identified in the table.			······································							
Third named should be of	A VA OI THE Brand total and can be submitted upon completion of Phase III Identified in the table										
Third payment shall be S	The state of the state.		***************************************								

STATE OF WEST VIRGINIA WORKFORCE WEST VIRGINIA WWV14869 Exhibit B

DELIVERY SCHEDULE

DELIVERABLES	
Entrance Conference	BEFORE JULY 31, 2014
Detailed audit plan	AUGUST 13, 2014
Draft of WORKFORCE West Virginia Reports and financial statements for review	AUGUST 20, 2014
Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial statements for review	AUGUST 27, 2014
Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	SEPTEMBER 3, 2014
Unsigned final draft with all modifications to WORKFORCE West Virginia management for final review	OCTOBER 14,2014
Final signed report submitted to WORKFORCE West Virginia and FARS	OCTOBER 22,2014

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

m	: 7/3/2019 Title: /7EnoER	
cha	er penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is to accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate is to accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate is to accurate in all respects; and that if a contract, Bidder will notify the Purchasing Division in writing immediately. HAYFLICH GRIGORICI PULC Signed:	rue ate
the	ubmission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division of prizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has prequired business taxes, provided that such information does not contain the amounts of taxes paid nor any other information does not contain the amounts of taxes paid nor any other information does not contain the amounts of taxes paid nor any other information does not contain the amounts of taxes paid nor any other information does not contain the amounts of taxes paid nor any other information does not contain the amounts of taxes paid nor any other information.	mid
aga or o	er understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet irements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a pennst such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting age aducted from any unpaid balance on the contract or purchase order.	alty
7.	Application is made for preference as a non-resident small, women- and minority-owned business, in account with West Virginia Code §5A-3-59 and West Virginia Code of State Rules. Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, work and minority-owned business.	nen-
6.	Application is made for 3.5% vendor preference who is a veteran for the reason checked: Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees residents of West Virginia who have resided in the state continuously for the two immediately preceding years.	and
5.	Application is made for 3.5% vendor preference who is a veteran for the reason checked: Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National G and has resided in West Virginia continuously for the four years immediately preceding the date on which the b submitted; or,	uard old is
4.	Application is made for 5% vendor preference for the reason checked: Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,	
3.	Application is made for 2.5% vendor preference for the reason checked: Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor will affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the scontinuously for the two years immediately preceding submission of this bid; or,	ing a
2.	working on the project being bid are residents of West Virginia who have resided in the state continuously for the two y immediately preceding submission of this bid; or,	yees years
	Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal plants business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immed preceding the date of this certification; or, Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state resident which has maintained its headquarters or principal place of business within West Virginia continuously for the for years immediately preceding the date of this certification; or,	of the o has liately
1. 	ing the date of this certification; or,	

VENDOL PREFERENCE # B20125655

	WWV14869
RFQ No	VVVV 14005
THE WAY IN THE	

STATE OF WEST VIRGINIA Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WINESS THE FOLLOWING SIGNATURE:	LICH \$ STEINBOOL COA'S DEA
Vendor's Name: HAYFLICH GRILORACT	Pluc
Authorized Signature: CPA	Date: 7/3/2014
State of WEST VIRGINIA	
County of CABELL , to-wit:	
Taken, subscribed, and sworn to before me this $3ab$	The state of the s
My Commission expires August 31	, 20 14
AFFIX SEAL HERE	NOTARY PUBLIC Sara Z. Bledsoe

OFFICIAL SEAL
Notary Public, State of West Virginia SARA L. BLEDSOE
3959 Beechwood Drive
Ona, WV 25545
My commission expires August, 31, 2014

Purchasing Affidavit (Revised 07/01/2012)

CERTIFICATION AND SIGNATURE PAGE

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid or proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

HAYFLICH GRILO	RACI	PLLC
(Company)		
(MsC)	m	CPA
(Authorized Signature)		
ROBERT CFULLER	CPA	DE NBER
(Representative Name, Title)	
304-697-5700	フ 。	04-697-5704
(Phone Number)	one Number) Manual Company of the Number of	
713 / 2014	···	

ADDENDUM ACKNOWLEDGEMENT FORM SOLICITATION NO.:

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

	Numbers Received: ox next to each addendum recei	red)	
D	Addendum No. 1	[Adde	ndum No. 6
	Addendum No. 2	[] Adde	ndum No. 7
	Addendum No. 3	[Adde	ndum No. 8
	Addendum No. 4	Addend	lum No. 9
	Addendum No. 5	Addend	lum No. 10
further unders discussion he	stand that any verbal representat Id between Vendor's representa	on made or assi	y be cause for rejection of this bid. I umed to be made during any oral te personnel is not binding. Only the by an official addendum is binding.
		HAYFLICH	MIHORACI PLLL
			Company
		(//1	De coa
		7/2.6	Authorized Signature
		113120	>14
			Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.



DATE PRINTED

State of West Virginia Department of Administration Purchasing Division 2019 Washington Street East Post Office Box 50130 Charleston, WV 25305-0130

Solicitation

NUMBER WWV14869

ADDRESS CORRESPONDENCE TO ATTENTION OF:

BETH COLLINS

304-558-2157

WORKFORCE WEST VIRGINIA OFFICE OF ADMIN. SUPPORT-5302

112 CALIFORNIA AVENUE CHARLESTON, WV 25305-0112 304-558-2631

RFO COPY TYPE NAME/ADDRESS HERE HAYFLICH & STEINBERL CAS DBA HAYFLICH GRIGORAGE PULL 8 STONE CREST DR HUNTINGTON WV 25701

06/26/2014 BID OPENING DATE: 07/10/2014 BID OPENING TIME 1:30PM CAT LINE QUANTITY UOP ITEM NUMBER UNIT PRICE **AMOUNT** ADDENDUM NO.01 THIS ADDENDUM IS ISSUED TO MODIFY THE ORIGINAL SOLICITATION PER THE ATTACHED DOCUMENTATION. 0001 S 946-20 AUDITING SERVICES THIS IS THE END OF REO WWV14\$69 ***** TOTAL: TELEPHONE DAS

37-1463

67-5700

7/3/2014

ADDRESS CHANGES TO BE NOTED ABOVE

SOLICITATION NUMBER: WWV14869 Addendum Number: 01

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Appl	licat	le.	Ad	de	ndı	ım	Cate	301	ry	

I	ı	Modify bid opening date and time
[.	1	Modify specifications of product or service being sought
[4	1	Attachment of vendor questions and responses
[l	Attachment of pre-bid sign-in sheet
1	1	Correction of error
ı	ı	Other

Description of Modification to Solicitation:

This addendum is issued to provide answers to vendor submitted questions.

This addendum is issued to provide exhibits and attachments to clarify and provide further information of vendor submitted questions.

This addendum is to also correct an error of the year should not be 2013 and should be 2014 as per attachments of this addendum.

The bid date will remain the same of July 10, 2014 at 1:30 PM, EST.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

- 1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
- 2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

ATTACHMENT A

WWV 14869

Addendum I - Vendor Questions and Answers

- Q. 1 Page 18, Specifications 1. Purpose and scope: indicates that: The West Virginia Purchasing Division is soliciting bids on behalf of WorkForce West Virginia to establish a contract with a certified public account firm to audit agency financial statement to the fiscal year ending June 30, 2013. Should this instance and all others in the RFQ indicate for the year ending June 30, 2014?
- A 1. In this instance and all others in the RFQ the year ending date should be June 30, 2014.
- Q 2. Please provide a summary of the hours billed and the total amount paid for the same scope of services in the prior year.
- A 2 A total of four hundred (400) hours were submitted as an estimate for award purposes only, actual award was not based on hourly rate but overall lowest bid meeting all mandatory requirements. These estimated hours included classifications of: Engagement Partner, Audit Manager, Audit Supervisor, Staff Auditor, IT Auditor, other support/clerical.

Invoicing was not submitted for hours worked but rather on the completion of each phase as described in the deliverables schedule as well as pricing sheet.

- Q 3. May we have a copy of the prior year audited financial statements?
- A 3. Please see the attached Exhibit C.

- Q 4. Please explicitly define, what is meant by this being an open ended contract and how this relates to a contract to provide audit services? Upon review of the Request for Quotation (RFQ) it does not appear to be open ended.
- A 4. As shown in item 5 on page 6 of the <u>INSTRUCTIONS TO VENDORS</u> <u>SUBMITTING BID</u> a RFQ is considered an open end contract "when quantities listed in the solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown". In this case the request for estimated hours would fall under the open end definition.
- Q 5. On page 18, under the "specifications" heading, it states that "the audit include all WorkForce West Virginia Programs, could you please define what is meant by programs? Does this include regional investment board's?
- A 5. The audit will not include regional investment boards, for programs that will be included in the financial services being procured will include those shown on the attached Exhibit D.
- Q 6. Does the WorkForce West Virginia require an OMB Xircular A-133 audit?

 A 6. Yes
- Q 7. What date will the WorkForce West Virginia be ready for the successful auditor to begin fieldwork?
- A 7. August 20, 2014
- Q 8. It is referenced numerous times that this is an audit for year ending June 20, 103, is this correct?
- A 8. No, the audit will be for year ending June 30, 2014.

- Q 9. When in the last time an RFQ for WorkForce WV was issued?
- A 9. The last RFQ for financial services was awarded in 2010 and included two one year renewals. The last allowed renewal expired December 14, 2013.
- Q 10. According to Schedule B, Delivery Schedule" the final signed version of the reports are not to be submitted to FARS until October 22, 2014. This appears to be after the historical FARS Final Deadline of on or around October 15th. It was also noted that the unsigned draft is to be submitted to FARS on September 3rd, which is also outside of the historical FARS draft deadline of on or around September 15.
- A 10. See the attached amended Exhibit B.
- Q 11. Would you please provide the total hours incurred and fee charged by the prior year auditor.
- A 11. Please see response to Q 2 concerning total hours incurred. In reference to prior year audit charges a FOIA request may be submitted to Diane Holly at Diane.M.Holly@wv.gov for WWV 11869.
- Q 12. Item 1 under the specifications section on age 18 of the RFQ as well as Item 2.1 and 3.1 on page 19 refer to the audit of agency financial statements for the year ending June 30, 2013. Is 2013 to be re-audited or does the RFQ require the audit of financial statements for the year ending June 30, 2014 with the option of two renewals?
- A 12. No, year ending 2013 is not to be re-audited. The audit being requested is for year ending June 20, 2014.

Q 13. The State of WV early implemented GASB 65 for the year ended June 30, 2013. However, the financial statement notes for the year ended June 30, 2013 state that WorkForce WV has not evaluated the impact of GASB 65. Will WorkForce WV implement GASB65 for the year ended June 30, 2014? Or does GASB 65 have no effect on WorkForce WV?

A 13. GASB 65 has already been implemented.

Q 14. Item 3.1.1.21 requires identification of supervisory and management personnel and states that all personnel must hold a license to practice as a Certified Public Accountant in West Virginia. Is this requirement intended to apply to all personnel assigned to the engagement or does it apply only to management and supervisory personnel assigned to the engagement?

A 14. This requirement is as stated for supervisory and management personnel only.

Q 15. The state of WV is implementing a new EFP software effective July 2014 referred to as OASIS. Will WorkForce be transitioning to this new system for financial reporting purposes? If yes, please provide information on the activities expected to be affected by the implementation of the new software and any potential issues that may arise from the conversion.

A 15. While WorkForce West Virginia is transitioning to the OASIS System, it will not have an impact on this audit. All financial statements required for this audit will remain available in our current FIMs system.

Q 16. We are interested in bidding on Workforce WV's annual financial statement audit. In order to accurately prepare our proposal and provide our best price we would like to see a copy of the 2013 audited financial statements. Could you please send me a copy of those statements?

A 16. Please see attached Exhibit C.

STATE OF WEST VIRGINIA WORKFORCE WEST VIRGINIA WWV14869 EXHIBIT B

DELIVERY SCHEDULE

DELIVERABLES	
Entrance Conference	Before July 31, 2014
Detailed audit plan	August 14, 2014
Field work to begin	August 20, 2014
Draft of WORKFORCE West Virginia Reports and financial statements for review	August 27,2014
Revised draft with all requested changes and modifications of WorkForce West Virginia reports and financial statements for review	September 4,2014
Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	September 15, 2014
Unsigned final draft with all modifications to WORKFORCE West Virginia management for final review	October 14, 2014
Final signed report submitted to WORKFORCE West Virginia and FARS	October 20, 2014

WORKFORCE WEST VIRGINIA

(A Division of the State of West Virginia)

Management's Discussion and Analysis (MD & A),

Basic Financial Statements,

Required Supplementary Information, and

Other Financial Information

June 30, 2013

(With Independent Auditors' Report Thereon)

WORKFORCE WEST VIRGINIA

Table of Contents

	Page
Independent Auditors' Report	3 - 5
Management's Discussion and Analysis (MD & A)	7 - 14
Basic Financial Statements Government-wide Financial Statements	
Statement of Net Position (Deficit)	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet- Governmental Fund (Includes Reconciliation to the Statement of Net Position (Deficiency))	18
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficiency) -	
Governmental Fund (Includes Reconciliation to the Statement of Activities)	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
And the second s	
Notes to the Financial Statements	23 - 34
	23 - 34
Required Supplementary Information - Unaudited	
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	36
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	36
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	36
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	36
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Other Financial Information Budgetary Comparison Schedule - Fund 3450 Administration and Service Budgetary Comparison Schedule - Fund 8835 Consolidated Federal Funds	36 37
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Other Financial Information Budgetary Comparison Schedule - Fund 3450 Administration and Service Budgetary Comparison Schedule - Fund 8835 Consolidated Federal Funds Budgetary Comparison Schedule - Fund 3451 Interest on Employers Delinquent Contributions Fund	36 37 39 40 41
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Other Financial Information Budgetary Comparison Schedule - Fund 3450 Administration and Service Budgetary Comparison Schedule - Fund 8835 Consolidated Federal Funds	36 37 39 40
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Other Financial Information Budgetary Comparison Schedule - Fund 3450 Administration and Service Budgetary Comparison Schedule - Fund 8835 Consolidated Federal Funds Budgetary Comparison Schedule - Fund 3451 Interest on Employers Delinquent Contributions Fund Budgetary Comparison Schedule - Fund 8749 Workforce Investment Act	36 37 39 40 41
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Other Financial Information Budgetary Comparison Schedule - Fund 3450 Administration and Service Budgetary Comparison Schedule - Fund 8835 Consolidated Federal Funds Budgetary Comparison Schedule - Fund 3451 Interest on Employers Delinquent Contributions Fund	36 37 39 40 41
Required Supplementary Information - Unaudited Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund Other Financial Information Budgetary Comparison Schedule - Fund 3450 Administration and Service Budgetary Comparison Schedule - Fund 8835 Consolidated Federal Funds Budgetary Comparison Schedule - Fund 3451 Interest on Employers Delinquent Contributions Fund Budgetary Comparison Schedule - Fund 8749 Workforce Investment Act	36 37 39 40 41

The management of WORKFORCE West Virginia (Division), a Division of the West Virginia Department of Commerce, State of West Virginia, provides this Management's Discussion and Analysis of the Division's financial standing for the readers of the audited financial statements. As of June 30, 2013, WORKFORCE West Virginia consisted of four primary operating Divisions: the One Stop Operations Division (OS); the WIA Dislocated Worker and Employment Services Division (DWES); the Unemployment Compensation Division (UC); and the Research Information and Analysis Division (RIA).

This narrative overview and analysis of the financial activities for the Division is for the fiscal year ended on June 30, 2013. Please read it in conjunction with the Division's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Division Wide Highlights:

The assets of the Division exceeded the liabilities for the fiscal year ended June 30, 2013 by \$139 million as compared to \$159 million for the fiscal year ended June 30, 2012.

Fund Level Highlights:

At the close of the fiscal year, the governmental activities of the Division reported a net fund balance deficit of \$6.4 million as compared to \$7.9 million for the fiscal year ended June 30, 2012. The decrease in this deficit is mainly due to the cumulative effect adjustment of implementation of Governmental Accounting Standards Board (GASB) Statement No. 45.

The business-type activities reported a net position of \$145 million for the Unemployment Compensation Trust Fund at June 30, 2013 as compared to \$167 million at June 30, 2012. The decrease in net position is mainly due to reduced Unemployment Compensation benefits for fiscal year ended June 30, 2013.

More detailed information regarding these funds and their activities is contained in Footnote 1 to the audited financial statements, which follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other financial information. The basic financial statements include two kinds of statements that present different views of the Division.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Division's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Division's government, reporting the Division's operations in more detail than the government-wide statements.
 - > The government fund statements tell how general government services like education were financed in the short term as well as what remains for future spending. For the Division, this consists primarily of federally funded workforce development programs.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses. For the Division, this consists of the Unemployment Compensation Trust Program.

- Fiduciary fund statements provide information about the financial relationships like the retirement plan for the Division's employees in which the State acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The Division has no fiduciary funds.
- The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Division as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the reporting entity's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Division's net position and how they have changed. Net position - the difference between the Division's assets and liabilities - are one way to measure the Division's financial health or position.

- Overtime, increases or decreases in the Division's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Division, one needs to consider additional non-financial factors such as changes in the Division's revenue sources and the condition of the Division's assets.

The government-wide financial statements of the State are divided into three categories:

- Governmental activities These are the activities that are necessary for the government to function
 and meet its intended purpose. They are generally funded through a tax. For the Division, this
 consists primarily of federally funded workforce development programs.
- Business-type activities The Division charges fees to customers to help it cover the costs of certain services it provides. For the Division, this consists of the Unemployment Compensation Trust Program.
- Component Units The State includes other entities in its report such as West Virginia Housing Development, Parkways, Economic Development and Tourism Authority and Higher Education. These "component units" are important because the State is financially accountable for them. The Division has no component units. However, the Division exists within the State of West Virginia, and is considered part of the primary government in the State of West Virginia Comprehensive Annual Financial Report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Division's most significant funds - not the Division as a whole. Funds are accounting devices that the governmental agencies use to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The State Legislature establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Division has two kinds of funds:

- Governmental funds Most of the Division's basic services are included in the governmental general fund, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Division's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them. For the Division, this fund consists primarily of federally funded workforce development programs.
- Proprietary funds Services for which the Division charges customers a fee are generally reported in
 proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and
 short-term financial information. For the Division, this consists of the Unemployment Compensation
 Trust Fund.

FINANCIAL ANALYSIS OF THE DIVISION AS A WHOLE

Net Position

4

The Division's combined net position (governmental and business-type) totaled \$139 million at the end of 2013, compared to \$159 million at the end of the previous year. (See table below).

Statements of Net Position (Expressed in Thousands)

													% of Change
		Governmental Activities				Business-lype Activities			Total Primary Government				Primary Government
	2	2012	i	2013		2012		2013		2012		2013	2012-2013
Current and other assets	\$	1,526	\$	1,840	\$	202,661	\$	182,342	\$	204,187	\$	184,182	(9.80%)
Capital assets		1,261		1,133	******	*	urempet?	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		1,261		1,133	(10.15%)
Total assets		2,787	****	2,973		202,661	******	182,342		205,448		185,315	(9.80%)
Long-term debt outstanding		370		371				•		37Ó		371	0.27%
Other liabilities	· ************************************	10,320		9,043		36,014		37,338		46,334	-	46,381	0.10%
Total liabilities		10,690		9,414		36,014		37,338	······································	46,704	**********	46,752	0.10%
Net Position (Deficit):													
Net investment in capital assets		1,261		1,133						1,261		1,133	(10.15%)
Restricted		161		69		166,647		145,004		166,808		145,073	(13.03%)
Unrestricted (deficit)	***************************************	(9,324)		(7,643)						(9,324)		(7,643)	18.03%
Total net position (deficit)		(\$7,902)	\$	(6,441)	\$	166,647	\$	145,004	\$	158,745	\$	138,563	(12.71%)

The total net position deficit of the Division's governmental activities decreased 18.49% to \$6.4 million. This is primarily due to the cumulative effect of implementation of GASB Statement No. 45, and a liability with the USDOL due to cash on hand.

The total net position of the Division's business-type activities decreased 12.99% to \$145 million. This is primarily due to the decreased cost of unemployment payments.

Changes in net position

The Division's total revenues decreased by 9.93% to \$410 million (See table below). 12.38% of the Division's revenues come from federal grant programs aimed at workforce analysis and development. Other revenue comes from fees charged for services to employers by the Unemployment Compensation programs and investment earnings.

The total cost of all programs and services was \$431 million. The Division's expenses can be categorized into two categories: general governmental and direct benefits. General government expenses include all costs associated with operation of the Division and its programs, which includes administration and federal grant expenses incurred for employment training, statistics and support. Direct benefits consist of unemployment insurance benefits and comprised 88% of the total expenses of the Division for the fiscal year ended June 30, 2013.

Change in Net Position (Deficit) (Expressed in Thousands)

							% of
	Govern			ess-type		otal	Change Primary
	Activ			ivities	Primary G	Government	
Revenues	2012	2013	2012	2013	2012	2013	2012-2013
Program revenues:							
Charges for services	\$ -	\$ -	\$ 400,238	\$ 356,531	\$ 400,238	\$356,531	(40.000/)
Federal grants	52,140	50,821	Q 400,200	Ψ 000,001	52,140		(10.92%)
General revenues:	15.7%	00,027		-	32,140	30,021	(2.53%)
Investment earnings			3,265	3,025	3,265	3,025	(7.35%)
Total revenues	52,140	50,821	403,503	359,556	455,643		(9.93%)
	· · · · · · · · · · · · · · · · · · ·				100,010	110,077	(0.5576)
Expenses							
Program expenses:							
General government	54,917	50,319			54,917	50,319	(8.37%)
Unemployment Compensation Trust			365,325	380,240	365,325	380,240	4.08%
Total expenses	54,917	50,319	365,325	380,240	420,242	430,559	2.46%
Increase (decrease) in net position							
before transfers	(2,777)	502	38,178	(20,684)	35,401	(20, 182)	(157.01%)

Transfers and other revenues	2,245	959	(2,245)	(959)			0.00%
Increase (decrease) in net Position	(532)	1,461	35,933	(21,643)	35,401	(20,182)	(157.01%)
						80 10 80	140 to 147 to 147
Beginning net Position (deficit)	(7,370)	(7,902)	130,714	166,647	123,344	158,745	28.70%
Ending net Position (deficit)	\$ (7,902) \$	(6.441)	\$ 166,647	\$ 14E 004	¢ 450.745		
S (donon)	V (1,302) 9	(0,741)	\$ 100,047	\$ 145,004	\$ 158,745	\$ 138,563	(12.71%)

Business-type Activities

For the Unemployment Compensation Trust Program, the Regular Unemployment Benefits expenditures increased \$15 million as compared with last year. As for revenue, the Regular Unemployment revenue categories decreased by \$44 million.

FINANCIAL ANALYSIS OF THE DIVISION'S FUNDS

Governmental Funds

The focus of the Division's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Division's financing requirements.

The general fund is the chief operating fund of the Division's federal program activities. At the end of the current fiscal year, the Division's governmental fund reported an ending fund balance of (\$6.4) million, a decreased deficit of \$1.5 million from prior year.

Proprietary Funds

The Unemployment Compensation (UC) Program has a total of 82 measurements. West Virginia met the eighteen Federal standards for measurement year ending March, 2013. In addition, the State of West Virginia's Unemployment Compensation Program was designated as one of only nine states that achieved a perfect score from the Department of Labor on the State Performance UI Core Measurements Score Card. These performance measurements cover timeliness, quality, and accuracy of each state's Benefit and Tax operations.

West Virginia's operational proper payment rate for unemployment benefits was 95.21% during Calendar Year 2012 which is substantially above the National Average Rate of 87.67%.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget of the Division was not amended during the year ending June 30, 2013 except for a slight change in revenues. The most significant budget versus actual variances include:

- Expenditure schedules are budgeted at an increased amount for a number of reasons including:
 - Some of the grants received by the Division are adjusted based upon workloads. As the
 economy worsens, workloads increase and additional funds are received; therefore,
 additional amounts are budgeted in case additional grant funds are received.
 - Additional funds are budgeted in case grants are received in the event of natural disasters.
 - The Division operates the Trade Readjustment Assistance Program (TRA) which provides retraining services to workers who find themselves unemployed due to competition from foreign trade. In addition to the annual grant received from the United States Department of Labor to fund this program, the Division may receive additional grants to serve special groups laid off by large employers. These National Emergency grants have amounted to as much as \$23 million in past years. The Division budgets additional funds each year in case these major layoffs occur and National Emergency grants are received.
 - As disclosed above, some additional amounts, such as personal services, are budgeted in case grant funds are received for natural disasters and/or the economy worsens which results in an increase in the Division's workload.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the Division had invested \$1,133 in capital assets that consist entirely of office furniture and equipment. (See table below). This amount represents a net decrease of \$128 or 10.2% from last year.

Capital Assets (Equipment) at Year-end (Expressed in Thousands) (Net of Depreciation)

	Governmen	tal Activities	Percentage Change
	2012	2013	2012-2013
Governmental Activities	\$ 1,261	\$ 1,133	10.2%

The 10.2% decrease in capital assets from 2012 to 2013 is due to the retirement of modular unit assets. More detailed information is presented in Note 1 to the financial statements.

Long-term Debt

At year end, the Division had \$371 in the long-term portion of compensated absences, an increase of 0.2% as shown in the table below. More detailed information is presented in Notes 1 and 4 to the financial statements.

Outstanding Long-Term Debt at Year-end (Expressed in Thousands)

	Go	vernmen	tal Ac	tivities	Total Percentage Change
	2	012		2013	2012-2013
Compensated absences	\$	370	\$	371	0.2%

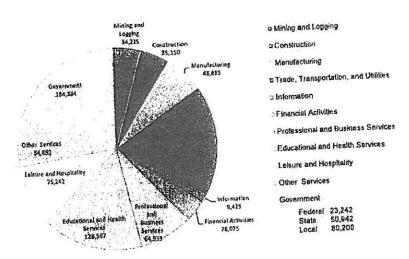
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

These indicators were taken into account when adopting the Division's budget for 2013.

Industry	# of Jobs 34 225
Mining and Logging Construction Manufacturing Trade, Transportation, and Utilities Information Financial Activities Professional and Business Services Educational and Health Services	34,225 35,150 48,883 135,700 9,425 28,075 64,933 126,567 75,242
Leisure and Hospitality Other Services Government Total Employment	54,692 154,384 767,276

The following chart shown includes projected information for fiscal year 2013.

Employment by Major Industry



CONTACTING THE DIVISION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Division's finances and to demonstrate the Division's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact WORKFORCE West Virginia, 112 California Avenue, Charleston, WV 25305.

BASIC FINANCIAL STATEMENTS

WORKFORCE WEST VIRGINIA STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2013 (In Thousands)

(In mousands							
* *	Primary Government						
			Busin				
	Activi		Ac	tivities			
aum	71000		Unemployment				
			Com	pensation			
	Genera	Fund	11	Trust		Tota	<u> </u>
Assets							
				140.545	\$	12	1,139
Current assets:	\$	1,624	\$	119,515	Ф	12	1,100
Cash and cash equivalents				en 700		5	9,780
Receivables, net:		-		59,780		-	136
Unemployment taxes (Note 1f)		136					2,348
Other		-		2,348			738
Due from other governments		39		699			41
Due from other funds - primary government		41					
Inventories		1,840		182,342		11	34,182
Total current assets							3 400
Noncurrent assets:		1,133					1,133
Capital assets, net		1,133		-			1,133
Total noncurrent assets		2,973		182,342		1	85,315
Total assets							
Liabilities	v						
Current liabilities:		204					204
Accounts payable		6,588	3				6,588
WV Retiree Health Benefit Trust (RHBT) payable (OPEB)		787	,	1,937			2,724
Accrued expenses and other liabilities		622	2	4,522			5,144
n - t- other governments			1 00	30,879			30,879
Licempleyment Compensation benefits payable		842	2				842
Compensated absences due within one year		9,04	3	37,338			46,381
Total current liabilities							
Noncurrent liabilities:		37	1				371
Compensated absences due in more than one year		37					371
Total noncurrent liabilities		9,41		37,338	3		46,752
Total liabilities		<u> </u>					
Net position (deficit)							
Net position (deficit):		1,13	33		us.		1,133
Net Investment in capital assets		-5, 54	~~				
Restricted for.		84	69	145,00	4		145,07
Restricted		(7,6		7 47,0	-		(7,643
Unrestricted (deficit)	****	(6,4	Contract Con	\$ 145,00	4	\$	138,56
Total net position (deficit)	\$	(0,4	41)			-	

WORKFORCE WEST VIRGINIA STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2013 (In Thousands)

	•			Net (Expenses) Revenues								
				Progran			and Changes in Net Position					
			Cha	rges for		Operating Frants and	Govern	mental	Busi	ness-Type		
Functions/Programs	E	xpenses	Se	rvices	Cc	ontributions	Activ	illies	A	ctivilies	T	otals
Primary government:								No. of the contract of the con				
Governmental activities:												
General government	\$	50,152	\$		\$	50,821	\$	669	\$		\$	669
Unallocated depreciation	***************************************	167		. 4				(167)	•	-		(167)
Total governmental activities		50,319		•		50,821		502		-		502
Boundaries and an analysis												
Business-type activities:												
Unemployment Compensation Trust	بنينيد	380,240		,		356,531		*		(23,709)		(23,709)
Total business-type activities		380,240				356,531				(23,709)		(23,709)
Total primary government	\$	430,559	\$	-	\$	407,352	\$	502		(23,709)		(23,207)
										*		
	Ge	eneral Rev	enues									
	in	estment e	aming	s				+		3,025		3,025
	Fu	nd balance	e trans	fers		C++		959		(959)		
	C	ange in r	net po	sition (d	efici	t) _	1.	1,461		(21,643)		(20,182)

(7,902)

(6,441)

166,647

145,004 \$

158,745

138,563

Net position (deficit) - beginning

Net position (deficit) - ending

WORKFORCE WEST VIRGINIA BALANCE SHEET GOVERNMENTAL FUND JUNE 30, 2013 (In Thousands)

(In Modernos)				
* ***		mmental ivities		
	General Fund			
Assets: Cash and cash equivalents Due from other funds - primary government Accounts Receivable - other	\$	1,624 39 136 41		
Inventories Total assets	\$	1,840		
Liabilities and Fund Balance (Deficiency): Liabilities: Accounts payable RHBT Payable (OPEB) Due to other government Accrued expenditures and other liabilities Total liabilities	\$	204 6,588 622 1,629 9,043		
Fund balance (Deficiency): Non-spendable for inventories Assigned Unassigned deficiency Total fund balance (deficiency) Total liabilities and fund balance (deficiency)	\$	41 28 (7,272) (7,203) 1,840		
Total fund balance (deficiency)	\$	(7,203)		
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,133		
Long term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	manage description of the second	(371)		
Net position (deficit) of governmental activities	\$	(6,441)		

WORKFORCE WEST VIRGINIA STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIENCY) GOVERNMENTAL FUND YEAR ENDED JUNE 30, 2013 (In Thousands)

		rnmental ctivities
	Gen	eral Fund
Revenues: Grants	\$	50,821
Expenditures:		50,821
Employment training, statistics, and support	****	50,190
Excess (deficiency) of revenues over expenditures		631
Other financing sources and uses, including transfers Transfer in from the Unemployment Compensation Trust Fund	3 w	959
Net change in fund balance		1,590
Fund balance (deficiency) - beginning		(8,793)
Fund balance (deficiency) - ending	\$	(7,203)
Net change in fund balance (deficiency) - total governmental funds	\$	1,590
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.		(130)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which expenditures exceeded expense for long term compensated absences.		1
Change in Net Position of Governmental Activities	\$	1,461

WORKFORCE WEST VIRGINIA STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2013 (In Thousands)

2

*	Ac Enter Unen Com	Business-type Activities - Enterprise Fund Unemployment Compensation Trust		
Assets:				
Current assets:	\$	119,515		
Cash and cash equivalents		#1 1/12. #1		
Receivables, net:		59,780		
Unemployment Compensation premiums		2,348		
Due from other governments		699		
Due from other funds - primary government		182,342		
Total current assets	\$	182,342		
Total assets	minorana			
Liabilities and Fund Balance:	*			
Current liabilities:				
Accrued expenses and other liabilities	\$	1,937		
Due to other governments		4,522		
Unemployment Compensation benefits payable		30,879		
Total current liabilities		37,338		
Total liabilities		37,338		
• • • • • • • • • • • • • • • • • • •				
Net Position:	•			
Restricted for:		145,004		
Benefit payments		145,004		
Total Net Position	\$	182,342		
Total liabilities and Net Position				

WORKFORCE WEST VIRGINIA STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUND YEAR ENDED JUNE 30, 2013 (In Thousapds)

	Business-type Activities - Enterprise Fund Unemployment Compensation Trust
Operating revenues:	
Unemployment Compensation premiums	\$ 356,531
Total operating revenues	356,531
Operating expenses:	
Unemployment insurance benefits	380,240
Total operating expenses	380,240
Operating income (loss)	(23,709)
Nonoperating revenues:	
Investment earnings	3,025
Total nonoperating revenues (expenses)	3,025
Income (loss) before transfers	(20,684)
Transfer out to general fund	(959)
Decrease in net position	(21,643)
Total net position - beginning	166,647
Total net position - ending	\$ 145,004

WORKFORCE WEST VIRGINIA STATEMENT OF CASH FLOWS PROPRIETARY FUND YEAR ENDED JUNE 30, 2013 (In Thousands)

Cash flows from operating activities:	<u>Er</u> U	Business-type Activities - nterprise Fund nemployment ompensation Trust
Received from employers		
Received from federal and local agencies	\$	135,273
Payments to claimants and providers		219,515
Not each provided (control of the control of the co		(378,015)
Net cash provided (used) by operating activities		(23,227)
Cash flows from non-capital financing activities: Transfers to other funds		
Net cash provided (used) by non-capital financing activities	111	(959)
the control of the co		(959)
Cash flows from investing activities:		
Investment earnings	4	
Net cash provided (used) by investing activities		3,025
transfer of investing activities	***************************************	3,025
Net increase (decrease) in cash and cash equivalents		(21,161)
Cash and cash equivalents - beginning		140.070
	***************************************	140,676
Cash and cash equivalents - ending	\$	119,515
	¥	113,010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	/22 700)
Net change in assets and liabilities:	Ψ	(23,709)
Unemployment compensation premiums receivable		(F4A)
Due from other governments		(519)
Due from other funds - primary government		(167)
Accrued expenses and other liabilities		(156)
Due to other governments		131
Unemployment Compensation benefits payable		(36)
Net cash provided (used) by operating activities	*	1,229
1 The second wonterios	\$	(23,227)

(1) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

WORKFORCE West Virginia (Division) is a Division of the West Virginia Department of Commerce and as of June 30, 2013, consisted of four primary operating Divisions: the One Stop Operations Division (OS); the WIA Dislocated Worker and Employment Services Division (ES); the Unemployment Compensation Division (UC); and the Research, Information and Analysis Division (RIA).

The financial statements of the Division are intended to present the financial position, and the results of operations of only that portion of the West Virginia Department of Commerce and of the State of West Virginia that is attributable to the transactions of WORKFORCE West Virginia. They do not purport to, and do not, present fairly the financial position of the West Virginia Department of Commerce or the State of West Virginia as of June 30, 2013 and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. The Division is reported as part of the primary government in the State of West Virginia Comprehensive Annual Financial Report.

The General Fund of the Division includes funds received from the United States Department of Labor (USDOL) for Employment Services, Unemployment Compensation and Labor Statistics. These funds allow for operating local offices throughout the State of West Virginia to serve those seeking and providing employment. Most local offices were historically identified as "Job Service," and conduct employment outreach, interviewing, testing, counseling and referral to placement, training and other services designed to ready individuals for employment.

The UC provides temporary income as partial compensation to unemployed workers. The Division has direct responsibility for operation of this program. This program is administered under the oversight of USDOL, which establishes guidelines and funds administrative costs from monies collected under provisions of the Federal Unemployment Tax Act. Both ES and UC are federal mandated partners in the one stop delivery system.

(b) Basis of Presentation

The accompanying financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the non-fiduciary activities of the primary government and its component units, if any. For the most part, the effect of inter-fund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable. The Division has no component units or fiduciary activities.

(1) Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues.

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets.

When both restricted and unrestricted resources are available for use, generally it is the Division's policy to use restricted resources first, then unrestricted resources, as they are needed. Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units, if applicable. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FUND FINANCIAL STATEMENTS - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Division considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Significant revenues subject to accrual include business unemployment taxes, federal grants, federal reimbursements, and other reimbursements for use of materials and services.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The following summarizes the major governmental funds that are presented in the accompanying financial statements:

General Fund - The General Fund is the general operating fund of the Division. It is used to account for all financial resources obtained and spent for those services normally provided by the Division that are not accounted for in other funds, including the administrative services related to the Unemployment Compensation System (see below), and the operation of various federal programs funded by USDOL.

(1) Summary of Significant Accounting Policies (Continued)

Enterprise Funds - Enterprise funds are used to account for the operations of state
agencies providing goods or services to the general public on a user-charge basis, and
for any activity whose principal revenue sources meet any of the following criteria: debt
backed solely by fees and charges; legal requirement to recover cost; and policy decision
to recover cost. Based upon these criteria state unemployment compensation funds
should be reported in enterprise funds.

The Division reports the following enterprise fund: The UC Trust Fund is used to account for the operations of the UC Division, which is responsible for providing temporary income as partial compensation to unemployed workers.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means expected to be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include business unemployment taxes, federal grants, federal reimbursements, and other reimbursements for use of materials and services. Revenues from federal grants are recognized when the related expenditures have been incurred. Expenditures under the modified accrual basis of accounting are recognized when the related fund liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

In accordance with OMB Circular A-87, all allowable indirect costs related to USDOL for the Division are allocated to federal grants in compliance with the applicable federal cost principles. The basis for this allocation is the percentage of salary dollars paid by each federal grant in comparison to the total salary dollars paid by all of the Division's federal grants.

(c) Budgetary Data

All financial operations of the Division, except for benefits and direct claims costs of the UC Division are subject to a non-appropriated budget review and approval process in which the Division submits a financial plan for approval in a manner authorized by statute, Pursuant to West Virginia Code §5A-2-12, the Division submits a detailed budgetary schedule of general administrative expenses to the Secretary of the Department of Administration prior to the beginning of each fiscal year. The budgetary schedule is prepared on the cash basis. The cash basis is modified at year-end to allow for payment of invoices up to 31 days after yearend for goods or services received prior to year-end. Appropriated budgeted expenditures, which lapse 31 days after the end of the fiscal year, are incorporated into the Division's overall financial plan, which includes revenue estimates developed by the Division and the State's executive branch. Expenditures are budgeted using natural categories of activity including specific categories as well as for special items. Any revisions that alter budgeted expenditures for the expenditure categories for each Division as a whole must be approved by the State Legislature. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund along with the reconciliation of budgetary information to GAAP is included in the Required Supplementary Information.

(1) Summary of Significant Accounting Policies (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit with outside financial institutions or amounts on deposit in the State Treasurer's Office (STO) or State Auditor's Office. Balances are recorded at fair value or amortized cost which approximates fair value. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

In addition, the Division's UC Trust Fund maintains a deposit account in the Federal Unemployment Insurance Trust Fund of the United States Treasury, and utilizes commercial banks for depositing amounts disbursed for unemployment benefit payments. All such funds are generally available to the Division with overnight notice, and are considered cash equivalents.

(e) Inventory

Inventory consists of supplies used in the normal course of business and is valued at the lower of cost or market using the first in first out method.

(f) Revenue and Receivables

The Division has one primary source of revenue for each fund type. The general fund's activities are supported by federal grants primarily on a reimbursement basis. Expenditures in excess of receipts are recorded as "due from other governments".

Revenue in the UC Trust Fund represents employer contributions for unemployment insurance. The Division recognizes as revenue and taxes receivable amounts due for periods ending on or before the balance sheet date, together with an allowance for estimated uncollectible employer contributions. When collected, these funds are held in trust until expended to pay unemployment benefits. The amounts on the financial statement are reported net of an allowance for doubtful accounts of \$3,067.

(1) Summary of Significant Accounting Policies (Continued)

(g) Capital Assets

Capital assets, which consist primarily of office furniture and equipment of the Division, are reported in the applicable governmental or business-type activities columns in the statement of net assets of the government-wide financial statements. In accordance with the capitalization policy adopted by the Division for financial reporting, assets costing in excess of five thousand dollars are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Depreciation is computed for these assets using the straight-line method over the estimated economic useful lives ranging from 3-20 years. Total depreciation expense relating to the Division approximated \$167 for the fiscal year ended June 30, 2013. Accumulated depreciation relating to the capital assets approximated \$397 at June 30, 2013. Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

Capital asset activity for the year ended June 30, 2013, was as follows:

	50.000	alance 1, 2012	Incr	eases	Decr	eases		alance 30, 2013
Capital assets: Governmental activities Office furniture and equipment	\$	1,536	\$	39	\$	(45)	\$	1,530
Accumulated depreciation	-	(275)		(167)		45	-	(397)
Governmental activities capital assets, net	<u>s</u> _	1.261	\$_	(128)	\$	· ·	\$	1,133

(h) Other Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Balances classified as operating revenues and expenses are those which comprise the Division's ongoing operations. Principal operating revenues are charges to customers for use of the services. Principal operating expenses are the costs of providing the goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses, if any, are classified as non-operating in the financial statements.

(i) Retirement Benefits

The Division's employees are covered by the West Virginia Public Employees Retirement System (PERS), a multi-employer cost-sharing defined benefit pension plan. PERS covers substantially all employees of the Division.

(1) Summary of Significant Accounting Policies (Continued)

(j) Net Position and Fund Balance

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Division or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Such constraints limit the Division's ability to use the resources to pay current liabilities.

FUND BALANCE – As required by GASB 54, the Division displays fund balance in five components. If applicable: nonspendable, restricted, committed, assigned and unassigned.

NONSPENDABLE FUND BALANCE - Nonspendable fund balance includes amounts that cannot be spent because they are (a) either not in spendable form or (b) legally or contractually required to be maintained intact.

RESTRICTED FUND BALANCE – Restricted fund balances should be reported when constraints place on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

COMMITTED FUND BALANCE - Committed fund balances should be reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the Division, this decision-making authority is the West Virginia State Legislature.

ASSIGNED FUND BALANCE – Assigned fund balances should be reported for amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances at the Division are approved by the WORKFORCE Executive Management Team.

UNASSIGNED FUND BALANCE – Unassigned fund balance is the residual classification for the Division's general fund and includes all spendable amounts not contained in the other classifications.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Division has the authority to deviate from this policy if it is in the best interest of the Division.

At June 30, 2013, the General Fund had an assigned fund balance for encumbrances of \$28 that are composed of contracts for vendors' services and subrecipients who provide Rapid Response, State Set Aside, National Emergency Grant, Navigator, and other WORKFORCE services. Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at fiscal year-end.

(1) Summary of Significant Accounting Policies (Continued)

(k) Compensated absences

Effective July 1, 2007, the Division adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement provided standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2007, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State of West Virginia (the "State"). Effective July 1, 2007, the Division was required to participate in this multiple employer cost-sharing plan the West Virginia Retiree Health Benefit Trust Fund (RHBT), sponsored by the State of West Virginia. The Plan provides the following retiree group insurance coverage to participants: medical and prescription drug coverage through a self-insured preferred provider benefit (PPB) plan and through external managed care organizations (MCOs), basic group life, accidental death, and prescription drug coverage for retired employees of the State and various related State and non-State agencies and their dependents. Details regarding this plan can be obtained by contacting RHBT, State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston WV 25305-0710 or http://www.wvpeia.com.

This statement requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

Full-time employees earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. The liability is now provided for under the multiple employer cost-sharing plan sponsored by the State.

The estimated expense and expense incurred for the vacation leave, or OPEB benefits are recorded as a component of benefits expense on the statements of revenues, expenses, and changes in net assets.

Legislation requires the RHBT to determine through an actuarial study, the ARC (Annual Required Contribution) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC is allocated to respective cost-sharing employers including the Division who are required by law to fund at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residue funds held in trust for future OPEB costs. Based on the actuarial study completed, the annual required contribution rates were determined for the fiscal year ended June 30, 2013. The OPEB expense for fiscal year 2013 based upon actuarial determined amounts is \$255 per current employee per month which was the annual required contribution. The total OPEB expense for fiscal year 2013 was \$938. The amount accrued as the RHBT liability is \$6,588 at June 30, 2013.

(1) Summary of Significant Accounting Policies (Continued)

The total OPEB expense relating to retirees was \$218 during fiscal year 2013. As of the year ended June 30, 2013, there were 92 individuals receiving these benefits. Retirees receiving benefits increased 12,20% compared to 2012 financials.

(I) Recent Statements Issued By GASB

For 2013, the Division implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. The implementation of GASB 63 had no material effect on the financial statements of the Division.

In March 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities" which will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement is effective for fiscal year 2014, and management has not yet determined the financial statement impact of the pronouncement.

(2) Deposits

The composition of cash and cash equivalents were as follows at June 30, 2013:

		mortized <u>Cost</u>		Estimated Fair Value		
Cash on deposit with State Treasurer / State Auditor's Office	\$	1,440	\$	1,440		
Cash in bank		462		462		
Cash in U.S. Treasury	-	119,237		119,237		
¥	5	121.139	S	121.139		

At June 30, 2013, the carrying value of amounts on deposit with the U.S. Treasury in the Federal Unemployment Insurance Trust Fund approximated \$119,237 while \$462 of deposits were held in commercial bank accounts that are utilized for collection of unemployment taxes and benefit payments. Substantially all of the Division's deposits in commercial bank accounts are collateralized by securities held by the pledging financial institution, but not in the Division's name.

(3) Leases

4

The Division has various lease agreements for its current central office buildings and various hearing and field offices throughout West Virginia. The Division also leases a small number of vehicles.

All State agencies are required to have language in their lease agreements which allow termination by either party with 30 days notice. The Division has entered into several such agreements. The Division plans to honor the original terms of all such agreements and, therefore, has provided disclosure of these "operating" leases as though they were non-cancelable. These leases are classified as operating leases with the lease payments recorded as rent expense as they become payable. Contingent rentals on operating leases for certain equipment are determined based on usage of the equipment. In addition, certain operating leases for office space include rent escalation provisions based on increases in the lessor's real property taxes over taxes paid in a base year and annual renewal options.

Future minimum rentals under operating leases for the Division at June 30, 2013 are as follows:

Rentals due in fiscal year:

2014	\$	2,449
2015		2,077
2016		765
2017		440
2018		366
Thereafter	***	646
Total minimum lease payments	\$	6,743

Rental expense for the minimum rentals under operating leases for the year ended June 30, 2013 was \$2,270.

(4) Compensated Absences and Other Post Employment Benefits

The liability for compensated absences is generally liquidated in the fund for which the liability is recorded. Changes in compensated absences balances and other post employment benefits are as follows:

	ginning alance	100000000000000000000000000000000000000	litions/ uctions	Ending Balance	 Within e Year
Governmental Activities: Compensated absences RHBT payable (OPEB)	\$ 1,232 6,504	\$	(19) <u>84</u>	\$ 1,213 6,588	\$ 842
	\$ 7.736	\$	65	\$ 7,801	\$ 842

The Division's obligation for accrued vacation leave time includes leave time and related costs expected to be paid to employees in the future and are determined using wage levels in effect at the date the obligation is calculated. Also included in this amount is the Division's unfunded obligation arising in connection with legislation to fund portions of employee post retirement health insurance costs for retired employees.

Upon retirement, an employee may apply unused sick leave or annual leave, or both to reduce their future insurance premiums paid to the West Virginia Public Employees Insurance Division or to obtain a greater benefit under the West Virginia Public Employees Retirement System.

(5) Pension Plan

(a) Plan Description

The Division contributes to the West Virginia Public Employees Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 5, Article 10 of the West Virginia Code assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. Employees who retire at or after age 55 and have completed 25 years of credited service are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's final average salary, multiplied by the number of years of the employee's credited service at the time of retirement. PERS also provides deferred retirement, early retirement, death, and disability benefits to plan members and beneficiaries. CPRB issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report can be obtained by writing to CPRB, Capitol Complex, Building 5, Room 1000, Charleston, WV 25305.

(b) Funding Policy

The PERS funding policy has been established by action of the State Legislature. State statute requires plan members to contribute 4.5% of their annual covered salary. Effective July 1, 2012, employer contribution rates were 14.0% of the member's annual earnings. This is a combined contribution of 18.5%. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. The contribution requirements of plan members and the Division are established and may be amended by the PERS Board of Trustees. The Division's contributions to PERS for the years ended June 30, 2013, 2012, and 2011 were \$1,884, \$2,088, and \$1,822, respectively, equal to the required contributions for each year.

(6) Related Party Transactions

During the course of operations, the Division enters into transactions with other agencies of the State of West Virginia. These transactions consist of normal Division/employer transactions or fees for services paid to other State enterprise or internal service funds, as set forth below:

	(General Fund	Unemployment Compensation Trust	
Employer premiums revenue from other State agencies	\$		\$	2,365
Employee benefits and other costs paid to other State agencies	\$	3,398	\$	

(6) Related Party Transactions (Continued)

Due from other State Agencies:

	General Fund		Unemplo Compen <u>Tru</u>	sation
West Virginia Department of Health and Human Resources,	\$		\$	_
Bureau of Child Support	Ф	-	φ	38
Supreme Court of Appeals		-		-
Rehabilitation Services		•		6
Motor Vehicles		-		46
WV Department of Highways				72
Health & Human Resources		-		35
Natural Resources		-		11
Lakin State Hospital		-		5
William R. Sharpe Jr. Hospital		-	20	16
Attorney General's Office		-	5)	5
Environmental Protection		-		
Regional Jail		•		89
Mt. Olive		•		14
Division of Juvenile Services		**		22
State Colleges		•		166
Others	\$			<u>\$174</u>
Total	\$			<u>\$699</u>

(7) Commitments and Contingencies

(a) Risk Management

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA) to account for and finance uninsured risks of losses for state agencies, institutions of higher education, and component units.

BRIM is a public entity risk pool that provides coverage for general, liability and properly damage in the amount of \$1,000 per occurrence. There have been no settlements that have exceeded this coverage in the last three years. PEIA is also a public entity risk pool and provides coverage for employee and dependent health, life and prescription drug insurance.

Through its participation in the PEIA, the Division has obtained health, life and prescription drug coverage for all its employees. The Division, through a third-party insurer has obtained coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and a third-party insurer, the Division has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

(7) Commitments and Contingencies (Continued)

These entities issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to these specific entities.

(b) Other Risks

During the normal course of operations, the Division incurs certain routine claims. The Legal Counsel for the Division has evaluated the potential loss for these claims and believes that the insurance coverage provided by WVBRIM is adequate to cover any potential losses from these claims.

The Division participates in several federal programs which are subject to audit by the federal awarding agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal awarding agency cannot be determined at this time. The Division records these disallowed audit adjustments for questioned costs in the period the audit is finalized.

(8) Deficit Funding Plan

The Division has taken significant steps to improve fiscal accountability and monitoring of the local workforce investment boards. Procedures have been put into place to ensure that charges to programs are allowable and proper and that grant obligations do not exceed the current grant funds available. In addition, the Division has issued fiscal guidelines for the local Workforce Investment Boards and has conducted fiscal training with their key fiscal personnel.

The Division is continuing to improve its budgetary process and is looking at various methods to control expenses; including, but not limited to, budget cutbacks, closing of offices, and the reorganization of various job responsibilities within the Division. In addition, the Division is developing a more comprehensive oversight program to monitor the seven subrecipient Workforce Investment Boards in an effort to reduce non-allowable expenditures. Furthermore, management intends to perform a comprehensive review of the workforce investment board structure to determine if a more cost effective structure that delivers the same level of client service can be implemented.

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

WORKFORCE WEST VIRGINIA SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND YEAR ENDED JUNE 30, 2013 (in Dollars)

		4							Vanz	ance with	
				mont		Act	ual Amounte		Fine	(Nopsilve)	
-		Budgete	a rest	F	inel .	(Budgetery Besis)			POSITIVE (Nepstive)		
-			100								
Budgetery Fund Batanos July 1					Section Assessment		1,061,368	\$		(21,583,225)	
Budgetery Fund Datement	s :	22.441,683	4	22	2.044,693	\$	46,057,177	*		(35.907,544)	
Beginning Balance 7/1/12	E !	61,441,490	_3	6	.086,080		47,118,648		-		
		83,683,089									
Amounte Available For The					400		14.710,178	3		2,283,281	
Civarges To Appropriations (Outlows):	2	17,003,409			7,003,406	5	•			Ç.	
Charges To Appropriations (With Payroll Deductions) OD1-Personal Services (With Payroll Deductions)			5		-		-	5		14,861	
HOA DEFENDE SEPTIONS (CONT.)	*	369,260	5		389,260	5	354,370	*			
CD3-Payroll Reimbutsarrain	\$	369,260	4		•		-	5			
604-Annual Increment	5	-	4			*	94.275	20.		21,188	
Employee Benefits:		115,463	1	3	115,463		1.066.284	5		(273,664)	
		1,360,775	5		1,386,850	\$	1,639,523	S.			
	5	1,365,669				*	60,726			21,853	
nen-public Employees Insulant	\$	82,682		S.	82.582		42,895			3,10%	
013-Other Health Insurance 014-Workers Compensation	*	45,998		*	45,998	5	1,956.186			468,504	
nts-Unemployment Compensation	1	2,424.090		\$	2,424,600	7		*			
016 Pension & Retirement			100	\$ \$	321		458,423	100		7,450	
	25	475.683		5	475.083	5	170.587	1 12		(G1.DEA)	
Contact Expenses	*	108,603		*	108,003	\$.	2,270.871			181,688	
020-Office Expenses		2,452,870		\$	2,462,670	2	28,472	2		£17,4673 33,940	
D21-Printing and Binding 022-Rental Expense	*	11,005			11,005	\$	765,321			437.524	
pos-Utildes	25	799.26		5	1.422.209		884.688	. 5		508,123	
	*	1,422,200	- E	5	500.123	*	1,490,386			(37,738)	
D25-Contractual and Profes	\$	1,452,65	•	4	1,452,658		16.011	St. 112		15,720	
D26-Yeavel	*	31,741	8		31,746	\$			5	(0.626)	
027-Computer Services 029-Vehicle Rental	*	68.84		\$	29,024	5	30.65		•	31,387	
025-Vehicle Rental 030-Rentals (Mechine and Miscellensious) D30-Rentals (Mechine and Miscellensious)	\$	24,02		5	87,991	*	56,80		*	wh.	
	*	\$7.50	1	3		\$			5	(5,568)	
032-Fire, Auto, Bond.	s			š	2.034	\$	7,80		5	18,245	
035-Food Clothing 034-Clothing, Household and Recreational Supplies	\$	71.39		5	71,393	***	6,32		\$	(6,943)	
034-Clothing, Household State 100	*	2.30		*	2,362	.5	63		#	375,686	
036-Adventising Expense 036-Vehicle Operating Expense	*	9.67		*	9,678 375,588			.)	*	(3.45%)	
	5	375.56		\$	10.824	3	14.26		\$ \$	21,476	
035-Routine Maintenante	4	10.83		*	46,808	\$	34,43		5	1,913	
041-Cettolar Chergas		6,91			5,613		21.49		4	(7.366)	
043-Educational Training (Slipend*)		18,0		*	18,043	*	-1		*	1,454	
043-Educational Transport		7,41		3	3,464	5	40.11	.44	\$	(1,804)	
Francist		38,3	15	*	38.318	*			*	30,107	
THE PROPERTY LIBERTY			No.	*	43,315	*	13.13		5	(34.1.44)	
046 Discharge & Parote		43,3		5	30.956	\$	1,086,6			170.129	
		\$ 1,266,9		4	1.256,978	5	1,000,0	-		1,495.157	
052-Training and Development 052-Training and Preight		1,465.1	67	*	1,495,157	-	2,7	20	\$	(2,700)	
		4	-	15.	-	\$		•	*	856.573	
		6		3	797.121		140,5	88	\$		
OST-Allorney Reimbursable Expenses		\$ 797.1	21	*		*	,	33	\$	3,326	
Office and		\$ • 3.5	50	*	3,688	\$	-	4		4,073	
059-Student Activities 061-Office & Communication Equipment Repairs 061-Office & Communication Equipment Repair			73	5	1.073	2		+	4	17,568	
061-Office & Communication Equipment Repair 062-Research, Educational, & Medicat Equipment Repair		\$ 17.6	568	*	17.565	*	2	00	\$	(3.206)	
082-Research, Educational, 2008-Relation (Repairs Des-Building & Household Equipment Repairs		5	103	*			3,2	06	2	4.074	
054-Routine Maintenant		*	274	\$	4.074	. 4		60	5	51.792	
066-Venicia Repairs 066-Routine Maintenance of Grounds		s 52.			52,052			78.	\$	27,716	
056-Routine Maintenance 055-Other Repairs and Alterations		5 B4,		*	54,994					(5.810)	
058-Other Repairs and Allemant pro-Orlice and Communication Equipment		3	•	*			* *	110	\$	3	
071-Medical Equipment		*	-	15 10				-	5		
073-Mous shold Equipment and		8.	-	- 4		3	K	-	\$	150,614	
074-Bulleting Equipment		\$ \$ 150.	***		160,614	5	T.	-	*	818.344 (889)	
077-Books and Periodicals		5 B1M		3			5	989	. \$	(ear)	
ore Other Capital Equipment		\$	•	1	70	55 5	•	•	*		
cap-Payment Of Taxes			•		s. s	•	\$	•	*	86	
Ges Payment Of Cipins		*	-	- 7	s. 6	6.	4	2	4		
083-Payment Of Claims 083-Grants, Awards, Scholerships, and Loans		*	*	1	5	2	3 -	*	15	2,975	
pez-Building Construction		* 3	97.8		s 2,67		<u>s</u>			765,642	
		5	65		\$ 840.00		\$ 54.		*	4	
oug-Natural Disaster Grand			000.		\$	4	4	-	5	19.628,798	
100-Fund Transfers		£ 19,825	you		\$ 19.820.79		\$ 15,699	207		(13,277,700)	
101-Legislative Direct Transfer		5 15,820 5 2,421	507		\$ 2,421,50	17	\$ 12,000		5	(69.732	
126-Cost Allocation Adjusted 126-Federal Subsciplent Disbursement			1,100		\$ 1,70	ю	£ 56	732	\$	(58.732)	
		*	•		\$		*	•	\$	(W:019	
					\$ 952,94	18	•	.007	*		
157-Lanauhold Implo		2 08	2,845		3	-	5	_			
*** OFFR Expense		& &			*	-	475	.264	5	(479,264	
170-Computer Equipment		•			\$	*		1,156		(63,185 (87,847	
171-Computer Software 331-Other Travel		\$	-		5		\$ 61	.847	*	(237,967	
					5	0758 17 4 011	\$ 23	967	\$	(80.103	
		\$	*		3	~	20.	1025		(304,025	
net-color Maintenance		\$	•	677; • 100	6		45.82	220		13,791,701	
		50.61	4.021	-	69.614.6	21		1000000000			
360-Sertweiter Computer Supplies Total Charges To Appropriations		-				**	\$ 1,25	5,326	5	(23,175,643	
Total Charges											
Budgetery Fund Betwice, June 30, 2013		£ 24.24	18,108	400	\$ 24,471,1		-				

WORKFORCE WEST VIRGINIA NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND YEAR ENDED JUNE 30, 2013 (in Thousands)

(1) Budget and Actual Comparison

The Division's General Fund has a legislatively approved budget. However, certain monies reported within the General Fund in accordance with accounting principles generally accepted in the United States of America (GAAP), are not considered appropriated funds in accordance with the Division's budgetary reporting policy. Accordingly, these amounts have not been reported in the Division's Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund. A reconciliation of the net change in fund balance for the year ended June 30, 2013, on the budgetary basis to the GAAP basis for the General Fund follows:

Net change in fund balance - budgetary basis	(234)
Basis of accounting differences (budgetary to GAAP)	403
Unbudgeted funds	462
Transfers	959
Net change in fund balance - GAAP basis	1,590

OTHER FINANCIAL INFORMATION

WORKFORCE WEST VIRGINIA OTHER FINANCIAL INFORMATION BUDGETARY COMPARISON SCHEDULE Fund 3450 Administration and Service Year Ended June 30, 2013 • (In Dollars)

Industrial Amounts		Variance with	
udgeted Amounts Final	Actual Amounts	Final Budget	
- Find	(Budgetary Basis)	Positive (Negative)	
24,872 8,924,87		(8,719,864	
56,499 31,456,49	27,192,416	(4,264,083	
1,371 40,381,37		(12,983,947	
enie	A Secretario		
58,246 15,468,24	6 13,468,953	1,999,263	
	•		
3,680 353,68			
333,00	335,672	18,008	
8,713 108,71	3 85,780		
0,377 1,210,37		21,933	
4,367 1,274,38		205,902 (253,096	
		(255,086	
4,059 74,05	9 51,447	22,612	
2,263 42,263	3 40,306	1,857	
5,069 2,215,069	9 1,793,718	421,351	
		72.7,00	
	20		
9,326 449,326		34,789	
3,225 83,225 3,978 1,853,976		(50,406)	
		(223,259)	
5,629 5,629 8,225 408,225		(22,174)	
	000,000	(289,780)	
1,594 691,594 3,570 358,570		(57,125)	
7,776 1,397,776		358,570	
30,090		1,401	
65.884		16,186	
024 29,024		65,884	
973 69.973		(7,002)	
	49,040	20,933	
,939 1,939	7,198	(5,259)	
.498 67,498	12,037	55,481	
.128 2,128		(5,612)	
	636	(636)	
.810 360,810		360,810	
854 8,864		(2,854)	
.152 35,152		8,104	
.394 5,394 .029 18.029	4,001	1,563	
		(690)	
.714 37.714	39,687	(1,973)	
.004 43,004	1	(1)	
675 14,675		31,558	
549 1,247,549		(55,677)	
844 897,944	1,068,547	179,002	
,	2,700	897,944	
796 88,796	81,595	(2,700)	
794 1,794	223	7,201 1,571	
556 17,556	(27)	17,583	
145 145	162	(17)	
212700	3,093	(3,093)	
986 33,986	1,156	32.830	
044 49,044	16,565	32,479	
49.7	5,290	(5,290)	
614 150,614	•	150,614	
278 818,278		B16,278	
66 01	689	(689)	
20	•	65	
-,	186	2.774	
33 33 300 420,000	12	21	
319 14,619	*	420,000	
928,840	014 401	14,619	
- 020,040	914,401	14,439	
	423,042 50,329	(423,042)	
	76,012	(50,329)	
4.7	203,444	(76,012)	
	74,337	(203,444)	
		(74,337) (257,902)	
99 31,457,499	27,294,183	4,163,316	
		1,100,010	
	7,499 3,872	_	

WORKFORCE WEST VIRGINIA OTHER FINANCIAL INFORMATION BUDGETARY COMPARISON SCHEDULE Fund 8835 Consolidated Federal Funds Year Ended June 30, 2013 (In Dollars)

	Budgeled Amo	ounts	Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Budgelary Fund Balance July 1			***************************************	
Resources (Inflows)				
Beginning Balance 7/1/11	1,025,314	1,028,314	333	(1,027,981)
2012 FY Gross Revenue	5,012,657	5,012,657	270,223	(4,742,434)
Amounts Available for Appropriation	6,037,971	6,040,971	270,557	(5,770,414)
Charges to Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions	207,537	207,537	45,233	162,304
Employee Benefits			2500.00	3 *
010-Personnel Division & Public Employees Insurance			342	(342)
011-Social Security Matching	15,117	15,117	3,267	11,850
012-Public Employees' Insurance	31,976	31,976	4,131	27,845
014-Workers Compensation	3,689	3,689	434	3,255
015-Unemployment Compensation	3,735	3,735	227	3,508
016-Pension & Retirement	36,897	36,897	6,216	30,681
Current Expenses			•	•
020-Office Expenses	2,189	2,189	•	2,189
022-Rental Expense	526,177	526,177	118,986	407,191
023-Utilities	5,344	5,344	443	4,901
024-Telecommunications	377,174	377,174	51,838	325,336
025-Contractual and Professional	524,480	524,480	•	524,480
026-Travel	108,488	108,488	•	108,488
032-Fire, Auto, Bond, and Other Insurance	14,506	14,506	3,075	11,431
037-Research, Educational and Medical Supplies	9,499	9,499		9,499
053-Postal and Freight			20	(20)
054-Computer Supplies	587,214	587,214	*	587,214
058-Miscelaneous Equipment Purchases	706,858	706,858	718	706,140
061-Office & Communication Equipment Repairs	1,761	1,761	1.0	1,761
064-Routine Maintenance Of Buildings			47	(47)
166- Routine Maintenance of Grounds	4,074	4,074		4,074
068-Other Repairs and Alterations	18,367	18,367	•	18,367
160-OPEB Expense			2,766	(2,766)
331-Other Travel			7,259	(7,259)
343-Other Rentals			914	(914)
361-Other Computer Supplies			23,277	(23,277)
Total Charges To Appropriations	3,185,082	3,185,082	269,195	2,915,887
Budgetary Fund Balance, June 30, 2013	2,852,889	2,855,889	1,362	(2,854,527)

WORKFORCE WEST VIRGINIA

OTHER FINANCIAL INFORMATION BUDGETARY COMPARISON SCHEDULE Fund 3451 Interest on Employers Delinquent Contributions Fund Year Ended June 30, 2013 (In Dollags)

The second secon	Budgeted /	Amounts	Act	ual Amounts		enance with inal Budget
	Original	Final	(Bud	igelary Basis)	Pos	itive (Negative)
Budgetary Fund Balance July 1						
Resources (Inflows)					_	
Beginning Balance 7/1/11	•		\$	744,567	2	744,567
2012 FY Gross Revenue	420,000	420,000	values and an	354,999		(65,001
Amounts Available For Appropriation	420,000	420,000		1,099,566		679,566
Charges To Appropriations (Outflows):						
100-Fund Transfers	420,000	420,000		54,418		365,582
Total Charges To Appropriations	420,000	420,000		54,418	***************************************	365,582
Budgelary Fund Balance, June 30, 2013	\$ -	\$ <u>-</u>	\$	1,045,148	\$	1,045,148

WORKFORCE WEST VIRGINIA OTHER FINANCIAL INFORMATION BUDGETARY COMPARISON SCHEDULE Fund 8749 Workforce Investment Act Year Ended June 30, 2013 (In Dollars)

	.40			Maniford on 19th
	Budgete Original	ed Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary Fund Balance July 1	Oliginal	7 8 181	- And Getal y Desis)	Positive (Negative)
Resources (Inflows)			na na na na na na	
Beginning Balance 7/1/12	12,491,407		111,460	(12,579,947)
2013 FY Gross Revenue Amounts Available For Appropriation	24,552,340 37,043,747		18,239,538 18,350,998	(6,312,802)
Visionis Unevenie Lot Aphiphitennii	37,043,147	31,293,191	16,300,888	(18,892,749)
Charges To Appropriations (Outflows)	4 242 424	4 887 686	4 405 877	227422
001-Personal Services (With Payroll Deductions) 004-Annual Increment	1,327,626 15,560	1,327,626 15,580	1,195,877 18,707	131,749 (3,127)
Employee Benefits:				:
010-Personnel Division & Public Employees Insurance	6,750	6,750	7,153	(403)
011-Social Security Matching	141,281	141,281	88,515	52,766
012-Public Employees' Insurance 014-Workers Compensation	59,516	59,516	107,916	(48,400)
015-Unemployment Compensation	4,934	4,934	8,848 2,360	(3,914)
016-Pension & Retirement	172,724	172,724	156,237	(2,360) 16,487
Current Expenses				•
020-Office Expenses	24,368	24,368	53,467	(29,099)
021-Printing and Binding	25,378	25,378	36,956	(11,578)
022-Rental Expense	72,414	72,414	74,638	(2,224)
023-Utilities	32	32	227	(195)
024-Telecommunications	13,862	13,862	15,476	(1,614)
025-Contractual and Professional	206,135	206,135	185,964	20,171
026-Travel	41,065	41,055	-	41,065
027-Computer Services	54,882	54,882	75,698	(20,616)
029-Vehicle Rental	1,656	1,658	1,872	(214)
030-Rentals (Machine and Miscellaneous)	2,964	2,964		2,964
031-Association Dues and Professional Memberships 032-Fire; Auto, Bond, and Other Insurance	2512	0.540	2,624	(2,624)
034-Clothing, Household and Recreational Supplies	3,512 95	3,512 95	4,689 280	(1,177)
035-Advertising and Promotional	3,895	3,895	43,111	(185) (39,216)
035-Vehicle Operating Expense	254	254	584	(330)
037-Rerch/Educ & Medical Su	179	179		179
038-Routine Maintenance Contracts	14,778	14,778		14,778
041-Cellular Charges	1,960	1,960	2,562	(602)
042-Hospitality	10,756	10,756	7,384	3,372
043-Educational Training (Stipends)	519	519	169	350
044- Energy Exp Mtr Veh/Air	14	14	2,500	(2,486)
045-Farm Expense 047- Energy Expense Utilities	1,454 601	1,454 601	433	1,454
051-Miscellaneous	311	311	1,678	168 (1,367)
052-Training and Development	25,291	25,291	3,758	21,533
053-Postal and Freight	9,429	9,429	18,283	(8,854)
054-Computer Supplies	9,999	9,999		9,999
058-Miscellaneous Equipment Purchases	1,467	1,467	21,431	(19,964)
061-Office & Communication Equipment Repairs	3	3	9	(6)
062-Research, Educational, & Medical Equipment Repairs	1,073	1,073		1,073
063-Building & Household Equipment Repairs	12	12	27	(15)
064-Routine Maintenance Of Buildings 065-Vehicle Repairs	6	8	114	8 (114)
066-Other Repairs and Attentions	599	599	4	595
070-Office and Communication Equipment	5,950	5,950	713	5,237
073-Household Equipment and Furnishings			525	(525)
078-Other Capital Equipment	66	66		66
089-Bank Costs	1	. 1	*	.1
096-Other Interest and Penalties	19	19	(186)	205
099-Natural Disaster Grants	32	32	(12)	44
124-Cost Allocation Adjustment/Settlament	19,812,179	19,812,179	45 400 007	19,812,179
128-Federal Subrecipient Disbursement	2,421,507	2,421,507	15,699,207	(13,277,700)
143-Building Improvements 156- Medical Service Payments	1,100	1,100	58,732	1,100
160-WV OPEB Contribution	54,108	54,108	74,796	(58,732) (20,688)
331-Other Travel	0,,,,,,	54,760	42,128	(42,128)
343-Other Rentals			1,913	(1,913)
350-Comm equip Maint contract			11,634	(11,834)
351-Other Maintenance Contracts			10,523	(10,523)
360-Softwere Licenses			967	(967)
361-Other Computer Supplies	74 556 246	24 550 240	20,177	(20,177)
Total Charges To Appropriations	24,552,340	24,552,340	18,060,869	6,491,471
Budgetary Fund Balance, June 30, 2013	12,491,407	12,691,407	290,129	(12,401,278)

INTERNAL CONTROL AND COMPLIANCE REPORT



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards

The Commissioner WORKFORCE West Virginia Charleston, West Virginia

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the governmental activities, business-type activities and each major fund of WORKFORCE West Virginia (the Division), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements and have issued our report thereon dated October 14, 2013, wherein we noted the WORKFORCE implemented GASB Statement No. 63.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Division's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Division's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Division's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Division's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under Government Auditing Standards.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Division's internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering the Division's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balistia, Harr & Schern, CPA's

Balestra, Harr & Scherer, CPAs, Inc. Piketon, Ohio October 14, 2013



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Members of the Governing Board WORKFORCE West Virginia Charleston, West Virginia

In accordance with Government Auditing Standards, applicable to financial audits, we have audited the financial statements of the WORKFORCE West Virginia (the Division) as of and for the year ended June 30, 2013, and have issued our report thereon dated October 14, 2013.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal controls and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in internal controls. We have issued the required report dated October 14, 2013 for the year ended June 30, 2013.

We are submitting for your consideration the following comment on the Division's compliance with applicable laws and regulations and on its internal controls. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or significant internal control deficiencies, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. If you have any questions or concerns regarding these comments, please do not hesitate to contact us.

Recommendations

 The trial balances of the Division did not agree to the financial statements in all instances by insignificant amounts.

The Division should ensure that the trial balances agree to the financial statements.

 The financial statements and footnotes to the financial statements contained several errors due mainly to the implementation of GASB Statement No. 63.

The Division should ensure that all new GASB Statements are properly implemented.

This report is intended solely for the information and use of management, the Governing Board, and Federal and State oversight agencies. We intend it for no one other than these specified parties.

Balestia, Ham & Schern, CPAs

Balestra, Harr & Scherer, CPAs, Inc. Piketon, Ohio October 14, 2013

bhs Circleville

Ironton

Piketon

Wheelersburg

Worthington

WorkForce WV Programs

EXHIBIT D WWV14869

Acronym Program Description

AS&T Admin Serv & Tech

CES CES BLS

LAUS LAUS BLS

OES OES BLS

ES202 ES-202 BLS

MLS MLS BLS

OSHS OSHS BLS

ESLAB ES Labor Cert

HSING ES AG Reimb Hsing

WGSVY ES AG Wage Survey

TAA TAA Admin

WOTC ES WOTC

HCTC TAA Healthcare Initiative

ES10% ES 10% Plan

LVER LVER Vets

DVOP DVOP Vets

ES90% ES 90% Plan

EUC Emergency Unemp Comp

UC UC Reg Grant

QC UC Qual Control

LMI LMI

UCTRA UC Trade

RG6CM Region 6 Case Mgmt.

RG6EL Region 6 Eligibility

RRADM Rapid Response Overhead

WIA WIA Admin

MACC MACC

UIAS UI Admin Stimulus

NEG National Emergency Grant

NEG FY13 Severe Storm

REA Re-Employment and Eligibility

TAACM TAA Case Management

GRNGT Green Grant

BBND Broadband Grant

LERS LERS - VOW PY11

CHILD Child Sup. Reim. ES

AFDC AFDC-Food Reim. ES

SIDES SIDES Phase I

SIDES SIDES Phase II

SIDES SIDES Expansion

IVR Interactive Voice Response

BTR Benefit-Tax Rewrite

WRKKYS WorkKeys

EUCREA Emerg Unempl Comp - REA

NEG-COAL NEG - Coal (WARN)

NEG-HSANDY NEG - Hurricane Sandy

CCOH Cost Center Overhead

----- P&I

630 Reed Act - ES

622 Reed Act - UI

SIDES SIDES MESSAGING

IVR IT SYSTEMS IVR

VOIP IT SYSTEMS VOIP

IPAP IP ADDRESS PREVENT

MERIT MERIT STAFF

ADDENDUM ACKNOWLEDGEMENT FORM SOLICITATION NO.: WWV14869

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received: (Check the box next to each addendum received)							
[/	1	Addendum No. 1	ľ]	Addendum No. 6		
1]	Addendum No. 2	ſ	1	Addendum No. 7		
[]	Addendum No. 3]	Addendum No. 8		
]	Addendum No. 4	Ĺ]	Addendum No. 9		
[]	Addendum No. 5	ĺ]	Addendum No. 10		
I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding. HAUFLICH & STEINHBEAL COAS DEA							
HAYFLICH GREGORAC, PLLC							
Company Authorized Signature							
		•	were considerable from	7	7 3/2014 Date		

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing. Revised 6/8/2012