



The following documentation is an electronically-submitted vendor response to an advertised solicitation from the *West Virginia Purchasing Bulletin* within the Vendor Self-Service portal at ***wvOASIS.gov***. As part of the State of West Virginia's procurement process, and to maintain the transparency of the bid-opening process, this documentation submitted online is publicly posted by the West Virginia Purchasing Division at ***WVPurchasing.gov*** with any other vendor responses to this solicitation submitted to the Purchasing Division in hard copy format.

Header 5

List View

General Information | Contact | Default Values | Discount | Document Information

Procurement Folder: 341417

SO Doc Code: CRFQ

Procurement Type: Central Master Agreement

SO Dept: 0323

Vendor ID:

SO Doc ID: WV1700000007

Legal Name: BALESTRA HARR & SCHERER CPAS INC

Published Date: 6/19/17

Alias/DBA:

Close Date: 6/22/17

Total Bid: \$0.00

Close Time: 13:30

Response Date:

Status: Closed

Response Time:

Solicitation Description: Addendum No. 1 Auditing Services for WorkforceWV

Total of Header Attachments: 5

Total of All Attachments: 5



Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Solicitation Response

Proc Folder : 341417

Solicitation Description : Addendum No. 1 Auditing Services for WorkforceWV

Proc Type : Central Master Agreement

Date issued	Solicitation Closes	Solicitation Response	Version
	2017-06-22 13:30:00	SR 0323 ESR06221700000006516	1

VENDOR

000000173172

BALESTRA HARR & SCHERER CPAS INC

Solicitation Number: CRFQ 0323 WWV1700000007

Total Bid : \$0.00

Response Date: 2017-06-22

Response Time: 10:15:03

Comments:

FOR INFORMATION CONTACT THE BUYER

Melissa Pettrey
(304) 558-0094
melissa.k.pettrey@wv.gov

Signature on File

FEIN #

DATE

All offers subject to all terms and conditions contained in this solicitation

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Auditing Services	0.00000	EA	\$24,000.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description :	Auditing Services per the specifications attached herein.
------------------------	---



Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Request for Quotation
14 — Financial

Proc Folder: 341417

Doc Description: Auditing Services for Workforce WV

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2017-06-08	2017-06-22 13:30:00	CRFQ 0323 WWV1700000007	1

BID RECEIVING LOCATION

BID CLERK

DEPARTMENT OF ADMINISTRATION

PURCHASING DIVISION

2019 WASHINGTON ST E

CHARLESTON

WV 25305

US

VENDOR

Vendor Name, Address and Telephone Number:

Balestra, Harr & Scherer, CPAs, Inc.

PO Box 687

Piketon, Ohio 45661

740289-4131

FOR INFORMATION CONTACT THE BUYER

Melissa Pettrey

(304) 558-0094

melissa.k.pettrey@wv.gov

Signature X

FEIN #

31-1413363

DATE

June 22, 2017

All offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

Request for Quotation

The West Virginia Purchasing Division is soliciting bids on behalf of the Agency - WorkForce West Virginia to establish an open-end contract for financial auditing services of the agency financial statements for the fiscal year ending June 30, 2017 per the bid requirements, specifications and terms and conditions that are contained within the solicitation and apart of hereof.

INVOICE TO	SHIP TO
WORKFORCE WEST VIRGINIA FISCAL & ADMINISTRATIVE MANAGEMENT- 5301 112 CALIFORNIA AVE CHARLESTON WV25305-0112 US	WORKFORCE WEST VIRGINIA OFFICE OF ADMIN. SUPPORT - 5302 112 CALIFORNIA AVENUE CHARLESTON WV 25305-0112 US

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Auditing Services				

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description :

Auditing Services per the specifications attached herein.

WWV1700000007	Document Phase Draft	Document Description Auditing Services for Workforce WV	Page 3
---------------	---------------------------------------	---	---------------

ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

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.

3. PREBID MEETING: The item identified below shall apply to this Solicitation.

☒ 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 nonbinding.

Submitted e-mails should have solicitation number in the subject line.

Question Submission Deadline: June 14th, 2017 at 9:00 AM. EST.

Submit Questions to: Melissa Pettrey
2019 Washington Street, East
Charleston, WV 25305
Fax: (304) 558-4115 (Vendors should not use this fax number for bid submission)
Email: Melissa.K.Pettrey@wv.gov

5. VERBAL COMMUNICATION: Any verbal communication between the Vendor and any State personnel is not binding, including verbal communication 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 submitted electronically through wvOASIS or 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 electronic submission via wvOASIS, 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

A bid that is not submitted electronically through wvOASIS should contain the information listed below on the face of the envelope or the bid may be rejected by the Purchasing Division.:

SEALED BID:
 BUYER:
 SOLICITATION NO.:
 BID OPENING DATE:
 BID OPENING TIME:
 FAX NUMBER:

The Purchasing Division may prohibit the submission of bids electronically through wvOASIS at its sole discretion. Such a prohibition will be contained and communicated in the wvOASIS system resulting in the Vendor's inability to submit bids through wvOASIS. Submission of a response to an Expression of Interest or Request for Proposal is not permitted in wvOASIS.

For Request For Proposal ("RFP") Responses Only: 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 N/A 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: (This only applies to CRFP)

- ☐ 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 confirmation of delivery is provided by wvOASIS (in the case of electronic submission) or when the bid is time stamped by the official Purchasing Division time clock (in the case of hand delivery).

Bid Opening Date and Time: June 22nd, 2017 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.

10. ALTERNATES: Any model, brand, or specification listed in this Solicitation 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. 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.

13. 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.

14. UNIT PRICE: Unit prices shall prevail in cases of a discrepancy in the Vendor's bid.

15. 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 Vendor Preference Certificate form has been attached hereto to allow Vendor to apply for the preference. Vendor's failure to submit the Vendor Preference Certificate form with its bid will result in denial of Vendor Preference. Vendor Preference does not apply to construction projects.

16. SMALL, WOMEN-OWNED, OR MINORITY-OWNED BUSINESSES: For any solicitations publicly advertised for bid, 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 contract award 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.

17. 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.

18. ELECTRONIC FILE ACCESS RESTRICTIONS: Vendor must ensure that its submission in wvOASIS can be accessed and viewed by the Purchasing Division staff immediately upon bid opening. The Purchasing Division will consider any file that cannot be immediately accessed and viewed at the time of the bid opening (such as, encrypted files, password protected files, or incompatible files) to be blank or incomplete as context requires, and are therefore unacceptable. A vendor will not be permitted to unencrypt files, remove password protections, or resubmit documents after bid opening to make a file viewable if those documents are required with the bid. A Vendor may be required to provide document passwords or remove access restrictions to allow the Purchasing Division to print or electronically save documents provided that those documents are viewable by the Purchasing Division prior to obtaining the password or removing the access restriction.

19. NON-RESPONSIBLE: The Purchasing Division Director reserves the right to reject the bid of any vendor as Non-Responsible in accordance with W. Va. Code of State Rules § 148-1-5.3, when the Director determines that the vendor submitting the bid does not have the capability to fully perform, or lacks the integrity and reliability to assure good-faith performance.”

20. ACCEPTANCE/REJECTION: The State may accept or reject any bid in whole, or in part in accordance with W. Va. Code of State Rules § 148-1-4.5. and § 148-1-6.4.b.”

21. YOUR SUBMISSION IS A PUBLIC DOCUMENT: Vendor's entire response to the Solicitation and the resulting Contract are public documents. As public documents, they will be disclosed to the public following the bid/proposal opening or award of the contract, as required by the competitive bidding laws of West Virginia Code §§ 5A-3-1 et seq., 5-22-1 et seq., and 5G-1-1 et seq. and the Freedom of Information Act West Virginia Code §§ 29B-1-1 et seq.

DO NOT SUBMIT MATERIAL YOU CONSIDER TO BE CONFIDENTIAL, A TRADE SECRET, OR OTHERWISE NOT SUBJECT TO PUBLIC DISCLOSURE.

Submission of any bid, proposal, or other document to the Purchasing Division constitutes your explicit consent to the subsequent public disclosure of the bid, proposal, or document. The Purchasing Division will disclose any document labeled "confidential," "proprietary," "trade secret," "private," or labeled with any other claim against public disclosure of the documents, to include any "trade secrets" as defined by West Virginia Code § 47-22-1 et seq. All submissions are subject to public disclosure without notice.

GENERAL TERMS AND CONDITIONS:

1. CONTRACTUAL AGREEMENT: Issuance of a Award Document 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.

2. 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. "Bid" or "Proposal" means the vendors submitted response to this solicitation.

2.3. "Contract" means the binding agreement that is entered into between the State and the Vendor to provide the goods or services requested in the Solicitation.

2.4. "Director" means the Director of the West Virginia Department of Administration, Purchasing Division.

2.5. "Purchasing Division" means the West Virginia Department of Administration, Purchasing Division.

2.6. "Award Document" 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 contract holder.

2.7. "Solicitation" means the official notice of an opportunity to supply the State with goods or services that is published by the Purchasing Division.

2.8. "State" means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.

2.9. "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 _____ upon award _____ and extends for a period of _____ one (1) _____ year(s).

Renewal Term: This Contract may be renewed upon the 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). Any request for renewal should be submitted to the Purchasing Division thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Renewal of this Contract is limited to _____ three (3) _____ successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed _____ thirty-six (36) _____ months in total. Automatic renewal of this Contract is prohibited. Notwithstanding the foregoing, Purchasing Division approval is not required on agency delegated or exempt purchases. Attorney General approval may be required for vendor terms and conditions.

Delivery Order Limitations: In the event that this contract permits delivery orders, a delivery order may only be issued during the time this Contract is in effect. Any delivery order issued within one year of the expiration of this Contract shall be effective for one year from the date the delivery order is issued. No delivery 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.

☐ **Fixed Period Contract with Renewals:** This Contract becomes effective upon Vendor's receipt of the notice to proceed and part of the Contract more fully described in the attached specifications must be completed within _____ days.

Upon completion, the vendor agrees that maintenance, monitoring, or warranty services will be provided for one year thereafter with an additional _____ successive one year renewal periods or multiple renewal periods of less than one year provided that the multiple renewal periods do not exceed _____ months in total. Automatic renewal of this Contract is prohibited.

☐ **One Time Purchase:** The term of this Contract shall run from the issuance of the Award Document until all of the goods contracted for have been delivered, but in no event will this Contract extend for more than one fiscal year.

☐ **Other:** See attached.

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 Award Document 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.

☒ **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.

☐ **Service:** The scope of the service to be provided will be more clearly defined in the specifications included herewith.

☒ **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. EMERGENCY PURCHASES: The Purchasing Division Director may authorize the Agency to purchase goods or services in the open market that Vendor would otherwise provide under this Contract if those goods or services are for immediate or expedited delivery in an emergency. Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work. An emergency purchase in the open market, approved by the Purchasing Division Director, shall not constitute a breach of this Contract and shall not entitle the Vendor to any form of compensation or damages. This provision does not excuse the State from fulfilling its obligations under a One Time Purchase contract.

7. REQUIRED DOCUMENTS: All of the items checked below must be provided to the Purchasing Division by the Vendor as specified below.

☐ **BID BOND (Construction Only):** Pursuant to the requirements contained in W. Va. Code § 5-22-1(c), All Vendors submitting a bid on a construction project shall furnish a valid 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 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 delivered to the Purchasing Division prior to Contract award.

In lieu of the Bid Bond, Performance Bond, and Labor/Material Payment Bond, the Vendor may provide certified checks, cashier's checks, or irrevocable letters of credit. Any certified check, cashier'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 performance and labor/material payment bond will only be allowed for projects under \$100,000. Personal or business checks are not acceptable. Notwithstanding the foregoing, West Virginia Code § 5-22-1 (d) mandates that a vendor provide a performance and labor/material payment bond for construction projects. Accordingly, substitutions for the performance and labor/material payment bonds for construction projects is not permitted.

☐ **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.

☐ **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.

☒ Certified Public Accounting Certification

☐

☐

☐

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

8. INSURANCE: The apparent successful Vendor shall furnish proof of the insurance identified by a checkmark below prior to Contract award. Subsequent to contract award, and prior to the insurance expiration date, Vendor shall provide the Agency with proof that the insurance mandated herein has been continued. Vendor must also provide Agency with immediate notice of any changes in its insurance policies mandated herein, including but not limited to, policy cancelation, policy reduction, or change in insurers. The insurance coverages identified below must be maintained throughout the life of this 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 in this section.

Vendor must maintain:

☐ **Commercial General Liability Insurance** in at least an amount of:

\$1,000,000.00

☐ **Automobile Liability Insurance** in at least an amount of: _____

☐ **Professional/Malpractice/Errors and Omission Insurance** in at least an amount of: _____

☐ **Commercial Crime and Third Party Fidelity Insurance** in an amount of: _____

☐ **Cyber Liability Insurance** in an amount of: _____

☐ **Builders Risk Insurance** in an amount equal to 100% of the amount of the Contract.

☐

☐

☐

☐

☐

9. WORKERS' COMPENSATION INSURANCE: The apparent successful Vendor shall comply with laws relating to workers compensation, shall maintain workers' compensation insurance when required, and shall furnish proof of workers' compensation insurance upon request.

10. 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.

11. LIQUIDATED DAMAGES: Vendor shall pay liquidated damages in the amount of

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.

12. ACCEPTANCE: Vendor's signature on its bid, or on the certification and signature page, constitutes an offer to the State that cannot be unilaterally withdrawn, signifies that the product or service proposed by vendor meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise indicated, and signifies acceptance of the terms and conditions contained in the Solicitation unless otherwise indicated.

13. PRICING: The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification.

14. 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.

15. 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.

16. 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.

17. ADDITIONAL FEES: Vendor is not permitted to charge additional fees or assess additional charges that were not either expressly provided for in the solicitation published by the State of West Virginia or included in the unit price or lump sum bid amount that Vendor is required by the solicitation to provide. Including such fees or charges as notes to the solicitation may result in rejection of vendor's bid. Requesting such fees or charges be paid after the contract has been awarded may result in cancellation of the contract.

18. 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.

19. 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 also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-6.1.e.

20. TIME: Time is of the essence with regard to all matters of time and performance in this Contract.

21. 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.

22. COMPLIANCE: Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendor acknowledges that it has reviewed, understands, and will comply with all applicable laws, regulations, and ordinances.

23. 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.

24. 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). Any change to existing contracts that adds work or changes contract cost, and were not included in the original contract, must be approved by the Purchasing Division and the Attorney General's Office (as to form) prior to the implementation of the change or commencement of work affected by the change.

Revised 04/07/2017

25. 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.

26. 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 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.

27. 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.

28. 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.

29. 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.

30. 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.

31. PRIVACY, SECURITY, AND 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>.

32. YOUR SUBMISSION IS A PUBLIC DOCUMENT: Vendor's entire response to the Solicitation and the resulting Contract are public documents. As public documents, they will be disclosed to the public following the bid/proposal opening or award of the contract, as required by the competitive bidding laws of West Virginia Code §§ 5A-3-1 et seq., 5-22-1 et seq., and 5G-1-1 et seq. and the Freedom of Information Act West Virginia Code §§ 29B-1-1 et seq.

DO NOT SUBMIT MATERIAL YOU CONSIDER TO BE CONFIDENTIAL, A TRADE SECRET, OR OTHERWISE NOT SUBJECT TO PUBLIC DISCLOSURE.

Submission of any bid, proposal, or other document to the Purchasing Division constitutes your explicit consent to the subsequent public disclosure of the bid, proposal, or document. The Purchasing Division will disclose any document labeled "confidential," "proprietary," "trade secret," "private," or labeled with any other claim against public disclosure of the documents, to include any "trade secrets" as defined by West Virginia Code § 47-22-1 et seq. All submissions are subject to public disclosure without notice.

33. LICENSING: In accordance with West Virginia Code of State Rules § 148-1-6.1.e, 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.

34. ANTITRUST: In submitting a bid to, signing a contract with, or accepting a Award Document 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.

35. VENDOR CERTIFICATIONS: By signing its bid or entering into this Contract, Vendor certifies (1) that its bid or offer was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid or offer for the same material, supplies, equipment or services; (2) that its bid or offer 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 Solicitation in its entirety; understands the requirements, terms and conditions, and other information contained herein.

Vendor's signature on its bid or offer 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 or offer on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or offer 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.

36. 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.

37. 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.

38. 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.

39. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE: This Contract may be utilized by 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"). Any extension of this Contract to the aforementioned Other Government Entities must be on the same prices, terms, and conditions as those offered and agreed to in this Contract, provided that such extension is in compliance with the applicable laws, rules, and ordinances of the Other Government Entity. 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.

40. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire an 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.

41. REPORTS: Vendor shall provide the Agency and/or the Purchasing Division with the following reports identified by a checked box below:

☒ Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.

☐ Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at purchasing.requisitions@wv.gov.

42. 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.

43. 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:

- a. "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 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:
- c. 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
- d. 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.

44. 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.

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

Michael A. Balestra, VP-DIRECTOR

(Name, Title)

Michael A. Balestra, VP-Director

(Printed Name and Title)

PO Box 687, Piketon, Ohio 45661

(Address)

740-289-4131/740-289-3639

(Phone Number) / (Fax Number)

balestra@bhscpas.com

(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Balestra, Harr & Scherer, CPAs, Inc.

(Company)

Michael A. Balestra, VP-DIRECTOR

(Authorized Signature) (Representative Name, Title)

Michael A. Balestra, VP-Director

(Printed Name and Title of Authorized Representative)

June 22, 2017

(Date)

740-289-4131/740-289-3639

(Phone Number) (Fax Number)

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.

Addendum Numbers Received:

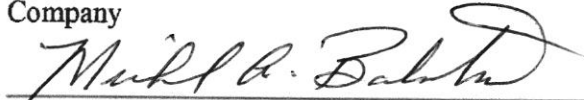
(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> 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.

Balestra, Harr & Scherer, CPAs, Inc.

Company



Authorized Signature

June 22, 2017

Date

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

SPECIFICATIONS

1. **PURPOSE AND SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of WorkForce West Virginia to establish an open-end contract for financial auditing services of the agency's financial statements for the fiscal year ending June 30, 2017.

Current environment: 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 conformations 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 detail audit plan. Final report preparation, editing, and printing shall be the responsibility of the auditing firm. No internal audit support will be available.

This was previously solicited as WWV14869 and bids opened on: 07/10/2014. Vendor's may review previous bid results at:

<http://www.state.wv.us/admin/purchase/Bids/FY2015/BO20140710.html>

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" or "Contract Items"** means the audit of the agency's financial statements for fiscal year ending June 30, 2017 and subsequent years allowed under this contract.
 - 2.2 **"Pricing Pages"** means the schedule of prices, estimated order quantity, and totals contained in wvOASIS or attached hereto as Exhibit A, and used to evaluate the Solicitation responses.
 - 2.3 **"Solicitation"** means the official notice of an opportunity to supply the State with goods or services that is published by the Purchasing Division.
 - 2.4 **"FAM"** means the Fiscal and Administrative Management Division of WorkForce West Virginia.
 - 2.5 **"GASB"** means Government Accounting Standards Board.
 - 2.6 **"SAS"** means statements on auditing standards.

2.7 “FARS means Financial Accounting and Reporting Section of the West Virginia Department of Administration

3. GENERAL REQUIREMENTS:

3.1 Contract Items and Mandatory Requirements: Vendor shall provide Agency with the Contract Items listed below on an open-end and continuing basis. Contract Items must meet or exceed the mandatory requirements as shown below.

3.1.1 Vendor to preform auditing Services of agency financial statements for fiscal year ending June 30, 2017.

- 3.1.1.1 Vendor shall provide a written statement in conformity with Generally Accepted Accounting Principles, on the presentation of the general purpose financial statements that will include all WorkForce West Virginia funds to the Director of FAM.
- 3.1.1.2 The audit for fiscal year 2017 and forward must be audited in accordance with Government Auditing Standards issued by the Comptroller General of the United States.
- 3.1.1.3 Vendor must provide technical assistance to the WorkForce West Virginia 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 Vendor 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 Vendor shall 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 Vendor will provide all work under the direction of the Executive Director of Workforce West Virginia or his/her designee.
- 3.1.1.7 Following the completion of each audit of the fiscal’s year financial statement, the firm shall issue reports on the

presentation of the financial statements in conformity with Generally Accepted Accounting Principles.

- 3.1.1.8** Vendor shall be required to provide 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** 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 judgements, 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 West Virginia and the Director of FAM.
- 3.1.1.11** Vendor 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** Vendor must discuss any public statements with the Executive Director or designee prior to the statements being released or made.
- 3.1.1.13** Vendor 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 the agency's financial statements are to be included in the financial statement 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 appropriated internal control system in place undergo and external quality control review” the vendor 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 vendor must also provide an affirmative statement that it is independent of WorkForce West Virginia and related systems.
- 3.1.1.15** Vendor 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** Vendor shall give the agency 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://wwlegis.state.wv.us/wvcode/code.cfm>) the vendor shall also notify the agency in writing if any other matters come to its attention during the course of this contract which may impair its independence.
- 3.1.1.17** Vendor and all assigned professional personnel and all associated subcontracted firms must be licensed to practice accounting in West Virginia.
- 3.1.1.18** Vendor and 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 vendor must provide copies of their internal control documents as well as a copy of the most recent external quality control review. The quality control 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** Vendor must identify the managing partner of the office from which the auditing services will be performed upon request within forty-eight (48) hours of request. 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 is 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** Vendor 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 specialist. All personnel must hold a license to practice as a Certified Public Accountant in West Virginia.
- 3.1.1.22** Vendor 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 specialty and a description of each specialty, general certificates and qualifications obtained, a listing of relevant continuing professional education courses within the last three (3) 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 at least one (1) year of auditing experience in public accounting or a similar environment. References to support eh one (1) year of auditing experience must be submitted to the Director of FAM within fifteen (15) working 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 the agency 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 vendor's personnel; however, the primary vendor

will be responsible for the results and deliverable required under this contract.

3.1.1.25 All working papers and reports must be retained at the vendor's expense in a secure storage area for a minimum of five (5) years, unless the vendor is notified by the agency of the need to extend the retention period. The vendor will be required to make working papers available upon request to the Executive Director of WorkForce West Virginia 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 Vendor must deliver five (5) copies of the bound final report to the Director of FAM, Room 618, 112 California Avenue, Charleston, WV 25305, or current location, by October 20, 2017. An electronic copy of the report must be provided in a PDF or similar format for public review on the agency's website.

3.1.1.27 Peer reviews: All vendors must provide any all peer reviews performed within the last six (6) years. The vendor must have received a rating of pass or pass with deficiencies on all applicable peer reviews. A failed peer review will not be acceptable. No vendor should bid on the request with knowledge of a pending peer review that will likely be classified as failed.

4. CONTRACT AWARD:

4.1 Contract Award: The Contract is intended to provide Agencies with a purchase price on all 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.

Evaluation will be on lowest Total Bid Amount meeting mandatory requirements.

4.2 Pricing Pages: Vendor should complete the Pricing Pages by providing an all-inclusive price for each deliverable reflected on the Pricing Page, (Exhibit A) Vendor should complete the Pricing Pages in their entirety as failure to do so may result in Vendor's bids being disqualified.

Vendor should type or clearly print the information into the Pricing Page to prevent errors in the evaluation. If Vendor is submitting bid on line Vendor must submit

REQUEST FOR QUOTATION
Financial Auditing Services

P31

Pricing Page as attachment. **TOTAL BID AMOUNT** is the amount Vendor is to enter wvOASIS commodity line when submitting. Notwithstanding the foregoing, the Purchasing Division may correct errors at its discretion.

The Pricing Pages contain a list of the Contract Items and estimated purchase volume. The estimated purchase volume for each item represents the approximate volume of anticipated purchases only. No future use of the Contract or any individual item is guaranteed or implied.

Vendor should electronically enter the information into the Pricing Pages through wvOASIS, if available, or as an electronic document. In most cases, the Vendor can download the Pricing page and all supporting documentation from the wvOASIS Vendor Self Service Portal at: <https://prod-fin-vss.wvoasis.gov/webapp/prdvss11/AltSelfService>

5. **PERFORMANCE:** Vendor and Agency shall agree upon a schedule for performance of Contract Services and Contract Services Deliverables, unless such a schedule is already included herein by Agency. In the event that this Contract is designated as an open-end contract, Vendor shall perform in accordance with the release orders that may be issued against this Contract.
 - 5.1 **Delivery Time:** Vendor shall deliver contract deliverables within the timeframes set forth in the Delivery Schedule (Exhibit B). Items must be delivered to WorkForce West Virginia, 112 California Avenue, Charleston, WV, 25305, or their current location.
6. **PAYMENT:** Agency shall pay hourly rate, as shown on the Pricing Pages, for all Contract Services performed and accepted under this Contract. Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia.
7. **TRAVEL:** Vendor shall be responsible for all mileage and travel costs, including travel time, associated with performance of this Contract. Any anticipated mileage or travel costs may be included in the flat fee or hourly rate listed on Vendor's bid, but such costs will not be paid by the Agency separately.
8. **FACILITIES ACCESS:** Performance of Contract Services may require access cards and/or keys to gain entrance to Agency's facilities. In the event that access cards and/or keys are required:
 - 8.1. Vendor must identify principal service personnel which will be issued access cards and/or keys to perform service.
 - 8.2. Vendor will be responsible for controlling cards and keys and will pay replacement fee, if the cards or keys become lost or stolen.

- 8.3. Vendor shall notify Agency immediately of any lost, stolen, or missing card or key.
- 8.4. Anyone performing under this Contract will be subject to Agency's security protocol and procedures.
- 8.5. Vendor shall inform all staff of Agency's security protocol and procedures.

9. VENDOR DEFAULT:

- 9.1 The following shall be considered a vendor default under this Contract.
 - 9.1.1 Failure to provide Contract Items in accordance with the requirements contained herein.
 - 9.1.2 Failure to comply with other specifications and requirements contained herein.
 - 9.1.3 Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.
 - 9.1.4 Failure to remedy deficient performance upon request.
- 9.2 The following remedies shall be available to Agency upon default.
 - 9.2.1 Immediate cancellation of the Contract.
 - 9.2.2 Immediate cancellation of one or more release orders issued under this Contract.
 - 9.2.3 Any other remedies available in law or equity.

10. MISCELLANEOUS:

- 10.1 **No Substitutions:** Vendor shall supply only Contract Items submitted in response to the Solicitation unless a contract modification is approved in accordance with the provisions contained in this Contract.

REQUEST FOR QUOTATION
Financial Auditing Services

P33

10.2 Reports: Vendor shall provide quarterly reports and annual summaries to the Agency showing the Agency's items purchased, quantities of items purchased, and total dollar value of the items purchased. Vendor shall also provide reports, upon request, showing the items purchased during the term of this Contract, the quantity purchased for each of those items, and the total value of purchases for each of those items. Failure to supply such reports may be grounds for cancellation of this Contract.

10.3 Contract Manager: During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

Contract Manager: Michael A. Balestra

Telephone Number: 740-289-4131

Fax Number: 740-289-3639

Email Address: balestra@bhscpas.com

Exhibit A - Pricing Page

State of West Virginia

WORKFORCE WEST VIRGINIA

Deliverable	Description	Unit of Measure	Estimated Hours	Hourly Rates	Extended cost
PHASE I					
	Entrance Conference	Per Hour	20		
	Detailed Audit Plan	Per Hour	50		
	Draft of WORKFORCE West Virginia Reports and Financial Statements for Review	Per Hour	225		
TOTAL PHASE I					
PHASE II					
	Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial statements for review	Per Hour	50		
	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	Per Hour	30		
TOTAL PHASE II					
PHASE III					
	Unsigned Final Draft with all modifications to WORKFORCE West Virginia management for final review	Per Hour	45		
	Final signed report submitted to WORKFORCE West Virginia and FARS	Per Hour	45		
TOTAL PHASE III					
Hourly Services	Rate per Hour for Accounting, Auditing, and Consulting Services	Per Hour	10		
Total Bid Amount: (Total Hourly Services + Total Phases)					
HOURS SHOWN ARE AN ESTIMATION AND IS FOR AWARD PURPOSES ONLY					
Vendor may request payment pursuant to the following schedule :					
* First Payment shall be 25% of the Grand Total and can be submitted upon completion of Phase I , identified in the above table					
* Second Payment shall be 25% of the Grand Total and can submitted upon completion of Phase II , identified in the above table					
* Third payment shall be 50% of the Grand Total and can be submitted upon completion of Phase III , identified in the table					
WORKFORCE West Virginia requires that the accounting first be available to assist with accounting issues and new reporting requirements as they arise on an as-needed basis. The bid must include firm fixed fee for the services shown as well as an hourly rate for accounting and auditing consulting services. The total cost submitted for bid must include all travel and out-of-pocket expenses.					

AUDITING SERVICES DELIVERY SCHEDULE

DELIVERABLES	Required Date
Entrance conference	BEFORE JULY 31, 2017
Detailed Audit Plan	AUGUST 14, 2017
Draft of Agency's reports and financial statements for review	AUGUST 21, 2017
Revised draft with all requests changed and modifications of agency's reports and financial statements for review	AUGUST 28, 2014
Draft submitted to the Financial Accounting and Reporting Section (FARS) with copies to Executive Director or WorkForce West Virginia and the Director of FAM	SEPTEMBER 5, 2017
Unsigned final draft with all modifications to the agency's management for final review	OCTOBER 13, 2014
Final signed report submitted to the agency and FARS	OCTOBER 20, 2017

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.

1. Application is made for 2.5% vendor preference for the reason checked:

- ☐ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,
☐ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification;
☐ Bidder is a resident vendor partnership, association, or corporation with at least eighty percent of ownership interest of bidder held by another entity that meets the applicable four year residency requirement; **or**,
☐ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or**,

2. Application is made for 2.5% vendor preference for the reason checked:

- ☐ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,

3. Application is made for 2.5% vendor preference for the reason checked:

- ☐ Bidder is a nonresident vendor that employs a minimum of one hundred state residents, or a nonresident vendor which has an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia and employs a minimum of one hundred state residents, and for purposes of producing or distributing the commodities or completing the project which is the subject of the bidder's bid and continuously over the entire term of the project, on average at least seventy-five percent of the bidder's employees or the bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years and the vendor's bid; **or**,

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**,

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 Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or**,

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, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

7. Application is made for preference as a non-resident small, women- and minority-owned business, in accordance 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, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) rescind the contract or purchase order; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Balestra, Harr & Scherer, CPAs, Inc.

Signed:



Date: June 22, 2017

Title:

VP- Director

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 exceeds 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.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Balestra, Harr & Scherer, CPAs, Inc.

Authorized Signature: *Michael A. Balestra* Date: June 22, 2017

State of Ohio

County of Pike, to-wit:

Taken, subscribed, and sworn to before me this 22 day of June, 2017.

My Commission expires December 24, 2017.

AFFIX SEAL HERE

NOTARY PUBLIC

Charles W. D'Amico

Purchasing Affidavit (Revised 08/01/2015)





BALESTRA, HARR & SCHERER, CPAs, Inc.

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

www.bhscpas.com

WORKFORCE WV

Proposal to Serve as
Independent Auditors

MEMBER OF THE:



SUBMITTED JUNE 22, 2017 BY
BALESTRA, HARR & SCHERER, CPAs, INC.
MICHAEL A. BALESTRA, SHAREHOLDER/DIRECTOR
balestra@bhscpas.com



BALESTRA, HARR & SCHERER, CPAs, Inc.

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

www.bhscpas.com

June 20, 2017

Bid Clerk
Department of Administration
Purchasing Division
2019 Washington ST. E
Charleston, WV 25305

We appreciate the opportunity to submit this proposal for consideration to conduct the Workforce WV audit for the year ending June 30, 2017. The information you provided was very helpful in determining the scope of the engagement and our estimated fees. We are familiar with organizations like yours, and have worked with many governmental entities and nonprofit organizations, for numerous years. We believe these engagements would fit well with our firm's niche and client base.

In the remainder of this proposal we will attempt to describe our understanding of the scope of the engagement, highlight our firm's general attributes, as well as specific qualifications, estimate our professional fees and provide you with information on some of our clients and professional staff.

Scope of Work

We understand that the work to be performed includes GAGAS audit for the year ending June 30, 2017. We will perform our audit in accordance with standards generally accepted in the United States of America and generally accepted government auditing standards. We will test material West Virginia Code.

The financial statements for the Department will be prepared and presented in accordance with standards applicable to government entities. The reports will include a report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America and a Report on the Compliance and Internal Controls over Financial Reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.

Our approach to the audit will be a risk-based approach. That is, we allocate more of our time to the areas that we perceive to have the most potential for possible misstatement. We start by carefully planning the engagement. We obtain information concerning the organizational structure, document an understanding of the significant transaction processing systems and establish the scope of our testing. We believe this is the most important step in the audit process and have found that this "up-front" investment of time allows us to direct our resources more efficiently.

We will document and testing internal control systems, performing confirmation work, etc. We perform substantive tests to verify the final balances. Some of these procedures include verification of year end balances through third parties, analytical procedures and review of supporting documentation. We will prepare the required reports in draft form, which will be reviewed with management prior to their issuance.

Firm Profile

Balestra, Harr & Scherer, CPAs, Inc. is a CPA firm licensed in the states of Ohio, Indiana, Kentucky, Michigan and West Virginia. We employ approximately 60 people of which 56 are professional staff, including 18 CPAs. Our firm has 4 office locations in Ohio. The Huntington, WV office will be used for this audit. Our client base includes entities in Ohio, Michigan, Indiana., Kentucky and West Virginia.

Our firm is a member of the American Institute of Certified Public Accountants, the Ohio Society of Certified Public Accountants and Independent Accountants International. We also are members of the AIPCA Government Audit Quality Center which provides us with industry specific training and resources. As members of these organizations, we subject ourselves to a triennial peer review to ensure that the quality of our work and our staff's education is maintained at the highest levels of our profession. Independent Accountants International provides us with a national and international network of carefully screened CPAs that enables us to perform work in virtually all parts of the world. It also provides a resource to assist in resolving unique tax and accounting problems.

A peer review consists of a review of our quality control system conducted by specially trained CPAs from other firms. Our most recent peer review was performed in November 2014. We received an unqualified report. A copy of the report has been enclosed.

Balestra, Harr & Scherer, CPAs, Inc. offers a full range of services, including, but not limited to, audits, reviews, compilations, tax planning and return preparation, payroll preparation, employee benefit plans and computer consulting. We audit numerous cooperative, governmental and nonprofit entities in the five-state area annually. Our audit staff members are located throughout the state of Ohio (including some in your area) to better serve clients in those areas. Audit, tax and consulting services to the above entities represent approximately 80% of our practice. Our goal is to develop and maintain client relationships for the long-term and make the relationship mutually beneficial.

Professional Fees

Our philosophy is to provide the highest quality professional services at a reasonable, competitive fee. Our clients are entitled to and expect us to perform our work in an efficient and effective manner. We provide all of our audit staff with proper training and equipment, including laptop computers and the necessary software to promote efficiency. Our fees are based upon hourly rates, which vary according to each individual's qualifications and experience. We strive to maintain our costs through low overhead so that we can continue our history of infrequent rate increases.

There are certain nonrecurring costs associated with the start-up of a new engagement. These start-up costs include, but are not limited to, obtaining and documenting policies, procedures and operations, developing tailored audit programs and accumulating the necessary historical information. As an expression of our desire to obtain these engagements, we will absorb these costs.

It is very difficult to estimate hours and fees for engagements with which we are not intimately familiar. However, we have had a great deal of experience with organizations such as yours. We feel comfortable providing the following estimates of maximum fees for the respective audits:

Based upon our understanding of the Workforce WV, our fees are as follows:

06/30/2017	<u>\$24,000.00</u>	GAGAS Audit
Total cost for June 30, 2017	<u>\$24,000.00</u>	

We encourage our clients to call us any time throughout the year with questions, projects or to just talk about current problems or conditions. We like to pride ourselves on our accessibility and staff continuity and believe that we can both benefit from our relationship.

In closing, I would like to express our appreciation for being considered for meeting your auditing requirements. I hope this letter expresses our sincere interest in working with you. If you need any additional information, please call. We would also welcome the opportunity to meet with anyone else you believe appropriate. We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, reading "Michael A. Balestra". The signature is fluid and cursive, with a large, stylized "B" at the end.

Michael A. Balestra, CPA, CFE, CGFM, CISM, CITP, CFF
Balestra, Harr & Scherer, CPAs, Inc.
PO Box 687
Piketon, OH 45661
740-289-4131

Balestra, Harr & Scherer, CPAs, Inc.

PROFESSIONAL STAFF

Michael A. Balestra, CPA, CFE, CGFM, CISM, CITP, CFF, graduated from The Ohio University in 1981 with a BBA and a major in accounting. Mike is a partner responsible for the firm's Government Sector and Employee Benefits Plan Sector. He was employed for fifteen years in the audit department with the Auditor of State of Ohio and for the past fifteen years as a partner of Balestra, Harr & Scherer, CPAs, Inc. an accounting firm with special expertise in auditing. He has taught numerous auditing courses for the accounting firm. He has been responsible for directing all phases of client services for many organizations, including financial and compliance audits, agreed-upon procedures and consulting for not-for-profit, hospital/medical and government entities. Mike is a member of the American Institute of Certified Public Accountants, The Ohio, West Virginia and Kentucky Society of Certified Public Accountants, Government Finance Officer Association, the Association of Government Accountants, Institute of Internal Auditors, Association of Certified Fraud Examiners and the Information System Audit and Control Association.

Matthew Hudkins, CPA, graduated from Wheeling Jesuit University with a major in accounting and finance and has been employed with the firm for two years. Matthew has 8 years of government accounting and auditing experience. He is an auditor specializing in auditing government and nonprofit clients and employee benefit plans. He is a member of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants and the Association of Certified Fraud Examiners.

Brett Nelms, CPA, graduated from the Ohio State University with a major in accounting and has been employed with the firm for 20 years. He has been involved almost exclusively in nonprofit and governmental audit, agreed-upon procedures and consulting engagements. Brett is a member of the American Institute of Certified Public Accountants, the Ohio Society of Certified Public Accountants, and the Association of Government Accountants.

Tim Rist, CPA, graduated from Ohio University with a major in accounting and has 30 years of government accounting and auditing experiences. He has been involved almost exclusively in nonprofit and governmental audit, agreed-upon procedures and consulting engagements. Tim is a member of the American Institute of Certified Public Accountants, the Ohio Society of Certified Public Accountants, and the Association of Government Accountants.

Bill Lemons, CGFM, CFE, graduated from the Ohio State University (BSBA, 1979) with a major in accounting and has been employed with the firm for twenty years. He has been involved almost exclusively in nonprofit and employee benefit plan audit, agreed-upon procedures and consulting engagements. Bill is a member of the Government Finance Officers Association, Association of Government Accountants, and Association of Certified Fraud Examiners.

Note: All the staff noted above met the yellow book requirements for continuing professional education in the past three years. All staff members are independent of the Workforce WV.

Balestra, Harr & Scherer, CPAs, Inc.
WV Government Clients

WV EDUCATIONAL BROADCASTING AUTHORITY
FRIENDS OF WV BROADCASTING, INC
WORKFORCE WEST VIRGINIA
WEST VIRGINIA PUBLIC DEFENDER SERVICES
ALDERSON, WV
ALBRIGHT, WV
BURNSVILLE, WV
BURSVILLE PUBLIC UTILITY BOARD
ELKINS, WV
WAYNE, WV
DANVILLE, WV
CHARLES TOWN, WV
CHESAPEAKE, WV
CLEARVIEW, WV
CLEDENIN, WV
DAVIS, WV
DELBARTON, WV
DUNBAR, WV
ELKINS, WV
GRANTSVILLE, WV
HEDGESVILLE, WV
CLEDENIN, WV
DANVILLE, WV
FLEMMINGTON, WV
FOLLANSBEE, WV
GILBERT, WV
HARPERS FERRY, WV
HINTON, WV
JANE LEW, WV
KEYSER, WV
KINGWOOD, WV
MASONTOWN, WV
MCMECHEN, WV
MEADOW BRIDGE, WV
MONTGOMERY, WV
MOUNDSVILLE, WV
NEW MARTINSVILLE, WV
OAK HILL, WV
RIDGELEY, WV
RIPLEY, WV
RONCERVERTE, WV
RUPERT, WV
SHEPHERDSTOWN, WV
SHINNSTON, WV
SOPHIA, WV
SPENCER, WV
SUMMERSVILLE, WV

Balestra, Harr & Scherer, CPAs, Inc.
WV Government Clients

SUTTON, WV
THURMOND, WV
TRIADELPHIA, WV
TUNNELTON, WV
UNION, WV
WAR, WV
WELLSBURG, WV
WEST UNION, WV
WESTOVER, WV
WINDSOR HEIGHTS, WV
WORTHINGTON, WV
CHARLESTON CONVENTION & VISITORS BUREAU
HANCOCK COUNTY SOLID WASTE AUTHORITY
CABELL-HUNINGTON BOARD OF HEALTH
CABELL COUNTY COMMUNITY SERVICES ORGANIZATION
CABELL COUNTY SOLID WASTE AUTHORITY
CHARLESTON SANITARY BOARD
CLARKSBURG BEAUTY ACADEMY
KANAWHA COUNTY SOLID WASTE AUTHORITY
MARSHALL COUNTY PSD #4
MERCER COUNTY FIRE SERVICES BOARD
MINGO COUNTY REDEVELOPMENT AUTHORITY
BERKELEY COUNTY FARMLAND PROTECTION BOARD
PADEN COMMUNITY DEVELOPMENT AUTHORITY
RITCHIE COUNTY SOLID WASTE AUTHORITY
MONROE COUNTY BOARD OF HEALTH
TUCKER COUNTY AMBULANCE BOARD
TUCKER COUNTY PARKS AND RECREATION COMMISSION
MORGANTOWN MONONGALIA MPO
LOGAN COUNTY COMMISSION
LOGAN COUNTY DEVELOPMENT AUTHORITY
LOGAN COUNTY SOLID WASTE AUTHORITY
McDOWELL COUNTY COMMISSION
McDOWELL COUNTY EMERGENCY AMBULANCE AUTHORITY
JACKSON COUNTY AIRPORT AUTHORITY
JACKSON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
EASTERN PANHANDLE TRANSIT AUTHORITY
MARION COUNTY PARKS RECREATION COMMISSION
MERCER COUNTY COMMUNICATION CENTER
MERCER COUNTY FIRE SERVICES BOARD
PLEASANT COUNTY SOLID WASTE AUTHORITY
RITCHIE COUNTY SOLID WASTE AUTHORITY
WIRT COUNTY SOLID WASTE AUTHORITY

Please note that our firm audits 120 other governmental entities in Ohio annually. These include several similar Governments. These references can be made available upon request.



THE OHIO SOCIETY OF CPAs
PEER REVIEW PROGRAM

AICPA® Peer Review Program

Administered in Ohio by The Ohio Society of CPAs

December 19, 2014

Jeffrey A Harr, CPA
Balestra, Harr & Scherer, CPAs, Inc.
129 Pinckney St
Circleville, OH 43113

Dear Mr. Harr:

It is my pleasure to notify you that on December 19, 2014 the Ohio Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is November 30, 2017. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Mark A Malachin, CPA
Peer Review, Committee Chairman
peerreview@ohiocpa.com

cc: Lori F Dearfield; Jeffrey A Harr

Firm Number: 10081709

Review Number 356610

Letter ID: 947028



Kelley **G**alloway
Smith **G**oolsby, PSC

Certified Public Accountants and Advisors

1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41102

• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590

• Web www.kgsgcpa.com Member of **PKF North America**

SYSTEM REVIEW REPORT

November 18, 2014

To the Shareholders of
Balestra, Harr & Scherer, CPAs, Inc.
and the Peer Review Committee of the Ohio Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Balestra, Harr & Scherer, CPAs, Inc. (the firm) in effect for the year ended May 31, 2014. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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 Balestra, Harr & Scherer, CPAs, Inc. in effect for the year ended May 31, 2014, 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*. Balestra, Harr & Scherer, CPAs, Inc. has received a peer review rating of *pass*.

Kelley Galloway Smith Goolsby, PSC

Kelley Galloway Smith Goolsby, PSC



Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Request for Quotation
14 — Financial

Proc Folder: 341417

Doc Description: Auditing Services for Workforce WV

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2017-06-08	2017-06-22 13:30:00	CRFQ 0323 WWV1700000007	1

BID RECEIVING LOCATION

BID CLERK

DEPARTMENT OF ADMINISTRATION

PURCHASING DIVISION

2019 WASHINGTON ST E

CHARLESTON

WV 25305

US

VENDOR

Vendor Name, Address and Telephone Number:

Balestra, Harr & Scherer, CPAs, Inc.

PO Box 687

Piketon, Ohio 45661

740-289-4131

FOR INFORMATION CONTACT THE BUYER

Melissa Pettrey

(304) 558-0094

melissa.k.pettrey@wv.gov

Signature X

FEIN # 31-1413363

DATE June 22, 2017

All offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

Addendum No. 1

Addendum No. 1 is issued to publish and distribute the attached information to the vendor community.

Request for Quotation

The West Virginia Purchasing Division is soliciting bids on behalf of the Agency - WorkForce West Virginia to establish an open-end contract for financial auditing services of the agency financial statements for the fiscal year ending June 30, 2017 per the bid requirements, specifications and terms and conditions that are contained within the solicitation and apart of hereof.

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA FISCAL & ADMINISTRATIVE MANAGEMENT- 5301 112 CALIFORNIA AVE CHARLESTON WV25305-0112 US		WORKFORCE WEST VIRGINIA OFFICE OF ADMIN. SUPPORT - 5302 112 CALIFORNIA AVENUE CHARLESTON WV 25305-0112 US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Auditing Services	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description :

Auditing Services per the specifications attached herein.

WWV1700000007	Document Phase Final	Document Description Addendum No. 1 Auditing Services for WorkforceWV	Page 3 of 3
----------------------	---------------------------------------	--	------------------------------

ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions



Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Request for Quotation
14 — Financial

Proc Folder: 341417

Doc Description: Addendum No. 1 Auditing Services for WorkforceWV

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2017-06-19	2017-06-22 13:30:00	CRFQ 0323 WWV1700000007	2

BID RECEIVING LOCATION

BID CLERK
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON ST E
CHARLESTON WV 25305
US

VENDOR

Vendor Name, Address and Telephone Number:

Balestra, Harr & Scherer, CPAs, Inc.
PO Box 687
Piketon, Ohio 45661
740-289-4131

FOR INFORMATION CONTACT THE BUYER

Melissa Pettrey
(304) 558-0094
melissa.k.pettrey@wv.gov

Signature X

FEIN # 31-1413363

DATE

06-22-17

All offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

Request for Quotation

The West Virginia Purchasing Division is soliciting bids on behalf of the Agency - WorkForce West Virginia to establish an open-end contract for financial auditing services of the agency financial statements for the fiscal year ending June 30, 2017 per the bid requirements, specifications and terms and conditions that are contained within the solicitation and apart of hereof.

INVOICE TO	SHIP TO
WORKFORCE WEST VIRGINIA FISCAL & ADMINISTRATIVE MANAGEMENT- 5301 112 CALIFORNIA AVE CHARLESTON WV25305-0112 US	WORKFORCE WEST VIRGINIA OFFICE OF ADMIN. SUPPORT - 5302 112 CALIFORNIA AVENUE CHARLESTON WV 25305-0112 US

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Auditing Services	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description :

Auditing Services per the specifications attached herein.

WV1700000007	Document Phase Final	Document Description Auditing Services for Workforce WV	Page 3 of 3
---------------------	--------------------------------	---	------------------------------

ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

Exhibit A - Pricing Page

State of West Virginia

WORKFORCE WEST VIRGINIA

Deliverable	Description	Unit of Measure	Estimated Hours	Hourly Rates	Extended cost
PHASE I					
	Entrance Conference	Per Hour	20	50.00	1,000.00
	Detailed Audit Plan	Per Hour	50	50.00	2,500.00
	Draft of WORKFORCE West Virginia Reports and Financial Statements for Review	Per Hour	225	50.00	11,250.00
TOTAL PHASE I					14,750.00
PHASE II					
	Revised draft with all requests changed and modification of WORKFORCE West Virginia report financial statements for review	Per Hour	50	50.00	2,500.00
	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 FARS	Per Hour	30	50.00	1,500.00
TOTAL PHASE II					4,000.00
PHASE III					
	Unsigned Final Draft with all modifications to WORKFORCE West Virginia management for final review	Per Hour	45	50.00	2,250.00
	Final signed report submitted to WORKFORCE West Virginia and FARS	Per Hour	45	50.00	2,250.00
TOTAL PHASE III					4,500.00
Hourly Services	Rate per Hour for Accounting, Auditing, and Consulting Services	Per Hour	10	75.00	750.00
Total Bid Amount: (Total Hourly Services + Total Phases)					24,000.00
HOURS SHOWN ARE AN ESTIMATION AND IS FOR AWARD PURPOSES ONLY					
Vendor may request payment pursuant to the following schedule :					
* First Payment shall be 25% of the Grand Total and can be submitted upon completion of Phase I , identified in the above table					
* Second Payment shall be 25% of the Grand Total and can submitted upon completion of Phase II , identified in the above table					
* Third payment shall be 50% of the Grand Total and can be submitted upon completion of Phase III , identified in the table					
WORKFORCE West Virginia requires that the accounting first be available to assist with accounting issues and new reporting requirements as they arise on an as-needed basis. The bid must include firm fixed fee for the services shown as well as an hourly rate for accounting and auditing consulting services. The total cost submitted for bid must include all travel and out-of-pocket expenses.					



Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Request for Quotation
14 — Financial

Proc Folder: 341417

Doc Description: Addendum No. 1 Auditing Services for WorkforceWV

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2017-06-19	2017-06-22 13:30:00	CRFQ 0323 WWV1700000007	2

BID RECEIVING LOCATION

BID CLERK

DEPARTMENT OF ADMINISTRATION

PURCHASING DIVISION

2019 WASHINGTON ST E

CHARLESTON

WV 25305

US

VENDOR

Vendor Name, Address and Telephone Number:

Balestra, Harr & Scherer, CPAs, Inc.

PO Box 687

Piketon, Ohio 45661

740-289-4131

FOR INFORMATION CONTACT THE BUYER

Melissa Pettrey

(304) 558-0094

melissa.k.pettrey@wv.gov

Signature X

FEIN #

31-1413363

DATE June 22, 2017

All offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

Addendum No. 1

Addendum No. 1 is issued to publish and distribute the attached information to the vendor community.

Request for Quotation

The West Virginia Purchasing Division is soliciting bids on behalf of the Agency - WorkForce West Virginia to establish an open-end contract for financial auditing services of the agency financial statements for the fiscal year ending June 30, 2017 per the bid requirements, specifications and terms and conditions that are contained within the solicitation and apart of hereof.

INVOICE TO	SHIP TO
WORKFORCE WEST VIRGINIA FISCAL & ADMINISTRATIVE MANAGEMENT- 5301 112 CALIFORNIA AVE CHARLESTON WV25305-0112 US	WORKFORCE WEST VIRGINIA OFFICE OF ADMIN. SUPPORT - 5302 112 CALIFORNIA AVENUE CHARLESTON WV 25305-0112 US

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Auditing Services	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description :

Auditing Services per the specifications attached herein.

SOLICITATION NUMBER: WWV1700000007

Addendum Number: 1

The purpose of this addendum is to modify the solicitation identified as WWV1700000007 ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- ☐ Modify bid opening date and time
- ☐ Modify specifications of product or service being sought
- ☒ Attachment of vendor questions and responses
- ☐ Attachment of pre-bid sign-in sheet
- ☐ Correction of error
- ☐ Other

Description of Modification to Solicitation:

1. To publish the Vendor questions and Agency responses.
2. Bid opening remains 06/22/2017 @ 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:

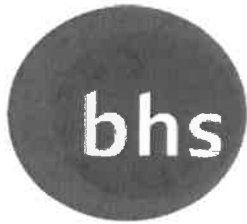
1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda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

Attachment A

ANSWERS TO TECHNICAL QUESTIONS RECEIVED FOR CRFQ WWV 1700000007

1. May we have a copy of the prior year's audit? **Provided**
2. How many audit adjustments were made last year and to what did they relate? **Not aware of any adjustments**
3. Can you disclose the previous year's audit fee? **\$30,000**
4. How long (and how many) were the auditors in your offices last year (as best you can remember)? **There were up to 3 in the office, but typically only 2 on site. Auditors were on site a few days a week for roughly 2 weeks, majority of work was conducted by email/dropping files on ftp site.**
5. Is the scope of services requested in this RFP consistent with the services now being provided by your current audit firm? **Yes**
6. Were there any problems or disagreements with the prior auditors? **None that the agency is aware of.**
7. Who drafts the financial statements and notes? **The Director of FAM drafts the financial statements and notes.**
8. Have there been any significant operational changes since the prior year's audit? **Retirement of Director.**
9. Has there been any material fraud noted over the past 5 years? **None that the agency is aware of.**
10. Are there any contingencies or legal issues that could have an impact on future financials? **None that the agency is aware of.**

11. At what physical location would you anticipate the bulk of the audit work to be performed?
Workforce WV Headquarters, Capitol Complex, Charleston WV



Balestra, Harr and Scherer, CPAs, Inc.

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

www.bhscpas.com

WORKFORCE WEST VIRGINIA

(A Division of the State of West Virginia)

Regular Audit

June 30, 2016

Fiscal Year Audited Under GAAS: 2016

WORKFORCE WEST VIRGINIA
TABLE OF CONTENTS
For the Year Ended June 30, 2016

Independent Auditors' Report	1 – 2
Management's Discussion and Analysis (MD & A)	3 – 11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position (Deficit)	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet- Governmental Fund (Includes Reconciliation to the Statement of Net Position (Deficiency))	14
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficiency) - Governmental Fund (Includes Reconciliation to the Statement of Activities)	15
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Notes to the Financial Statements	19 – 34
Required Supplementary Information - Unaudited	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	36
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	37
Other Financial Information	
Budgetary Comparison Schedule - Fund 3450 Administration and Service	38
Budgetary Comparison Schedule - Fund 8835 Consolidated Federal Funds	39
Budgetary Comparison Schedule - Fund 3451 Interest on Employers Delinquent Contributions Fund	40
Budgetary Comparison Schedule - Fund 8749 Workforce Investment Act	41
Internal Control and Compliance Report	
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 <i>Government Auditing Standards</i>	42 - 43



Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

INDEPENDENT AUDITOR'S REPORT

The Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of WORKFORCE West Virginia (the Division) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Division's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Division's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of WORKFORCE West Virginia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis and Required budgetary comparison schedule*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Division's basic financial statements taken as a whole.

The individual fund budgetary comparison schedules on pages 36 through 41 present additional analysis and are not a required part of the basic financial statements.

We did not subject the individual fund budgetary comparison schedules to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017, on our consideration of the Division's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
March 15, 2017

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

3

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, 2016, 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, 2016. 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, 2016 by \$52 million as compared to \$128 million for the fiscal year ended June 30, 2015.

Fund Level Highlights:

At the close of the fiscal year, the governmental activities of the Division reported a net fund deficit of \$10.4 million as compared to a deficit of \$9.8 million for the fiscal year ended June 30, 2015. The increase 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 net position as \$67 million for the Unemployment Compensation Trust Fund at June 30, 2016 as compared to \$143 million at June 30, 2015. The decrease in net position is mainly due to reduced Unemployment Compensation benefits for fiscal year ended June 30, 2016.

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.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

- *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.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

5

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

The Division's *combined* net position (governmental and business-type) totaled \$52 million at the end of 2016, compared to \$128 million at the end of the previous year. (See table below).

Statements of Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change Primary Government
	2015	2016	2015	2016	2015	2016	2015-2016
Current and other assets	\$3,576	\$3,202	\$178,320	\$108,886	\$181,896	\$112,088	-37.92%
Capital assets	973	826	-	-	973	826	-15.11%
Deferred outflows	2,134	4,555	-	-	2,134	4,555	113.45%
Total assets and deferred outflows	6,683	8,583	178,320	\$108,886	\$185,003	\$117,469	-36.50%
Long-term debt outstanding	302	464	-	-	302	464	53.64%
Other liabilities and deferred inflows	21,239	22,981	35,172	\$41,797	56,411	64,778	14.83%
Total liabilities and deferred inflows	21,541	23,445	35,172	\$41,797	56,713	65,242	15.04%
To Net Position (Deficit):							
Net Investment in Capital Assets	973	826	-	-	973	826	-15.11%
Restricted	180	48	143,148	67,089	143,328	67,137	-53.16%
Unrestricted (deficit)	(16,011)	(15,736)	-	-	(16,011)	(15,736)	1.72%
Total net position (deficit)	\$(14,858)	\$(14,862)	\$143,148	\$67,089	\$128,290	\$52,227	-59.29%

6

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of the statewide pension system and state law governing the system requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net position liability equals the Division's proportionate share of the plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Division is not responsible for certain key factor affecting the balance of this liability.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Division's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflow/outflows.

As a result of implementing GASB 68, the Division is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

The total net position deficit of the Division's governmental activities increased slightly to \$(14.86) million. This is primarily due to the cumulative effect of implementation of GASB Statement No. 68, and a liability with the USDOL due to cash on hand.

The total net position of the Division's business-type activities decreased 53.13% to \$67 million.

Changes in net position

The Division's total revenues increased by 77.29% to \$482 million (See table below). 99.58% 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.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

7

The total cost of all programs and services was \$558 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 91.4% of the total expenses of the Division for the fiscal year ended June 30, 2016.

Change in Net Position (Deficit) (Expressed in Thousands)							% of Change Primary Government
	Governmental Activities		Business-type Activities		Total Primary Government		
	2015	2016	2015	2016	2015	2016	2015-2016
Revenues							
Program revenues:							
Federal grants	\$45,373	\$48,076	\$223,836	\$431,717	\$269,209	479,793	78.22%
General revenues:							
Investment earnings	-	-	2,553	2,020	2,553	2,020	-20.88%
Total revenues	45,373	48,076	226,389	433,737	271,762	481,813	77.29%
Expenses							
Program expenses:							
General government	43,978	48,080	-	-	43,978	48,080	9.33%
Unemployment Compensation Trust	-	-	225,940	509,796	225,940	509,796	125.63%
Total expenses	43,978	48,080	225,940	509,796	269,918	557,876	106.68%
Increase (decrease) in net Position before transfers	1,395	(4)	449	(76,059)	1,844	(76,063)	-4224.89%
Transfers and other revenues	123	-	(123)	-	-	-	0.00%
Increase (decrease) in net Position	1,518	(4)	326	(76,059)	1,844	(76,063)	-3357.81%
Beginning net Position (deficit)	(16,376)	(14,858)	142,822	143,148	126,446	128,290	1.46%
Ending net Position (deficit)	(\$14,858)	\$(14,862)	\$143,148	\$67,089	\$128,290	\$52,227	-59.29%

Business-type Activities

For the Unemployment Compensation Trust Program, the Regular Unemployment Benefits expenditures increased \$284 million as compared with last year. As for revenue, the Regular Unemployment revenue categories increased by \$208 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.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

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 \$(10.4) million.

Proprietary Funds

The Unemployment Compensation (UC) Program has a total of 22 federally established performance measurements. West Virginia met seventeen of the twenty-two Federal standards for measurement year ending March, 2016.

Additionally, the State of West Virginia's Unemployment Compensation Program continues to rank among the top ten states in several of the performance measures. The performance measurements developed by the Department of Labor cover timeliness, quality, and accuracy of each state's Benefit and Tax operations.

West Virginia's operational proper payment rate for unemployment benefits was 95.9% during Calendar Year 2015. Although nationally states are struggling to improve their improper payment rate, we have maintained an average improper rate of 4.760% over the last three years. In fact the proper payment statistics for calendar year 2015, place West Virginia second in the nation.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget of the Division was not amended during the year ending June 30, 2016. 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 \$25 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.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

9

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the Division had invested \$826 in capital assets that consist entirely of office furniture and equipment. (See table below). This amount represents a net decrease of \$147 or 15.10% from last year.

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

	Governmental Activities		Total Percentage Change
	2015	2016	2015-2016
Governmental Activities	\$ 973	\$ 826	-15.11%

The 15.11% decrease in capital assets from 2015 to 2016 is due to the retirement of Hewlett Packard printers. More detailed information is presented in Note 1 to the financial statements.

Long-term Debt

At year end, the Division had \$464 in the long-term portion of compensated absences, an increase of 53.64% 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)

	Governmental Activities		Total Percentage Change
	2015	2016	2015-2016
Compensated absences	\$ 302	\$ 464	53.64%

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

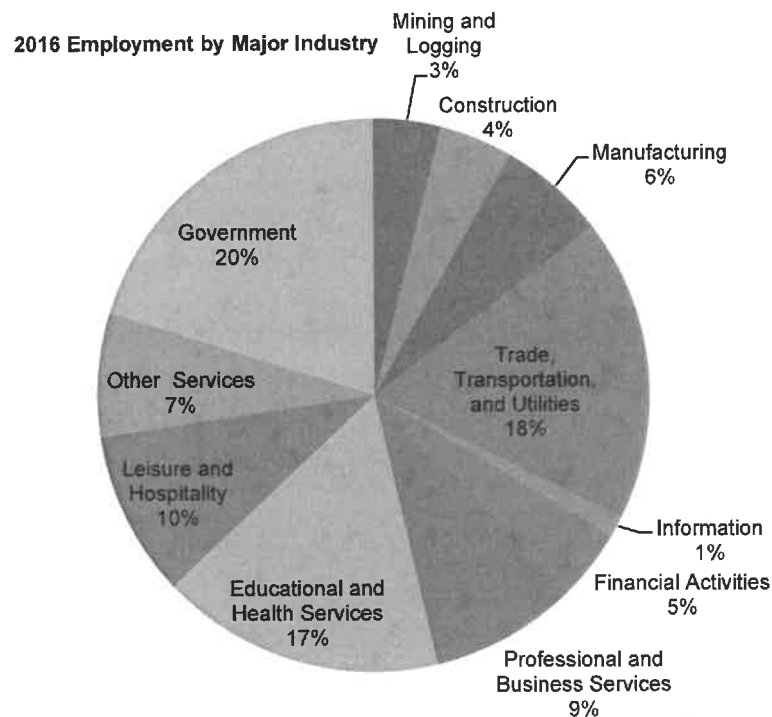
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

These indicators were taken into account when adopting the Division's budget for 2016.

Employment by Major Industry 2016

Mining and Logging	20,700
Construction	31,400
Manufacturing	47,200
Trade, Transportation, and Utilities	133,600
Information	9,100
Financial Activities	36,800
Professional and Business Services	66,000
Educational and Health Services	132,200
Leisure and Hospitality	76,400
Other Services	54,700
Government	152,100
Total Employment	760,200

The following chart shown includes projected information for fiscal year 2016.



WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(In Thousands Unless Otherwise Noted)
UNAUDITED

11

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.

WORKFORCE WEST VIRGINIA
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2016
(In Thousands)

	Primary Government		
	Governmental Activities	Business - Type Activities	
	General Fund	Unemployment Compensation Trust	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and cash equivalents	\$ 2,950	\$ 53,104	\$ 56,054
Receivables, net:			
Unemployment compensation premiums	-	54,820	54,820
Other	77	-	77
Due from other governments	-	446	446
Due from other funds - primary government	127	516	643
Inventories	48	-	48
Total current assets	3,202	108,886	112,088
Noncurrent assets:			
Capital assets, net	826	-	826
Total noncurrent assets	826	-	826
Total assets	4,028	108,886	112,914
Deferred Outflows:			
Pension related	4,555	-	4,555
Total deferred outflows of resources	4,555	-	4,555
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Accounts payable	476	-	476
WV Retiree Health Benefit Trust (RHBT) payable (OPEB)	10,814	-	10,814
Accrued expenses and other liabilities	1,462	1,873	3,335
Due to other governments	355	4,706	5,061
Unemployment compensation benefits payable	-	35,218	35,218
Net pension liability	5,530	-	5,530
Compensated absences due within one year	521	-	521
Total current liabilities	19,158	41,797	60,955
Noncurrent liabilities:			
Compensated absences due in more than one year	464	-	464
Total noncurrent liabilities	464	-	464
Total liabilities	19,622	41,797	61,419
Deferred inflows:			
Pension related	3,823	-	3,823
Total deferred inflows of resources	3,823	-	3,823
Net position (deficit)			
Net position (deficit)			
Net investment in capital assets	826	-	826
Restricted for:			
Inventories	48	-	48
Benefit payments	-	67,089	67,089
Unrestricted (deficit)	(15,736)	-	(15,736)
Total net position (deficit)	\$ (14,862)	\$ 67,089	\$ 52,227

The Accompanying Notes are an Integral Part of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(In Thousands)

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:						
Governmental Activities:						
General government	\$ 47,933	\$ -	\$ 48,076	\$ 143	\$ -	\$ 143
Unallocated depreciation	147	-	-	(147)	-	(147)
Total governmental activities	48,080	-	48,076	(4)	-	(4)
Business-type activities:						
Unemployment Compensation Trust	509,796	-	431,717	-	(78,079)	(78,079)
Total business-type activities	509,796	-	431,717	-	(78,079)	(78,079)
Total primary government	557,876	-	479,793	(4)	-	(78,083)
General Revenues:						
Investment earnings				-	2,020	2,020
Changes in net position (deficit)				(4)	(76,059)	(76,063)
Net position (deficit) - beginning				(14,858)	143,148	128,290
Net position (deficit) - ending				\$ (14,862)	\$ 67,089	\$ 52,227

**WORKFORCE WEST VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2016
(In Thousands)**

	<u>Governmental Activities</u>
	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 2,950
Accounts receivable - other	77
Due from other funds - primary government	127
Inventories	48
Total assets	<u>3,202</u>
Liabilities and Fund Balance (Deficiency):	
Liabilities	
Accounts payable	476
RHBT payable (OPEB)	10,814
Due to other governments	355
Accrued expenses and other liabilities	1,462
Compensated absences due within one year	521
Total current liabilities	<u>13,628</u>
Fund balance (deficiency)	
Non-spendable for inventories	48
Assigned	-
Unassigned deficiency	<u>(10,474)</u>
Total fund balance (deficiency)	<u>(10,426)</u>
Total liabilities and fund balance (deficiency)	<u>\$ 3,202</u>
Total fund balance (deficiency)	(10,426)
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.	826
Long term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	(464)
Deferred inflows and outflows related in pension activity are not required to be reported in the funds but are required to be reported at the government wide level.	
Deferred outflow - employer contributions to pension plan after measurement date	4,555
Deferred inflows - Difference between projected and actual investment earnings	<u>(3,823)</u>
	732
Certain other long-term liabilities are also not due and payable in the current period and therefore are not reported in the funds. These include net pension liability	(5,530)
Net position (deficit) of governmental activities	<u>\$ (14,862)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIENCY) GOVERNMENTAL FUND
JUNE 30, 2016
(In Thousands)

	<u>Governmental Activities</u>
	<u>General Fund</u>
Revenues:	
Grants	\$ 48,076
Expenditures:	
Employment training, statistics, and support	<u>48,723</u>
Excess (deficiency) of revenues over expenditures	(647)
Fund balance (deficiency) - beginning	<u>(9,779)</u>
Fund balance (deficiency) - ending	<u><u>\$ (10,426)</u></u>
 Total fund balance (deficiency)	
 Net change in fund balance (deficiency) - total governmental funds	 \$ (647)
 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.	 (147)
Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as expenditures in the governmental funds	 1,394
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 revenues exceeded expense for long term compensated absences.	 <u>(604)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (4)</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

**WORKFORCE WEST VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016
(In Thousands)**

	Business-type Activities Enterprise Fund Unemployment Compensation Trust
Assets	
Cash and cash equivalents	\$ 53,104
Receivables, net:	
Unemployment Compensation premiums	54,820
Due from other governments	446
Due from other funds - primary government	516
Total assets	<u>108,886</u>
Liabilities and Fund Balance:	
Liabilities	
Accrued expenses and other liabilities	1,873
Due to other governments	4,706
Unemployment Compensation benefits payable	35,218
Total liabilities	<u>41,797</u>
Net Position:	
Restricted for:	
Benefit payments	67,089
Total Net Position	<u>67,089</u>
 Total liabilities and net position	 <u>\$ 108,886</u>

WORKFORCE WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIENCY) PROPRIETARY FUND
JUNE 30, 2016
(In Thousands)

	Business-type Activities Enterprise Fund Unemployment Compensation Trust
Operating revenues:	
Unemployment compensation premiums	\$ 431,717
Total operating revenues	<u>431,717</u>
Operating expenditures:	
Unemployment insurance benefits	<u>509,796</u>
Total operating expenditures	<u>509,796</u>
Operating income (loss)	<u>(78,079)</u>
Nonoperating revenues:	
Investment earnings	<u>2,020</u>
Total nonoperating revenues	<u>2,020</u>
Decrease in net position	(76,059)
Total net position - beginning	<u>143,148</u>
Total net position - ending	<u><u>\$ 67,089</u></u>

**WORKFORCE WEST VIRGINIA
STATEMENT OF CASH FLOW
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2016
(In Thousands)**

	Business-type Activities Enterprise Fund Unemployment Compensation Trust
Cash flows from operating activities:	
Received from employers	\$ 410,554
Received from federal and local agencies	28,484
Payments to claimants and providers	(503,171)
Net cash provided (used) by operating activities	<u>(64,133)</u>
Cash flows from investing activities:	
Investment earnings	<u>2,020</u>
Net cash provided (used) by investing activities	<u>2,020</u>
Net increase (decrease) in cash and cash equivalents	(62,113)
Cash and cash equivalents - beginning	<u>115,217</u>
Cash and cash equivalents - ending	<u>\$ 53,104</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (78,079)
Net change in assets and liabilities:	
Unemployment compensation premiums receivable	4,781
Due from other governments	2,395
Due from other funds - primary government	145
Accrued expenses and other liabilities	339
Due to other governments	(159)
Unemployment compensation benefits payable	6,445
Net cash provided (used) by operating activities	<u>\$ (64,133)</u>

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

19

(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, 2016, 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, 2016 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 assets 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.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

20

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

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 year-end 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.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

22

(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 \$3,701.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

23

(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 position 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 \$147 for the fiscal year ended June 30, 2016. Accumulated depreciation relating to the capital assets approximated \$676 at June 30, 2016. 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, 2016, was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets:				
Governmental activities				
Office furniture and equipment	\$ 1,502	\$ -	\$ -	\$ 1,502
Accumulated depreciation	(529)	(147)	-	(676)
Governmental activities capital assets, net	\$ 973	\$ (147)	\$ -	\$ 826

(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.

(j) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employees Retirement System (the PERS Plan) and additions to/deductions from the PERS Plan's fiduciary net position have been determined on the same basis as they are reported by the PERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

24

(1) Summary of Significant Accounting Policies (Continued)

(k) Net Position and Fund Balance

NET POSITION – As required by GASB 63, the Division displays net position in three components, if applicable: invested in capital assets, net of related debt; restricted, and unrestricted.

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT – This component of net position consists primarily of capital assets, including restricted capital assets (if any), net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

RESTRICTED – Restricted component of net position should be reported when constraints placed on the net assets used are either externally imposed (for instance, by creditors, laws or grantors) or imposed by law through constitutional provisions or enabling legislation. Such constraints limit the Division's ability to use the resources to pay current liabilities.

UNRESTRICTED – Unrestricted component consist of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt". In the governmental environment, net position is designated to indicate that management does not consider them to be available for general operations. These types of constraints on resources are internal and management can remove or modify them. Such internal designations are not reported on the face of the statement of net position.

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.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

25

(1) Summary of Significant Accounting Policies (Continued)

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.

(I) 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 position.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

26

(1) Summary of Significant Accounting Policies (Continued)

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, 2016. The OPEB expense for fiscal year 2016 based upon actuarial determined amounts is \$164 per current employee per month which was the annual required contribution. The total OPEB expense for fiscal year 2016 was \$15. The amount accrued as the RHBT liability is \$10.8 million at June 30, 2016.

The total OPEB expense relating to retirees was \$1,170 during fiscal year 2016. As of the year ended June 30, 2016, there were 327 individuals receiving these benefits. Retirees receiving benefits stayed the same as compared to 2015 financials.

(2) Deposits

The composition of cash and cash equivalents were as follows at June 30, 2016:

	Amortized <u>Cost</u>	Estimated <u>Fair Value</u>
Cash on deposit with State Treasurer / State Auditor's Office	\$ 3,139	\$ 3,139
Cash in bank	340	340
Cash in U.S. Treasury	<u>52,725</u>	<u>52,725</u>
	\$56,204	\$56,204

At June 30, 2016, the carrying value of amounts on deposit with the U.S. Treasury in the Federal Unemployment Insurance Trust Fund approximated \$52,725 while \$340 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.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

27

(3) Leases

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, 2016 are as follows:

Rentals due in fiscal year:

2017	\$ 8,865
2018	6,779
2019	2,890
2020	2,471
2021	<u>172</u>
Total minimum lease payments	<u>\$ 21,177</u>

Rental expense for the minimum rentals under operating leases for the year ended June 30, 2016 was \$2,038.

(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:

	<u>Beginning Balance</u>	<u>Additions/ Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:				
Compensated absences	\$ 1,068	\$ (83)	\$ 985	\$ 521
 RHBT payable (OPEB)	<u>\$ 10,799</u>	<u>\$ 15</u>	<u>\$ 10,814</u>	<u>\$ 0</u>
	<u>\$ 11,867</u>	<u>\$ (68)</u>	<u>\$ 11,799</u>	<u>\$ 521</u>

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.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

28

(5) Pension Plan

(1) 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 the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue, S.E Charleston, WV 25304.

(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, 2016, 2015, 2014, and 2013 were \$1,737, \$2,134, \$1,948, and \$1,956, 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	\$ -	\$1,613
Employee benefits and other costs paid to other State agencies	\$2,964	\$ -

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

29

(6) Related Party Transactions (Continued)

Due from other State Agencies:

	<u>General Fund</u>	<u>Unemployment Compensation Trust</u>
West Virginia Department of Health and Human Resources, Bureau of Child Support	\$ -	
Supreme Court of Appeals	-	29,554
Rehabilitation Services	-	6,295
Motor Vehicles	-	1,151
WV Department of Highways	-	37,592
Health & Human Resources	-	3,842
Natural Resources	-	27,219
Lakin State Hospital	-	2,651
William R. Sharpe Jr. Hospital	-	10,066
Attorney General's Office	-	2,373
Environmental Protection	-	11,287
Regional Jail	-	48,490
Mt. Olive	-	11,632
Division of Juvenile Services	-	5,964
State Colleges	-	170,793
Others		<u>\$ 146,629</u>
Total		<u>\$ 515,538</u>

(7) Commitments and Contingencies

(1) 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 property damage in the amount of \$1,000 per occurrence. There have been no settlements that have exceeded this coverage in the last four 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.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

30

(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.

(9) Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2016 to determine the need for any adjustment to and/or disclosures within the financial statements for the year ended June 30, 2016. Management has evaluated subsequent events through the date of the audit report which is the date the financial statements were available to be issued.

(10) Pension Plans

PERS Plan

Plan description.

The Center's defined benefit pension plan, West Virginia Public Employees Retirement System (the PERS Plan), provides pensions for all participating employees of the Center. The PERS Plan is a multiple-employer defined benefit cost sharing public employee retirement system administered by the State of West Virginia. The PERS Plan is managed by a Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, and Secretary of the Department of Administration, together with the following gubernatorial appointments that are subject to the advice and consent of the State Senate: four residents of the State who are not participants in the retirement plans, one State and one non-State employee participant in PERS, and one participant each from TRS, SPDDRS, SPRS, DSRs, EMSRS, MPFRS, and TDCRS.

Participants in the PERS Plan who retire at age 60 with five years of service credit or at least age 55 with age and service equal to 80 or greater are entitled to a retirement benefit, payable monthly for life, equal to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their. The PERS Plan also provides death and disability benefits.

Contribution rates for the PERS Plan are subject to Chapter 5, Article 10 of the West Virginia State Code. The required contribution for the years ending June 30, 2016 and 2015 was 13.5% and 14.0%, respectively from the Center and 4.5% from participants.

Net Pension Liability

The Center's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions.

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25-6.0 percent, including inflation
Investment rate of return including inflation	7.5 percent, net of pension plan investment expenses,

Mortality rates for non-disabled participants were based on the 1983 Group Annuity Mortality Table for Males and the 1971 Group Annuity Mortality Table for Females, as appropriate. Mortality rates for disabled participants were based on the 1983 Group Annuity Mortality Table for Males and Revenue ruling 96-7 for Females.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2015.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

32

(10) Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash/Cash Equivalents	0.00%	1.5%
Domestic Equity	47.50%	7.0%
International Equity	27.50%	7.7%
Fixed Income Securities	15.00%	4.1%
Real Estate	10.00%	5.6%
Total	<u>100.00%</u>	

Discount rate.

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at June 30, 2014	\$60,713	\$57,049	\$3,664
Service Cost	1,359	-	1,359
Interest Cost	4,517	-	4,517
Differences in expected and actual experience	1,508	-	1,508
Changes in Assumptions	(890)		(890)
Contributions – Employer	-	1,880	(1,880)
Contributions – Employee	-	622	(622)
Net Investment Income	-	2,172	(2,172)
Benefits Paid	(3,703)	(3,703)	-
Expenses (Administrative)	-	(47)	47
Other Changes	-	1	(1)
Net changes	<u>2,791</u>	<u>925</u>	<u>1,866</u>
Balances at June 30, 2015	<u>\$63,504</u>	<u>\$57,974</u>	<u>\$5,530</u>

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

33

(10) Pension Plans (Continued)

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of WorkForce West Virginia, calculated using the discount rate of 7.5 percent, as well as what WorkForce West Virginia's net pension liability would be if it were calculated using a discount rate that is 1 – percentage-point lower (6.5 percent) or 1 – percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.5%	Current Interest Rate 7.5%	1% Increase 8.5%
Total Pension Liability 6/30/15	70,728	63,504	57,401
Net Fiduciary Position	57,974	57,974	57,974
Net Pension Liability	12,754	5,530	(573)
Funded %	81.97%	91.29%	101.00%

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued West Virginia Consolidated Public Retirement Board Comprehensive Annual Financial Report. That report can be obtained by visiting the West Virginia Consolidated Public Retirement Board at www.wvretirement.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, WorkForce West Virginia recognized pension expense of \$532. At June 30, 2016, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,131	\$ -
Changes of assumptions	-	665
Net difference between projected and actual earnings on pension plan investments	1,687	2,900
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	258
Contributions subsequent to the measurement date	1,737	-
Total	\$ 4,555	\$ 3,823

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(In Thousands, Unless Otherwise Noted)

34

(10) Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, other than contributions subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$(252)
2018	\$(251)
2019	\$(251)
2020	\$(251)

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2016
(In Dollars)

36

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/15	\$ 24,918,841	\$ 26,255,084	\$ 2,474,570	\$ (23,780,514)
2016 FY Gross Revenue and Appropriations	\$ 62,223,262	\$ 62,223,262	\$ 48,309,907	(15,913,355)
Amounts Available For Appropriation	87,142,103	88,478,346	48,784,477	(39,693,869)
Charges To Appropriations (Outflows):				
1200-Personal Services (With Payroll Deductions)	17,523,250	17,523,250	12,952,230	4,571,020
1201-Personal Services (Without Payroll Deductions)	22,840	22,840	67,083	(44,243)
1202-Payroll Reimbursements	-	-	6,696	(6,696)
1206-Annual Increment	321,756	321,756	298,115	23,641
Employee Benefits:				
2201-Personnel Division & Public Employees Insurance	80,682	80,682	105,639	(24,957)
2202-Social Security Matching	1,331,365	1,331,365	973,325	358,040
2203-Public Employees' Insurance	1,486,551	1,486,551	1,648,723	(162,172)
2205-Workers Compensation	82,288	82,288	14,308	67,980
2206-Unemployment Compensation	47,824	47,824	35,096	12,728
2207-Pension & Retirement	2,512,806	2,512,806	1,575,773	937,033
Current Expenses:				
3200-Office Expenses	379,271	379,271	698,396	(319,125)
3201-Printing and Binding	131,713	131,713	24,326	107,387
3202-Rental Expense	2,870,129	2,870,129	2,870,033	96
3203-Utilities	11,005	11,005	51,441	(40,436)
3204-Telecommunications	800,199	800,199	384,390	415,809
3205-Telecommunications	-	-	717	(717)
3206-Contractual and Professional	1,689,611	1,689,611	921,032	768,579
3207-Contractual and Professional	-	-	1,691,881	(1,691,881)
3211-Travel	516,800	516,800	267,526	249,274
3212-Travel	-	-	3,053	(3,053)
3213-Computer Services	1,133,999	1,133,999	72,485	1,061,514
3214-Computer Services	-	-	195,419	(195,419)
3216-Vehicle Rental	31,023	31,023	9,833	21,190
3217-Rentals (Machine and Miscellaneous)	73,587	73,587	7,781	65,806
3218-Association Dues and Professional Memberships	30,615	30,615	30,034	581
3219-Fire, Auto, Bond, and Other Insurance	88,199	88,199	94,191	(5,992)
3220-Food Clothing	-	-	466	(466)
3221-Clothing, Household and Recreational Supplies	2,035	2,035	1,728	307
3222-Clothing, Household and Recreational Supplies	-	-	3,404	(3,404)
3224-Advertising and Promotional	71,393	71,393	176,713	(105,320)
3225-Vehicle Operating Expense	2,578	2,578	12,811	(10,233)
3226-Rsrch/Educ & Medical Su	9,499	9,499	66	9,433
3227-Rsrch/Educ & Medical Su	-	-	28,765	(28,765)
3229-Routine Maintenance Contracts	392,669	392,669	247,925	144,744
3232-Cellular Charges	10,772	10,772	19,702	(8,930)
3233-Hospitality	45,908	45,908	15,004	30,904
3234-Educational Training (Stipends)	5,873	5,873	5,009	864
3235- Energy Exp Mtr Veh/Air	18,029	18,029	9,459	8,570
3236-Farm Expense	1,715	1,715	-	1,715
3238- Energy Expense Utilities	38,314	38,314	40,549	(2,235)
3241-Miscellaneous	43,309	43,309	27,261	16,048
3242-Training and Development	73,854	73,854	31,885	42,169
3243-Training and Development	-	-	2,131	(2,131)
3244-Postal and Freight	1,717,746	1,717,746	468,780	1,250,966
3245-Postal and Freight	-	-	1,448	(1,448)
3246-Computer Supplies	2,950,698	2,950,698	21,782	2,928,916
3247-Computer Supplies	-	-	178,511	(178,511)
3248-Computer Supplies	-	-	95,748	(95,748)
3250-Attorney Legal Service Payments	14,649	14,649	61,157	(46,508)
3252-Miscellaneous Equipment Purchases	868,046	868,046	58,022	810,024
6100-Office & Communication Equipment Repairs	3,558	3,558	5,436	(1,878)
6102-Research, Educational, & Medical Equipment Repairs	1,073	1,073	-	1,073
6103-Building & Household Equipment Repairs	17,556	17,556	2,332	15,224
6104-Routine Maintenance Of Buildings	151	151	-	151
6105-Vehicle Repairs	-	-	1,578	(1,578)
6106- Routine Maintenance of Grounds	4,074	4,074	-	4,074
6108-Other Repairs and Alterations	71,569	71,569	1,147	70,422
5200-Office and Communication Equipment	240,106	240,106	-	240,106
5202-Medical Equipment	335	335	-	335
5208-Books and Periodicals	114,550	114,550	1,280	113,270
5209-Other Capital Equipment	877,811	877,811	-	877,811
5210-Computer Equipment	-	-	198,093	(198,093)
3254-Payment Of Taxes	-	-	6	(6)
3256-Grants, Awards, Scholarships, and Loans	-	-	40,193	(40,193)
3263-Bank Costs	65	65	7,747	(7,682)
7400-Building Construction	-	-	347	(347)
3267-Other Interest and Penalties	2,969	2,969	18	2,951
3269-Natural Disaster Grants	92	92	-	92
3270-Fund Transfers	284,619	284,619	270,000	14,619
3282-Cost Allocation Adjustment/Settlement	-	-	127,255	(127,255)
3285-Federal Subrecipient Disbursement	28,620,695	28,620,695	19,747,456	8,873,239
7401-Building Improvements	1,100	1,100	-	1,100
7403-Leasehold Improvements	13,695	13,695	-	13,695
2208-WV OPEB Contribution	935,312	935,312	543,121	392,191
3324- State Treas Office fee	-	-	2,453	(2,453)
Total Charges To Appropriations	68,621,930	68,621,930	47,454,114	21,167,816
	\$ 18,520,173	\$ 19,856,416	\$ 1,330,363	\$ (18,526,053)

WORKFORCE WEST VIRGINIA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND
YEAR ENDED JUNE 30, 2016
(in Thousands)

37

(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, 2016, on the budgetary basis to the GAAP basis for the General Fund follows:

Net change in fund balance – budgetary basis	1,330
Basis of accounting differences (budgetary to GAAP)	(21,833)
Unbudgeted funds	19,856
Net change in fund balance - GAAP basis	<u>(647)</u>

WEST VIRGINIA BUREAU OF EMPLOYMENT PROGRAMS
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 3450 Administration and Service
Year Ended June 30, 2016
(In Dollars)

38

	Budgeted Amounts		Actual Amounts		Variance with
	Original	Final	(Budgetary Basis)	Positive (Negative)	
Budgetary Fund Balance July 1					
Resources (Inflows)					
Beginning Balance 7/1/15	\$ 12,248,120	\$ 12,248,120	\$ (1,758,422)	\$ (14,006,542)	
2016 FY Gross Revenue	31,877,779	31,877,779	20,595,970	(11,281,809)	
Amounts Available For Appropriation	<u>44,125,899</u>	<u>44,125,899</u>	<u>18,837,548</u>	<u>(25,288,351)</u>	
Charges To Appropriations (Outflows):					
1200-Personal Services (With Payroll Deductions)	15,026,360	15,026,360	10,426,402	4,599,958	
1201-Personal Services (Without Payroll Deductions)	10,000	10,000	51,049	(41,049)	
1202-Payroll Reimbursements	-	-	6,696	(6,696)	
1206-Annual Increment	306,600	306,600	267,723	38,877	
Employee Benefits:					
2200-Personnel Division & Public Employees Insurance	71,884	71,884	92,668	(20,784)	
2202-Social Security Matching	1,154,416	1,154,416	828,722	325,694	
2203-Public Employees' Insurance	1,291,848	1,291,848	1,419,927	(128,079)	
2205-Workers Compensation	74,059	74,059	12,152	61,907	
2206-Unemployment Compensation	42,263	42,263	28,450	13,813	
2207-Pension & Retirement	2,094,747	2,094,747	1,345,973	748,774	
Current Expenses:					
3200-Office Expenses	349,326	349,326	241,366	107,960	
3201-Printing and Binding	83,225	83,225	22,543	60,682	
3202-Rental Expense	1,773,586	1,773,586	2,573,206	(799,620)	
3203-Utilities	5,629	5,629	44,569	(38,940)	
3204-Telecommunications	408,225	408,225	349,883	58,342	
3205-Telecommunications	-	-	535	(535)	
3206-Contractual and Professional	591,594	591,594	849,804	(258,210)	
3207-Contractual and Professional	-	-	338,287	(338,287)	
3211-Travel	358,570	358,570	219,128	139,442	
3212-Travel	-	-	352	(352)	
3213-Computer Services	1,064,679	1,064,679	-	1,064,679	
3214-Computer Services	-	-	162,347	(162,347)	
3216-Vehicle Rental	29,095	29,095	8,397	20,698	
3217-Rentals (Machine and Miscellaneous)	65,884	65,884	5,994	59,890	
3218-Association Dues and Professional Memberships	30,615	30,615	28,871	1,744	
3219-Fire/Auto/Bond/Other Insurance	70,157	70,157	81,943	(11,786)	
3220-Food Clothing	-	-	325	(325)	
3221-Clothing, Household and Recreational Supplies	1,943	1,943	1,723	220	
3222-Clothing, Household and Recreational Supplies	-	-	3,097	(3,097)	
3224-Advertising and Promotional	67,498	67,498	15,048	52,450	
3225-Vehicle Operating Expense	2,128	2,128	11,036	(8,908)	
3226-Rsrch/Educ & Medical Su	-	-	66	(66)	
3227-Rsrch/Educ & Medical Su	-	-	15,212	(15,212)	
3229-Routine Maintenance Contracts	377,197	377,197	222,629	154,568	
3232-Cellular Charges	8,864	8,864	16,830	(7,966)	
3233-Hospitality	35,152	35,152	3,534	31,618	
3234-Educational Training (Stipends)	5,394	5,394	4,773	621	
3235-Energy Exp Mtr Veh/Air	18,029	18,029	8,004	10,025	
3238-Energy Expense Utilities	37,714	37,714	34,514	3,200	
3241-Miscellaneous	43,004	43,004	22,409	20,595	
3242-Training and Development	14,675	14,675	7,463	7,212	
3243-Training and Development	-	-	153	(153)	
3244-Postal and Freight	1,708,483	1,708,483	459,391	1,249,092	
3245-Postal and Freight	-	-	1,297	(1,297)	
3246-Computer Supplies	2,352,205	2,352,205	20,476	2,331,729	
3247-Computer Supplies	-	-	177,205	(177,205)	
3248-Computer Supplies	-	-	78,647	(78,647)	
3252-Miscellaneous Equipment Purchases	88,796	88,796	37,042	51,754	
3263-Bank Costs	65	65	6,987	(6,922)	
3267-Other Interest and Penalty	2,933	2,933	14	2,919	
3324-State Treasurer's Office Fees	-	-	2,078	(2,078)	
6100-Office & Communication Equipment Repairs	1,794	1,794	5,436	(3,642)	
6103-Building & Household Equipment Repairs	17,556	17,556	2,332	15,224	
6104-Routine Maintenance of Bldgs	145	145	-	145	
6105-Vehicle Repairs	-	-	1,556	(1,556)	
6108-Other Repairs and Alterations	33,538	33,538	1,147	32,391	
5200-Office and Communication Equipment	80,169	80,169	-	80,169	
5202-Medical Equipment	335	335	-	335	
5208-Books and Periodicals	114,550	114,550	1,280	113,270	
5209-Other Capital Equipment	875,835	875,835	-	875,835	
5210-Computer Equipment	-	-	197,713	(197,713)	
2208-WV OPEB Contribution	811,417	811,417	464,351	347,066	
3256-Grants, Awards, Scholarships, and Loans	-	-	40,193	(40,193)	
3269-Natural Disaster Grants	60	60	-	60	
3270-Fund Transfers	284,619	284,619	270,000	14,619	
3285-Federal Subrecipient Disbursement	-	-	1,104	(1,104)	
Total Charges To Appropriations	<u>31,886,860</u>	<u>31,886,860</u>	<u>21,542,052</u>	<u>10,344,808</u>	
	\$ 12,239,039	\$ 12,239,039	\$ (2,704,504)	\$ (14,943,543)	

WEST VIRGINIA BUREAU OF EMPLOYMENT PROGRAMS
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 8835 Consolidated Federal Funds
Year Ended June 30, 2016
(In Dollars)

39

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/15	\$ 2,863,935	\$ 2,866,935	\$ (988,887)	\$ (3,865,822)
2016 FY Gross Revenue	5,012,657	5,012,657	1,433,823	(3,578,834)
Amounts Available for Appropriation	7,876,592	7,879,592	434,936	(7,444,656)
Charges To Appropriations (Outflows):				
1200-Personal Services (With Payroll Deductions)	689,998	689,998	604,089	85,909
1206-Annual Increment	636	636	10,411	(9,775)
Employee Benefits:				
2201-Personnel Division & Public Employees Insurance	1,948	1,948	-	1,948
2202-Social Security Matching	52,050	52,050	44,439	7,611
2203-Public Employees' Insurance	80,187	80,187	82,607	(2,420)
2205-Workers Compensation	3,689	3,689	-	3,689
2206-Unemployment Compensation	5,561	5,561	-	5,561
2207-Pension & Retirement	73,805	73,805	81,248	(7,443)
Current Expenses:				
3200-Office Expenses	5,804	5,804	6,311	(507)
3201-Printing and Binding	23,175	23,175	125	23,050
3202-Rental Expense	1,027,698	1,027,698	-	1,027,698
3203-Utilities	5,344	5,344	153	5,191
3204-Telecommunications	378,520	378,520	5,161	373,359
3205-Internet Service	-	-	95	(95)
3206-Contractual and Professional	840,402	840,402	3,371	837,031
3207-Professional Services	-	-	4,032	(4,032)
3211-Travel	117,795	117,795	2,964	114,831
3213-Computer Services	16,134	16,134	14,387	1,747
3216-Vehicle Rental	304	304	241	63
3217-Rental (Mach & Misc)	4,867	4,867	169	4,698
3218-Association Dues and Professional Memberships	-	-	254	(254)
3219-Fire, Auto, Bond, and Other Insurance	14,648	14,648	714	13,934
3221-Supplies - Clothing	-	-	5	(5)
3222-Supplies - Household	-	-	3	(3)
3225-Vehicle Operating Expense	210	210	309	(89)
3226-Rsrch/Educ & Medical Su	9,499	9,499	-	9,499
3229-Routine Maintenance Contracts	694	694	6,684	(5,990)
3232-Cellular Charges	-	-	391	(391)
3233-Hospitality	-	-	7	(7)
3234-Educational Training (Stipends)	131	131	62	69
3235-Energy Exp Mtr Veh/Air	-	-	219	(219)
3236-Farm Expense	285	285	-	285
3238-Energy Expense Utilities	-	-	815	(815)
3241-Miscellaneous	-	-	27	(27)
3242-Training and Development	35,520	35,520	-	35,520
3243-Training & Development - Out of State	-	-	9	(9)
3244-Postal and Freight	31	31	1,264	(1,233)
3245-Freight	-	-	11	(11)
3246-Computer Supplies	588,913	588,913	118	588,795
3247-Software Licenses	-	-	273	(273)
3248-Computer Equipment	-	-	351	(351)
3250-Attorney Legal Service Payments	14,649	14,649	61,157	(46,508)
3252-Miscellaneous Equipment Purchases	777,820	777,820	9,548	768,272
3263-Bank Costs	-	-	347	(347)
3324-State Treasurer's Office Fees	-	-	30	(30)
6100-Office & Communication Equipment Repairs	1,761	1,761	-	1,761
6105-Vehicle Repairs	-	-	22	(22)
6106- Routine Maintenance of Grounds	4,074	4,074	-	4,074
6108-Other Repairs and Alterations	37,513	37,513	-	37,513
5200-Office and Communication Equipment	159,503	159,503	-	159,503
5209-Other Capital Equipment	1,910	1,910	-	1,910
3267-Other Interest and Penalties	15	15	-	15
7403-Leasehold Improvements	13,695	13,695	-	13,695
2208-WV OPEB Contribution	23,869	23,869	28,528	(4,659)
Total Charges To Appropriations	5,012,657	5,012,657	970,951	4,041,706
	\$ 2,863,935	\$ 2,866,935	\$ (536,015)	\$ (3,402,950)

WEST VIRGINIA BUREAU OF EMPLOYMENT PROGRAMS
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 3451 Interest on Employers Delinquent Contributions Fund
Year Ended June 30, 2016
(In Dollars)

40

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/15	(420,000)	(420,000)	\$ 1,203,742	\$ 1,623,742
2016 FY Gross Revenue	-	-	236,917	236,917
Amounts Available For Appropriation	(420,000)	(420,000)	1,440,659	1,860,659

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 8749 Workforce Investment Act
Year Ended June 30, 2016
(In Dollars)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/15	\$ 10,224,821	\$ 11,558,164	\$ 4,150,363	\$ (7,407,801)
2016 FY Gross Revenue	25,267,418	25,267,418	24,192,513	(1,074,905)
Amounts Available For Appropriation	35,492,339	36,825,582	28,342,876	(8,482,706)
Charges To Appropriations (Outflows):				
1200-Personal Services (With Payroll Deductions)	1,797,091	1,797,091	1,914,540	(117,449)
1201-Personal Services Temp Pos (w/o Payroll Deduct)	12,840	12,840	16,034	(3,194)
1206-Annual Increment	14,520	14,520	19,981	(5,461)
Employee Benefits:				
2201-Personnel Division & Public Employees Insurance	6,850	6,850	12,827	(5,977)
2202-Social Security Matching	124,899	124,899	97,498	27,401
2203-Public Employees' Insurance	114,516	114,516	144,248	(29,732)
2205-Workers Compensation	4,526	4,526	2,156	2,370
2206-Unemployment Compensation	-	-	6,646	(6,646)
2207-Pension & Retirement	235,940	235,940	147,037	88,903
Current Expenses:				
3200-Office Expenses	24,141	24,141	448,974	(425,833)
3201-Printing and Binding	25,313	25,313	1,195	24,118
3202-Rental Expense	68,845	68,845	289,025	(220,180)
3203-Utilities	32	32	6,392	(6,360)
3204-Telecommunications	13,454	13,454	28,564	(15,110)
3205-Telecommunications	-	-	85	(85)
3206-Contractual and Professional	205,671	205,671	67,439	138,232
3207-Contractual and Professional	-	-	1,348,876	(1,348,876)
3211-Travel	40,435	40,435	45,394	(4,959)
3212-Travel	-	-	2,701	(2,701)
3213-Computer Services	53,186	53,186	57,521	(4,335)
3214-Computer Services External	-	-	32,735	(32,735)
3216-Vehicle Rental	1,624	1,624	1,172	452
3217-Rentals (Machine and Miscellaneous)	2,836	2,836	1,601	1,235
3218-Association Dues and Professional Memberships	-	-	907	(907)
3219-Fire, Auto, Bond, and Other Insurance	3,394	3,394	11,323	(7,929)
3220-Food Products	-	-	141	(141)
3221-Clothing, Household and Recreational Supplies	92	92	-	92
3222-Clothing, Household and Recreational Supplies	-	-	298	(298)
3224-Advertising and Promotional	3,895	3,895	26,187	(22,292)
3225-Vehicle Operating Expense	240	240	1,438	(1,198)
3227-Rsrch/Educ & Medical Su	-	-	13,553	(13,553)
3229-Routine Maintenance Contracts	14,778	14,778	18,555	(3,777)
3232-Cellular Charges	1,908	1,908	2,401	(493)
3233-Hospitality	10,756	10,756	11,462	(706)
3234-Educational Training (Stipends)	348	348	174	174
3235- Energy Exp Mtr Veh/Air	-	-	1,199	(1,199)
3236-Farm Expense	1,430	1,430	-	1,430
3238- Energy Expense Utilities	600	600	5,093	(4,493)
3241-Miscellaneous	305	305	4,825	(4,520)
3242-Training and Development	23,659	23,659	24,217	(558)
3243-Training and Development	-	-	1,959	(1,959)
3244-Postal and Freight	9,232	9,232	6,038	3,194
3245-Postal and Freight	-	-	129	(129)
3246-Computer Supplies	9,580	9,580	1,188	8,392
3247-Computer Supplies	-	-	534	(534)
3248-Computer Supplies	-	-	16,710	(16,710)
3252-Miscellaneous Equipment Purchases	1,430	1,430	11,410	(9,980)
6100-Office Repairs	3	3	-	3
6102-Research, Educational, & Medical Equipment Repairs	1,073	1,073	-	1,073
6104-Routine Maintenance of Bldgs	6	6	-	6
6108-Other Repairs and Alterations	518	518	-	518
5200-Office and Communication Equipment	434	434	-	434
5209-Other Capital Equipment	66	66	-	66
5210-Computer Equipment	-	-	380	(380)
3263-Bank Costs	-	-	406	(406)
3267-Other Interest and Penalties	21	21	-	21
3269-Natural Disaster Grants	32	32	-	32
3282-Cost Allocation Adjustment/Settlement	-	-	127,255	(127,255)
3285-Federal Subrecipient Disbursement	28,620,695	28,620,695	19,746,352	8,874,343
7401-Building Improvements	1,100	1,100	-	1,100
2208-WV OPEB Contribution	100,026	100,026	50,242	49,784
3324- State Treas Office fee	-	-	345	(345)
Total Charges To Appropriations	31,552,340	31,552,340	24,778,362	6,773,978
Budgetary Fund Balance, June 30, 2016	\$ 3,939,999	\$ 5,273,242	\$ 3,564,514	\$ (1,708,728)



Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

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, 2016, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements and have issued our report thereon dated March 15, 2017.

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.

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: WWV1700000007

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)

<input checked="" type="checkbox"/> Addendum No. 1	<input type="checkbox"/> Addendum No. 6
<input type="checkbox"/> Addendum No. 2	<input type="checkbox"/> Addendum No. 7
<input type="checkbox"/> Addendum No. 3	<input type="checkbox"/> Addendum No. 8
<input type="checkbox"/> Addendum No. 4	<input type="checkbox"/> Addendum No. 9
<input type="checkbox"/> Addendum No. 5	<input type="checkbox"/> 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 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.

Balestra, Harr & Scherer, CPAs, Inc.

Company



Authorized Signature

June 22, 2017

Date

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

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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
March 15, 2017