



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

Submitted Date: 8/20/2009 2:24:22 PM	Easygrants ID: 823
Funding Opportunity: Public Computer Centers and Sustainable Broadband Adoption	Applicant Organization: WorkForce West Virginia
Task: Submit Application - Non-Infrastructure Programs	Applicant Name: Mr. Robert Christian Fernatt

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A. General Application Information

I. Applicant Information	
1-A. Name, Address, and Federal ID for Applicant	
i. Legal Name:	WorkForce West Virginia
ii. Employer/Taxpayer Identification Number (EIN/TIN):	556000932
Street 1:	112 California Ave
Street 2:	
City:	Charleston
County:	Kanawha
State:	WV
Country	United States
Zip/Postal Code:	25305-0112

1-B. Name and Contact Information of Person to be Contacted on Matters Involving this Application:	
Prefix:	Mr.
First Name:	Robert
Middle Name:	Christian
Last Name:	Fernatt
Suffix:	
Telephone Number:	304-558-2660
Fax Number:	
Email:	rfernatt@workforcewv.org
Title:	Information Systems Manager

1-C. Other Required Identification Numbers



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i. Organizational DUNS:	168560410
ii. CCR # (CAGE):	521J6
iii. Funding Opportunity Number:	2
iv. Catalog of Federal Domestic Assistance Number:	BTOP CFDA Number: 11.557 BTOP CFDA Title: Broadband Technology Opportunities Program

1-D. Organization Classification

Local, State, or Other Government Entity

1-E. Applicant Federal Debt Delinquency Explanation

Is the Applicant Delinquent On Any Federal Debt?
No

Federal debt delinquency Explanation:

1-F. Congressional Districts of:

Applicant: West Virginia - 2

Program/Project
West Virginia - 1
West Virginia - 2
West Virginia - 3

2. Project Title and Project Description

2-A. Project Title : WorkForce West Virginia One-Stop Public Computer Center Modernization



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2-B. Project Description: This project proposal is to enhance and expand public-use computers, connection speeds, and wireless capabilities at 20 WorkForce West Virginia One-Stop offices throughout the state. The proposed enhancements will enable broadband access to partner organizations and customers, including the unemployed, disabled, veterans, youth, the aged and low income individuals.

3. Project Type

Classify the particular project type for which you are seeking federal funding.

Project Type: Public Computer Center

Project ID: 2

4. Application ID for Multiple Submissions for Identified Service Areas

5. Estimated Funding (\$):

Estimated Funding (\$):	
Federal	2,105,992
Applicant	
State	
Local	
Other	668,000
Program Income	
Total	2,773,992

B. Eligibility Factors

6. Eligibility Factors.

The application must be completed fully, and all required supplemental documentation must be



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attached.
Applicants must commit to substantially completing their Project (as defined in the NOFA) within two years of the award date, and completing the Project within three years of the award date.
Applicants must credibly demonstrate that their Project advances at least one of the five statutory purposes for BTOP.
Applicants must demonstrate that but for Federal funding they would not have been able to complete their project during the grant period.
The budget for the project must be reasonable and all costs must be eligible.

6-d. Applicant is providing matching funds of at least 20 percent towards to the total eligible project costs or is requesting a waiver of the matching requirements.
Yes

Matching Fund Waiver Request Explanation

C. Executive Summary

7. Executive Summary of Overall Proposal:

West Virginia is a largely rural state with limited technology options outside of urban areas. According to the US Census Bureau, in 1990 nearly 64% of the state population lived in a rural area. Low population densities in rural areas do not encourage commercial broadband deployments as the return on investment can be quite low in the near term. Other broadband options, such as satellite, are available nearly everywhere, but at a substantially higher cost and with their own technological limitations.



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WorkForce West Virginia (WFWV) operates locations throughout the state serving the unemployed, veterans, the aged, youth, the disabled, and low income individuals. These vulnerable populations are provided with opportunities to find new jobs and receive education, training, and other job readiness skills through various state and federal programs. In every field location, WFWV provides a resource center, or public computer center (PCC), that offers computerized training, on-line job search capabilities, on-line unemployment filing, etc. These computer centers are used by WorkForce staff and the many partners that are located in the integrated One-Stop facility to fulfill an individual, but common mission.

Although these locations and computer centers presently exist to serve One-Stop customers, most lack the resources to offer a modern computer center or the ability to provide a broadband-class Internet connection. Indeed, many of the machines in these computer centers are several years old and at 1.5Mbps, the shared connections are barely adequate for state and partner staff, much less the public using applications that need broadband speed. Additionally, all locations are using outdated have equipment to provide computer access for the disabled. Many of these machines are no longer fully functional due to age and technical malfunctions. As a result, many WFWV sites are unable to offer a suitable computing experience for disabled customers.

Given the state of the existing computer centers and the benefits that could be obtained through equipment replacement and capacity upgrades, WFWV proposes to purchase new equipment in each center, upgrade to significantly faster connections, provide modern equipment for the disabled, and add video conferencing capabilities to every site. In this way, WFWV One-Stop PCCs can provide broadband access and new capabilities to unserved and underserved areas of the state.

In addition to providing modern equipment and connection speeds, WFWV also proposes to announce the availability of the newly upgraded PCCs through various marketing channels. These channels include a dedicated web portal for broadband awareness, education, and information about the WFWV One-Stop PCCs, a direct mail campaign, and through personal counseling and interview sessions by all staff.

The dedicated broadband portal, tentatively named Broadband Central, is a key awareness and marketing component of the project that could be replicated by others. This portal will not only provide information about the computer centers, but will also give users a multimedia



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demonstration and tutorial about the benefits of broadband and how to request access. In addition to stimulating broadband demand through awareness and education, the site will also provide usage information and allow users to “refer a friend” to the PCC through an automated e-mail or phone call.

The WFWV sites are geographically dispersed and can be found in every congressional district in the state. Considering the primary age and gender demographics across all 20 sites and based on US Census 2008 population estimates we can potentially reach over 60% of all West Virginia citizens. Although the potential population is large, based on existing PCC customers and available machines, we anticipate increasing our weekly PCC customers by 80% through expanded hours of operation and additional computers.

WFWV has a demonstrable history of launching and completing similar large projects. Less than ten years ago, the integrated One-Stop system was created. This required a large effort to consolidate facilities, install computer equipment, and connect the new consolidated offices to the state’s Wide Area Network (WAN). This project was successfully completed without major problems in less than two years.

WFWV also plans to use existing state purchasing contracts for personal computers, high-speed connections, and other project components to rapidly procure and deploy new equipment and upgrade office connections. This project will be managed by existing WFWV staff that will coordinate the configuration and installation activities demanded by this project through the West Virginia Office of Technology (WVOT). The WVOT currently provides remote field technicians across the state to handle technology installation, support and maintenance. With pre-existing contracts and staff, the enhanced and expanded PCCs are expected to be operational within the first year.

Although this project may not directly create new or save existing jobs, the PCCs will enable many WFWV customers to do just these things. The PCCs will provide opportunities for customers to improve existing skills, learn new skills, find a new job, and experience firsthand the usefulness of broadband technology as a career tool.

WFWV is requesting \$2.11 million to implement the three year project with the majority of funds expended in the first two years. Through the in-kind services and staff offered by the AARP Foundation at several One-Stop locations, WFWV is providing more than the required



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20% non-federal match. Moving toward project sustainment, WFWV is requesting less than 15% of the proposed funding in the third year.

D. Project Purpose

Project Purpose: Recovery Act & BTOP Objectives

8. Project Purpose

WorkForce West Virginia (WFWV) proposes to significantly enhance existing public computer centers (PCCs) located in 20 WFWV comprehensive and satellite One-Stop locations. These locations are geographically distributed across the state and serve rural as well as more populated areas. Enhancements would include new and expanded numbers of computers, faster connections, special equipment providing broadband access for the disabled, and dedicated video conferencing machines.

These 20 WFWV sites currently provide services to vulnerable populations including the unemployed, veterans, youth, the disabled, the aged, and low income individuals, but lack modern computer centers. Much of the equipment used in the existing centers is comprised of outdated machines originally scheduled for surplus. Because of this, many centers are grossly underutilized as machines are out of order or just too slow to be attractive to One-Stop customers. The connectivity used for these offices consists primarily of 1.5Mbps T1 lines that are shared among state and partner staff as well as the computer center. With these connections, there is insufficient bandwidth available to the PCC to qualify as broadband as defined in the notice of funding availability. Although most offices have equipment for the disabled that was purchased several years ago, nearly all of it is in need of replacement. The proposed project addresses nearly all of the Broadband Technology Opportunities Program (BTOP) statutory purposes to some degree. It will provide broadband access to consumers in unserved areas, improved broadband capability to those in underserved areas, enhanced broadband education, awareness, and access to job-creating strategic facilities and vulnerable populations, and stimulate demand for broadband by allowing customers an interactive experience.

Much of West Virginia is rural with population densities that are not attractive for commercial



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broadband deployment. Furthermore, existing broadband technology is distance limited from central office facilities. Low population density in much of the state coupled with distance limitations in rural areas results in the inability of many to obtain broadband service or to obtain it at a reasonable price. Non-terrestrial solutions such as wireless and satellite connectivity are options nearly everywhere, but they are expensive, suffer from reduced performance, and due to technical factors like latency, not suitable for some broadband applications such as video conferencing.

For many of the underserved, a PCC is their only viable option. By replacing existing computer equipment, upgrading connection speeds, and deploying new equipment for the disabled and video conferencing, WFWV can offer a compelling PCC to the areas surrounding each One-Stop location. In addition to Internet-connectivity, the One-Stops can also offer high speed printing, scanning, and copy/fax functionality.

A specific marketing campaign is also planned to spread the word about the proposed PCCs and their new capabilities. This campaign will consist of a direct mailing to approximately 40,000 individuals in the targeted populations near the PCCs, promotional items in the PCCs themselves, updated literature and information distributed through WFWV and partner programs as well as specific mention of the PCC during counseling and interview sessions.

The PCCs usefulness in training and education will be greatly improved with the expansion and enhanced capabilities afforded only through the BTOP grant. Not only will existing education and training programs provided by the West Virginia Department of Education (WVDOE) and West Virginia Department of Health and Human Resources (WVDHHR) benefit, but new training programs offered by the AARP Foundation will also capitalize on the new capabilities available at the modernized PCCs.

Finally, the key component in broadband education and awareness will be the proposed Broadband Central web portal. This purpose-built portal will provide information about the PCCs and demonstrate broadband capabilities through a multimedia presentation/tutorial that highlights the strengths of broadband. The site will also provide helpful PCC usage information and allow users to “refer a friend” via an automated e-mail message or phone call. WFWV anticipates working with broadband providers and partners to create a promotional aspect to the site with prizes such as free broadband service or software products that are donated. WFWV believes that the Broadband Central portal and other aspects of the proposed PCCs can be



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readily adapted to other underserved areas.

9. Recovery Act and Other Governmental Collaboration.

American Recovery and Reinvestment Act (ARRA) funding is being used to complement existing funding for Workforce Investment Act (WIA) and Wagner-Peyser (WP) programs at the WorkForce West Virginia (WFWV) One-Stop locations to expand the number of participants served. This includes \$4.54 million of funding for summer youth programs under WIA and \$1.97 million for Re-Employment Services (RES) under WP. WFWV anticipates approximately 30,000 RES participants will be required to complete KeyTrain, a pre-testing and remediation application, on-line during the current program year and the public computer centers (PCCs) will be an integral part of this effort. Although the summer youth programs are primarily worksite based, these programs also include work readiness components that utilize computer-based training and skill building applications.

State Unemployment Compensation benefits have been significantly extended using ARRA funds. Claimants are required to use the WorkForce One-Stop offices to file for benefits and follow-up with unemployment counseling. Claimants are encouraged to use the One-Stop computer center, as current equipment permits, to file for and to check the status of unemployment benefits. During fiscal year 2008, Unemployment Compensation contributed over \$2.5 million in cash and non-cash contributions to the One-Stop locations.

Lastly, the WorkForce One-Stop locations work with a variety of federal and state government partners. During fiscal year 2008, key partners contributed nearly \$5.5 million in cash and non-cash support to One-Stop locations for all operations, including the PCCs. The West Virginia Department of Education, Adult Basic Education program contributed \$408,675, the Veterans Program contributed \$529,084, the Bureau of Senior Services contributed \$134,705, and the Division of Rehabilitation Services contributed \$1,589,886. All of these governmental partners will be able to capitalize on the availability of the proposed modernized PCCs. As the project progresses, WFWV expects to work closely with internal programs and external partners to identify a sustainment model that allows all parties to contribute to the on-going operation of the PCCs.

10. Enhanced Services for Health Care Delivery, Education, and Children

WorkForce West Virginia (WFWV) One-Stop locations currently serve as a hub for training and education services in West Virginia communities. In 2003, an academic and job



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preparation skills program entitled SPOKES (Strategic Planning in Occupational Knowledge for Employment and Success) was created by a contract between the West Virginia Department of Education (WVDOE), WFWV, and the West Virginia Department of Health and Human Resources (WVDHHR), and in collaboration with the Workforce Investment Boards (WIBs). The SPOKES program consists of assessment, a repeating cycle of modules related to job readiness, work process skills, technology skills, work-related academics, and vocational training in customer service. In addition to SPOKES, the EXCEL program offers resume preparation skills, job search skills, employee-employer relation skills, as well as goal creation and attainment coaching. All One-Stops also offer WorkKeys testing that can lead to a nationally recognized Career Readiness Certificate demonstrating proficiency to employers in a variety of areas. Before an individual takes the exam, all are encouraged to use the on-line KeyTrain pre-test and remediation site to assess current abilities and improve any deficiencies before taking the WorkKeys exam.

With the newly proposed video conferencing available in each location, the public computer centers (PCCs) are also being positioned as a facility to promote remote medical consultations with health care centers that may be located an impractical distance from a rural community. Additionally, the WVDHHR Immunization Program is interested in computer centers across the state for on-going training of physician offices in the use of the Statewide Immunization Information System (SIIS). Please see the letter of support attached.

Within many One-Stop locations is the community services organization, MountainHeart (www.mountainheartwv.org). This organization provides child care, Head Start, Birth to Three, weatherization, and other programs.

The proposed PCCs can be used by all of these partners and organizations to further education, job readiness, healthcare delivery, and services for children.

11. Small and Disadvantaged Business Involvement

E. Project Benefits

E-1 – Expanding Broadband Public Computer Center Capacity



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Public Computer Center Capacity, Including Areas and Populations Served

12. Public Computer Centers Availability

The public computer centers (PCCs) proposed in this application will be available to the general public for a minimum of 45 hours per location during the work week and at least four Saturday hours, excluding state and federal holidays. Depending on actual usage, these hours and days could be increased or decreased in each location to better match local demand by shifting unused hours in one center to another.

There will be no membership or other fees charged for access to the center for employment, educational, training, or healthcare related activities. Additionally, there will be no charges for personal or recreational use of the center’s computers or wireless Internet connection. However, minimal charges will be levied by the local WorkForce Investment Board (WIB) for enhanced services that fall outside of these areas. Enhanced services would include, but are not limited to, extended personal video conferencing sessions, personal copying or fax transmission services, or any other personal service that incurs a direct cost to the computer center. A schedule of these charges will be clearly posted in the center. Any funds generated would be used to sustain the PCC by offsetting costs for communications, supplies, and equipment maintenance or replacement.

13. Restrictions on Public Computer Center Use

Although the proposed public computer centers (PCCs) would be targeted primarily for employment, education, training, and healthcare related activities, the centers could also be used for purely personal or recreational purposes within reason. In light of the primary mission for these centers, high demand may result in priority of service queuing that will permit better access to those in most need of the targeted services. Hours of peak service may also require session time and/or bandwidth limits so that the center’s resources can be made available to the greatest number of potential users.

Because the PCC is a public place and all traffic from the centers will be routed through the State of West Virginia’s Internet connection, access to websites deemed inappropriate by the State’s web filtering software (e.g., related to pornography, hacking, gambling, terrorism, etc.) will be denied. However, the site monitor will accept requests to access sites that may have been misclassified. Access to requested sites can be granted in a relatively short period of time



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if it is determined that the site meets the State’s guidelines.

Notices regarding the aforementioned priorities, limits, and access restrictions will be posted in a prominent location within each public computer center.

14. Public Computer Centers Accessibility

Every WorkForce One-Stop and satellite field office is presently ADA-compliant for disabled access, except the Clarksburg office which resides in a historic building. However, broadband access in this facility can be made available in a handicap accessible portion on the first floor of the building.

In addition to physical access, every public computer center (PCC) location proposed in this application will be equipped with a minimum of one dedicated machine for the disabled. This machine will be specially equipped to meet the needs of individuals with various disabilities. The workstation also includes a dedicated desk that can be automatically raised or lowered to meet the needs of many different conditions. Detailed instructions for operating these machines will be posted by each workstation and each computer center will also have at least one person that is familiar with this machine available during hours of operation and able to assist a disabled person with proper equipment usage.

Through the Disability Program Navigator Project (DPNP) in many One-Stop locations, WFWV and the Center for Excellence in Disabilities at West Virginia University, are increasing employment and self-sufficiency for individuals with disabilities. Statewide project staff work to make the resources of WFWV available to individuals with disabilities for training and education, transportation, assistive technology, relationship building with employers, accessibility problem solving, information, and referrals. The proposed equipment and capabilities at the enhanced PCCs can play an integral role in helping DPNP staff meet the needs of the disabled.

15. PCC - Center Locations, PCC - Center Capacity, PCC - Size and Scope of Target Audience.

PCC - Center Locations & Center Capacity & Size and Scope of Target Audience.
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Public Computer Center: Beckley One-Stop

Address Line 1: 200 Value City Ctr

Address Line 2:

City : Beckley

State: WV

Zip: 25802

Computer Center Name /Type: Beckley One-Stop

Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 75950

Hours Open to Public:

Average Hours Open to Public Per 120-hour Business Week: 42

Proposed Hours Open to Public Per 120-hour Business Week: 45

Average Hours Open to Public Per 48-hour Weekend: 0

Proposed Hours Open to Public Per 48-hour Weekend: 4

Broadband Workstations:

Current # of Broadband Workstations: 8

Proposed # of Broadband Workstations: 10

Facility Broadband Connection Speed (Mbps):

Current Facility Broadband Connection Speed (Mbps): 1.50

Proposed Facility Broadband Connection Speed (Mbps): 10.00

of Persons Served:

of Persons served per 120-hour business week (current): 200

of Persons served per 120-hour business week (proposed target): 340

of Persons served per 48-hour weekend (current): 0

of Persons served per 48-hour weekend (proposed target): 40

Public Computer Center: Charleston One-Stop

Address Line 1: 1321 Plaza East

Address Line 2:

City : Charleston

State: WV

Zip: 25325

Computer Center Name /Type: Charleston One-Stop

Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 113600

Hours Open to Public:

Average Hours Open to Public Per 120-hour Business Week: 42



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Proposed Hours Open to Public Per 120-hour Business Week:45
 Average Hours Open to Public Per 48-hour Weekend: 0
 Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
 Current # of Broadband Workstations: 9
 Proposed # of Broadband Workstations: 20

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:
 # of Persons served per 120-hour business week (current): 100
 # of Persons served per 120-hour business week (proposed target): 200
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 50

Public Computer Center: Clarksburg One-Stop
 Address Line 1: 321 West Main St
 Address Line 2:
 City : Clarksburg
 State: WV
 Zip: 26302

Computer Center Name /Type: Clarksburg One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 69200

Hours Open to Public:
 Average Hours Open to Public Per 120-hour Business Week: 42
 Proposed Hours Open to Public Per 120-hour Business Week:45
 Average Hours Open to Public Per 48-hour Weekend: 0
 Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
 Current # of Broadband Workstations: 15
 Proposed # of Broadband Workstations: 23

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 10.00



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of Persons Served:
 # of Persons served per 120-hour business week (current): 250
 # of Persons served per 120-hour business week (proposed target): 400
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 40

Public Computer Center: Elkins One-Stop
 Address Line 1: 1 Pleasant Ave
 Address Line 2:
 City : Elkins
 State: WV
 Zip: 26241

Computer Center Name /Type: Elkins One-Stop
 Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 45150

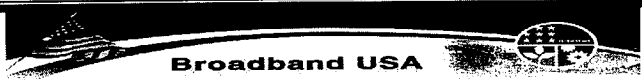
Hours Open to Public:
 Average Hours Open to Public Per 120-hour Business Week: 42
 Proposed Hours Open to Public Per 120-hour Business Week:45
 Average Hours Open to Public Per 48-hour Weekend: 0
 Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
 Current # of Broadband Workstations: 11
 Proposed # of Broadband Workstations: 18

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 3.00

of Persons Served:
 # of Persons served per 120-hour business week (current): 50
 # of Persons served per 120-hour business week (proposed target): 100
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 25

Public Computer Center: Fairmont One-Stop
 Address Line 1: 320 Adams St
 Address Line 2: Suite 107
 City : Fairmont
 State: WV
 Zip: 25654



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Computer Center Name /Type: Fairmont One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 44400

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 42
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 11
Proposed # of Broadband Workstations: 17

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:
of Persons served per 120-hour business week (current): 75
of Persons served per 120-hour business week (proposed target): 125
of Persons served per 48-hour weekend (current): 0
of Persons served per 48-hour weekend (proposed target): 30

Public Computer Center: Greenbrier Valley One-Stop
Address Line 1: 21 Red Oaks Shopping Ctr
Address Line 2:
City : Ronceverte
State: WV
Zip: 24970

Computer Center Name /Type: Greenbrier Valley One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 20150

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 42
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 2



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

Submitted Date: 8/20/2009 2:24:22 PM		Easygrants ID: 823	
Funding Opportunity: Public Computer Centers and Sustainable Broadband Adoption		Applicant Organization: WorkForce West Virginia	
Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Proposed # of Broadband Workstations: 5

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 3.00

of Persons Served:
 # of Persons served per 120-hour business week (current): 50
 # of Persons served per 120-hour business week (proposed target): 80
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 15

Public Computer Center: Huntington One-Stop
 Address Line 1: 2699 Park Ave
 Address Line 2: Suite 240
 City : Huntington
 State: WV
 Zip: 25704

Computer Center Name /Type: Huntington One-Stop
 Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 96150

Hours Open to Public:
 Average Hours Open to Public Per 120-hour Business Week: 44
 Proposed Hours Open to Public Per 120-hour Business Week:45
 Average Hours Open to Public Per 48-hour Weekend: 0
 Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
 Current # of Broadband Workstations: 16
 Proposed # of Broadband Workstations: 23

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:
 # of Persons served per 120-hour business week (current): 250
 # of Persons served per 120-hour business week (proposed target): 420
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 50



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Public Computer Center: Logan One-Stop

Address Line 1: 214 Dingess St

Address Line 2:

City : Logan

State: WV

Zip: 25601

Computer Center Name /Type: Logan One-Stop

Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 53750

Hours Open to Public:

Average Hours Open to Public Per 120-hour Business Week: 42

Proposed Hours Open to Public Per 120-hour Business Week:45

Average Hours Open to Public Per 48-hour Weekend: 0

Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:

Current # of Broadband Workstations: 7

Proposed # of Broadband Workstations: 9

Facility Broadband Connection Speed (MBps):

Current Facility Broadband Connection Speed (MBps): 1.50

Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:

of Persons served per 120-hour business week (current): 50

of Persons served per 120-hour business week (proposed target): 80

of Persons served per 48-hour weekend (current): 0

of Persons served per 48-hour weekend (proposed target): 20

Public Computer Center: Martinsburg One-Stop

Address Line 1: 891 Auto Parts Pl

Address Line 2: Suite 1314

City : Martinsburg

State: WV

Zip: 25402

Computer Center Name /Type: Martinsburg One-Stop

Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 119350

Hours Open to Public:

Average Hours Open to Public Per 120-hour Business Week: 42



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 5
Proposed # of Broadband Workstations: 10

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 3.00

of Persons Served:
of Persons served per 120-hour business week (current): 150
of Persons served per 120-hour business week (proposed target): 220
of Persons served per 48-hour weekend (current): 0
of Persons served per 48-hour weekend (proposed target): 30

Public Computer Center: Mercer County One-Stop
Address Line 1: 195 Davis St
Address Line 2: Suite 102
City : Princeton
State: WV
Zip: 24740

Computer Center Name /Type: Mercer County One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 44100

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 45
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 8
Proposed # of Broadband Workstations: 12

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 3.00

**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

of Persons Served:
 # of Persons served per 120-hour business week (current): 150
 # of Persons served per 120-hour business week (proposed target): 250
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 40

Public Computer Center: Morgantown One-Stop
 Address Line 1: 304 Scott Ave
 Address Line 2:
 City : Morgantown
 State: WV
 Zip: 26508

Computer Center Name /Type: Morgantown One-Stop
 Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 80500

Hours Open to Public:
 Average Hours Open to Public Per 120-hour Business Week: 42
 Proposed Hours Open to Public Per 120-hour Business Week:45
 Average Hours Open to Public Per 48-hour Weekend: 0
 Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
 Current # of Broadband Workstations: 7
 Proposed # of Broadband Workstations: 13

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:
 # of Persons served per 120-hour business week (current): 300
 # of Persons served per 120-hour business week (proposed target): 425
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 60

Public Computer Center: New Martinsville One-Stop
 Address Line 1: 257 North State Rd 2
 Address Line 2:
 City : New Martinsville
 State: WV
 Zip: 26155



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Computer Center Name /Type: New Martinsville One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 9350

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 42
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 3
Proposed # of Broadband Workstations: 4

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 3.00

of Persons Served:
of Persons served per 120-hour business week (current): 25
of Persons served per 120-hour business week (proposed target): 50
of Persons served per 48-hour weekend (current): 0
of Persons served per 48-hour weekend (proposed target): 15

Public Computer Center: Parkersburg One-Stop
Address Line 1: 300 Lakeview Ctr
Address Line 2:
City : Parkersburg
State: WV
Zip: 26101

Computer Center Name /Type: Parkersburg One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 101750

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 49
Proposed Hours Open to Public Per 120-hour Business Week:49
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 25



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Proposed # of Broadband Workstations: 30

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 3.00

of Persons Served:
of Persons served per 120-hour business week (current): 425
of Persons served per 120-hour business week (proposed target): 750
of Persons served per 48-hour weekend (current): 0
of Persons served per 48-hour weekend (proposed target): 75

Public Computer Center: Point Pleasant One-Stop
Address Line 1: 307 Rear 8th St
Address Line 2:
City : Point Pleasant
State: WV
Zip: 25550

Computer Center Name /Type: Point Pleasant One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 15200

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 42
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 9
Proposed # of Broadband Workstations: 10

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:
of Persons served per 120-hour business week (current): 30
of Persons served per 120-hour business week (proposed target): 75
of Persons served per 48-hour weekend (current): 0
of Persons served per 48-hour weekend (proposed target): 20



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Public Computer Center: Putnam County One-Stop
 Address Line 1: 19 Putnam Village Shopping Ctr
 Address Line 2:
 City : Teays
 State: WV
 Zip: 25569

Computer Center Name /Type: Putnam County One-Stop
 Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 34250

Hours Open to Public:
 Average Hours Open to Public Per 120-hour Business Week: 42
 Proposed Hours Open to Public Per 120-hour Business Week:45
 Average Hours Open to Public Per 48-hour Weekend: 0
 Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
 Current # of Broadband Workstations: 5
 Proposed # of Broadband Workstations: 9

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:
 # of Persons served per 120-hour business week (current): 40
 # of Persons served per 120-hour business week (proposed target): 75
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 20

Public Computer Center: South Branch One-Stop
 Address Line 1: 1929 State Rd 55
 Address Line 2:
 City : Moorefield
 State: WV
 Zip: 26836

Computer Center Name /Type: South Branch One-Stop
 Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 35550

Hours Open to Public:
 Average Hours Open to Public Per 120-hour Business Week: 42



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Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 4
Proposed # of Broadband Workstations: 4

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 3.00

of Persons Served:
of Persons served per 120-hour business week (current): 75
of Persons served per 120-hour business week (proposed target): 125
of Persons served per 48-hour weekend (current): 0
of Persons served per 48-hour weekend (proposed target): 20

Public Computer Center: Summersville One-Stop
Address Line 1: 830 Northside Dr
Address Line 2: Suite 123
City : Summersville
State: WV
Zip: 26651

Computer Center Name /Type: Summersville One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 49800

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 45
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 5
Proposed # of Broadband Workstations: 9

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 3.00



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Funding Opportunity: Public Computer Centers and Sustainable Broadband Adoption		Applicant Organization: WorkForce West Virginia	
Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

<p># of Persons Served: # of Persons served per 120-hour business week (current): 75 # of Persons served per 120-hour business week (proposed target): 120 # of Persons served per 48-hour weekend (current): 0 # of Persons served per 48-hour weekend (proposed target): 20</p>
<p>Public Computer Center: Weirton One-Stop Address Line 1: 100 Municipal Plaza Address Line 2: Suite 300 City : Weirton State: WV Zip: 26062</p> <p>Computer Center Name /Type: Weirton One-Stop Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 31450</p> <p>Hours Open to Public: Average Hours Open to Public Per 120-hour Business Week: 42 Proposed Hours Open to Public Per 120-hour Business Week:45 Average Hours Open to Public Per 48-hour Weekend: 0 Proposed Hours Open to Public Per 48-hour Weekend:4</p> <p>Broadband Workstations: Current # of Broadband Workstations: 4 Proposed # of Broadband Workstations: 6</p> <p>Facility Broadband Connection Speed (MBps): Current Facility Broadband Connection Speed (MBps): 1.50 Proposed Facility Broadband Connection Speed (MBps): 10.00</p> <p># of Persons Served: # of Persons served per 120-hour business week (current): 30 # of Persons served per 120-hour business week (proposed target): 50 # of Persons served per 48-hour weekend (current): 0 # of Persons served per 48-hour weekend (proposed target): 15</p>
<p>Public Computer Center: Welch One-Stop Address Line 1: 110 Park Ave Address Line 2: Suite 100 City : Welch State: WV Zip: 24801</p>



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Computer Center Name /Type: Welch One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 13700

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 45
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 3
Proposed # of Broadband Workstations: 5

Facility Broadband Connection Speed (MBps):
Current Facility Broadband Connection Speed (MBps): 1.50
Proposed Facility Broadband Connection Speed (MBps): 3.00

of Persons Served:
of Persons served per 120-hour business week (current): 30
of Persons served per 120-hour business week (proposed target): 50
of Persons served per 48-hour weekend (current): 0
of Persons served per 48-hour weekend (proposed target): 15

Public Computer Center: Wheeling One-Stop
Address Line 1: 1275 Warwood Ave
Address Line 2:
City : Wheeling
State: WV
Zip: 26003

Computer Center Name /Type: Wheeling One-Stop
Estimated # of Total Persons in your Service Area (or Specific Population Sub-Group): 51050

Hours Open to Public:
Average Hours Open to Public Per 120-hour Business Week: 42
Proposed Hours Open to Public Per 120-hour Business Week:45
Average Hours Open to Public Per 48-hour Weekend: 0
Proposed Hours Open to Public Per 48-hour Weekend:4

Broadband Workstations:
Current # of Broadband Workstations: 8



**Broadband Technology Opportunities Program
Public Computer Centers Program – Sustainable Adoption Program**

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Task: Submit Application - Non-Infrastructure Programs		Applicant Name: Mr. Robert Christian Fernatt	

Proposed # of Broadband Workstations: 8

Facility Broadband Connection Speed (MBps):
 Current Facility Broadband Connection Speed (MBps): 1.50
 Proposed Facility Broadband Connection Speed (MBps): 10.00

of Persons Served:
 # of Persons served per 120-hour business week (current): 100
 # of Persons served per 120-hour business week (proposed target): 180
 # of Persons served per 48-hour weekend (current): 0
 # of Persons served per 48-hour weekend (proposed target): 30

16. PCC- SBA Population Demographics

Age Distribution
Age Distribution: 5-19
Age Distribution: 20-29
Age Distribution: 30-39
Age Distribution: 40-49
Age Distribution: 50-59

Ethnicity or ethnicities
Ethnicity: Non-Hispanic White
Ethnicity: Non-Hispanic Black

Gender
Gender: Female



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Public Computer Centers Program – Sustainable Adoption Program**

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Gender: Male

Median Household Income
Median Household Income: Less than \$9,999
Median Household Income: \$10,000 - \$14,999
Median Household Income: \$15,000 - \$24,999
Median Household Income: \$25,000 - \$34,999

Educational Levels
Educational Levels: Middle - Grade 6 to Grade 8
Educational Levels: Secondary - Grade 9 to Grade 12
Educational Levels: College

Disabilities status
Disabilities status : Blindness, Deafness or a severe vision or hearing impairment
Disabilities status : A condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting or carrying

Unemployment Rate
Unemployment Rate: 9.40

Language
Language : English - Primary



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Public Computer Centers Program – Sustainable Adoption Program**

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17. Public Computer Centers Outreach

WorkForce West Virginia (WFWV) locations are uniquely qualified to reach the unemployed, youth, the aged, veterans, low income individuals, the disabled, and other vulnerable populations. Every comprehensive One-Stop location is mandated to provide services for the above groups through various federal and state funded programs. With the addition of modern and capable public computer center (PCC) facilities, these same groups will reap the most benefit. Unlike some organizations, WFWV sites are located across the state in areas ranging from cities to very small towns. These diverse locations are able to provide services and access to virtually the entire population.

The PCCs will use multiple marketing approaches to announce the availability of the center and its expanded capabilities. All WFWV and partner materials will be updated to reflect the availability, hours of operation, and capabilities of the modernized centers. This would include existing brochures, pamphlets, forms, and other printed or electronic media. On these materials, a West Virginia toll-free number and a website will be supplied that will provide the address, general directions, and hours of operation of the nearest location. Additionally, WorkForce and partner staff will inform customers during benefits interviews and counseling sessions about the PCC and how it can help them.

A Broadband Central web portal is proposed to provide information about the PCCs, a broadband demonstration and tutorial that will feature multimedia content that capitalizes on the speed of the connection, links to broadband providers and WFWV and partner resources. All PCC computer and wireless connection users will be directed to this website when beginning a session. Users will be given the opportunity to provide basic personal information and “refer a friend” via e-mail or automated phone message to the PCC in exchange for being entered into monthly promotions for free broadband service or software/hardware products that have been donated by partner organizations and broadband service providers. Although personal information will be used to generate referrals to the PCCs and compile internal usage statistics, this information will not be made available beyond WFWV except in aggregate form for reporting and assessment purposes. The Broadband Central site will provide all the required acknowledgements for Recovery Act funding.

Beyond these primary activities, PCCs will be advertised via direct mail and through



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promotional items distributed through each center on a quarterly basis. This would include inexpensive items such as notepads, pens, and low capacity flash drives for use in the centers. Flash drives would include a standalone version of the Broadband Central web portal that could be run on a computer without Internet access.

These outreach methods were chosen for their relatively low cost, ability to be developed and deployed quickly, and value in showing what broadband can offer.

Public Computer Center Capacity: Training and Educational Programs

18. Public Computer Centers Peripherals and Equipment

In each public computer center (PCC) location, every workstation will be equipped with a minimum of 2GB of memory, 250GB hard drive, DVD-RW optical media drive, and a 19-inch LCD monitor. These specifications may be increased somewhat depending on the configurations available on the state office automation contract at the time of any award. Every machine will have access to a multi-function unit that will provide monochrome print, copy, and fax capabilities in addition to color scanning via the local area network and/or the machine's control panel.

In addition to these standard workstations, each PCC location will also provide at least one machine equipped to provide video conferencing and at least one machine to aid the disabled in accessing the Internet at broadband speed. The video conferencing machine will be located in a secluded area that offers additional privacy and a quiet environment for video interviewing, physician consultations, contacting military personnel overseas, or other remote communication needs. Machines for the disabled will be equipped with large LCD monitors, specially designed desks that can be raised or lowered automatically, and other appropriate hardware to assist the visually impaired, physically disabled, and others.

The PCC will be wired with a minimum of 100Mb Ethernet for workstation connections and will also provide 802.11b/g (WiFi) wireless for users with their own portable computer.

19. Public Computer Centers Workstation Software



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In every public computer center (PCC) location, each Microsoft Windows-based workstation will be equipped with the following application software at a minimum: Microsoft Office 2007 Standard Edition (Word, Excel, PowerPoint), Internet browsing software with private session support, resume creation software, basic computer skills tutorial software, and specialized career readiness software used by the SPOKES and/or EXCEL programs. In addition to this application software, each machine will be equipped with software to protect users and their files from spyware, adware, viruses, and other malicious software.

In addition to these standard workstations, each PCC location will also provide at least one machine equipped to provide video conferencing and at least one machine to aid the disabled in accessing the Internet at broadband speed. The video conferencing machine will be equipped with software not only designed to connect remote users with live audio and video, but also allow the sharing of files, application screens, and documents. Machines for the disabled will be equipped with the necessary software for voice recognition, screen reading, etc.

Although each machine will be equipped with a suite of locally installed software, some applications will be hosted completely on-line. For example, the KeyTrain pre-test and remediation application at www.keytrain.com and the proposed Broadband Central web portal will be used extensively at each center.

20. Public Computer Centers Training and Education Programs

WorkForce West Virginia (WFWV) public computer centers (PCCs) are currently used by multiple partners and contractors to provide multiple training and education programs. According to the US Census Bureau, in the year 2000 nearly 25% of the state's population over the age of 25 did not graduate from high school. Following this troubling statistic, an academic and job preparation skills program entitled SPOKES (Strategic Planning in Occupational Knowledge for Employment and Success) was created in 2003 by a contract between the West Virginia Department of Education's (WVDOE) Adult Basic Education (ABE) program, WFWV, and the West Virginia Department of Health and Human Resources (WVDHHR), and in collaboration with the Workforce Investment Boards (WIBs). The SPOKES program consists of assessment, a repeating cycle of modules related to job readiness, work process skills, technology skills, work-related academics, and vocational training in customer service. Individualized, computer-aided, small and whole group, and work-based/site instructional techniques are utilized within the program delivery of services. In addition to having a certified



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full-time ABE SPOKES instructor, and in some cases a part-time ABE SPOKES instructor, the SPOKES program also has access to a Career Development Consultant. Please see the attached letter of support from the WVDOE.

In addition to SPOKES, other job readiness programs are also offered at some One-Stop locations. The EXCEL program offers resume preparation skills, job search skills, employee-employer relation skills, as well as goal creation and attainment coaching. All One-Stops also offer WorkKeys testing that can lead to a nationally recognized Career Readiness Certificate demonstrating proficiency to employers in a variety of areas. Before an individual takes the exam, all are encouraged to use the on-line KeyTrain pre-test and remediation site to assess current abilities and improve any deficiencies before taking the WorkKeys exam.

According to the AARP Foundation, more older people live near the poverty line than under it, with over 18% of all older people living between 100 and 150 percent of poverty level. In light of this disturbing fact, WFWV is pleased to have the AARP Foundation provide assistance in the One-Stop locations beginning in fall 2009. This assistance is comprised of volunteer services, AARP staff time, use of the AARP WorkSearch software system, training seminars and other tools that will enable citizens to obtain skill assessments, training, and meaningful work. Although AARP focuses on issues that are most important to individuals over age 50, this program will be available to customers of all ages. The AARP Foundation's assistance totals \$1.1 million of support for WFWV. Of this amount, \$668,000 is an in-kind benefit to the PCCs.

Because of these factors, WFWV One-Stop locations serve as a vital hub for adult training and education activities in communities across the state.

E-2- Project Benefits – Sustainable BroadBand Adoption

21. Innovative Approach to Sustainable Broadband Adoption

22. Sustainable Broadband Adoption Household Subscribers.

How many total new home subscribers (household accounts) to broadband do you expect to generate through use of BTOP funds over the entire life of the program funded?



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23. Sustainable Broadband Adoption Institutional Subscribers.

How many total new business and/or institutional subscribers to broadband do you expect to generate through use of BTOP funds over the entire life of the program funded?

24. Sustainable Broadband Adoption Users of Public Access Facilities.

How many total **users** of broadband in public computer centers or **users of broadband outside the home** (e.g., in a community college) do you expect to generate through use of BTOP funds over the entire life of the program funded?

25. Sustainable Broadband Adoption Population Demographics.

Please refer to PCC – SBA Demographics section (Section E1- Question 17)

26. Sustainable Broadband Adoption People Trained/Educated.

If you intend to provide training or education, how many people **in total** will your program(s) reach?

27. Sustainable Broadband Adoption - Scope of Training/Education Programs.

How many hours of training do you expect to provide *per person on average* for each participant in your training program(s), through completion of training for that individual? If you will offer multiple programs, provide estimates for each program.

28. Sustainable Broadband Adoption Instructor Qualifications.

How many (FTE) instructors/facilitators will you employ for broadband and digital literacy training purposes, and what are their qualifications (training and experience)?

29. Sustainable Broadband Adoption Equipment Purchased.

How many broadband-related equipment units (e.g. computers, wireless devices) do you intend to purchase overall?

30. Sustainable Broadband Adoption Cost of Devices.

What is the total up-front cost of this equipment?

31. Sustainable Broadband Adoption Loan Program Participants.

If you are providing an equipment purchase or loan program, for how many households, businesses and/or institutions do you expect to provide equipment or computers?

- Number of Households:**
- Number of Businesses:**
- Number of Institutions:**

32. Sustainable Broadband Adoption Loan Cost to Borrower.

If you are employing a loan program for purchases of service or equipment, what will be the total cost to the typical customer you assist over the life of the loan, including all interest and fees?

33. Sustainable Broadband Adoption Target Population, Awareness Campaign.

If you are conducting an awareness campaign, how many people do you expect your campaign will reach?



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34. Sustainable Broadband Adoption Awareness Campaign Methods

35. Measuring Campaign Impact for Sustainable Broadband Adoption

36. Sustainable Broadband Adoption Total Cost Per New Subscriber.

What is the total cost of your project per new subscriber (household, individual, or institutional) or new end-user?

F. Project Viability

Technical Viability

37. Technology Strategy

37 - A. Public Computer Center Technology Strategy

The technology plan for the proposed public computer centers (PCCs) is to build on the strengths of the existing model, while addressing perceived weaknesses. Although the basic concept is sound, there is considerable work to be done in upgrading equipment at each facility to modern standards, increasing the bandwidth available, adding more operational hours, and supplying personnel to monitor and assist in the centers.

WorkForce West Virginia (WFWV) sites are presently connected to the state’s Wide Area Network (WAN) using a T1 (1.5Mbps) connection. This connection is shared between state users, partners, and the public computers available in each location. As a result, the bandwidth available on these connections is severely taxed, especially in the larger offices, and unable to support modern broadband applications. While the communication infrastructure in rural areas is slow to develop, it is now possible to deploy 10Mbps connections in over half of the proposed sites. This same capability will eventually be available in the other locations as well, but for now, a second T1 is the only available option. Therefore, we propose to upgrade the connection in all offices to 10Mb where possible and to 3Mb in all other locations. Additionally, we propose to use virtual local area network (VLAN) technology to segregate the public and partner computers from state users. This guarantees a minimum amount of bandwidth to both public computers and state users/partners. We propose a minimum of 3Mbps bandwidth to publicly accessible computers in the 10Mbps sites and 1.5Mbps in the 3Mbps sites, depending on local factors such



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as office size.

Due to lack of funding, the computer equipment used at most sites was cobbled together from machines that were originally destined for surplus property disposal. Unfortunately, many of these machines are now 7 – 10 years old and are frequently unavailable due to failing components or other technical malfunctions. As a result, the existing centers commonly run at 60 – 80% capacity until newly retired machines are available to replace failed equipment. Although the current computer centers are used to a degree, many potential users do not attempt to use WorkForce equipment as it is slow and unreliable. WFWV proposes to replace the existing outdated computer equipment in each center with modern machines capable of running current application software and able to capitalize on the benefits of broadband speed and web-enabled applications. In addition to these standard machines, we propose to install at least one dedicated, specially equipped machine for the disabled and one other machine dedicated to video conferencing in an appropriately private and quiet area.

The standard workstations will be protected by multiple layers of security within the state network including firewalls, machine policies, and antivirus software. Ensuring security for users and user information is critical to engendering trust in the PCC.

Network attached multi-function devices are planned to provide scanning and printing functionality in addition to more common copy and fax functions. Every workstation will have access to the printing capabilities of these multi-function machines and users will be able to scan documents directly to PDF for e-mail. For cost containment purposes, fax and copy functionality will be restricted by a Personal Identification Number (PIN) that the site monitor will control. Additionally, PINs may be used to assist users in printing confidential documents that can be stored until the user enters the PIN to release the documents.

Wireless technology (802.11b/g) will be deployed in every One-Stop location to support mobile devices owned by the customer. Every wireless user will be presented with a splash screen upon connection explaining the terms and conditions of access and wireless customers will be segregated from other users using Virtual Local Area Network (VLAN) technology to minimize PCC exposure to potentially unprotected customer equipment.

WFWV believes that these judicious technology upgrades will greatly enhance the capabilities and expand the capacity of every PCC at a reasonable cost.



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37 - B. Sustainable Broadband Adoption Technology Strategy

Organizational Capability

38. Management Team Resumes.

Please refer to upload section at the end of document.

39. Organizational Readiness

The WorkForce West Virginia (WFWV) integrated One-Stop system was created nearly ten years ago. During this time, 21 offices were created, state and partner equipment installed, staff moved, and the new offices made completely operational in approximately 24 months by a relatively small WorkForce project team. Since that time, information technology in state government has been consolidated across state agencies. There are now a number of field technicians available to configure, install, and maintain agency computers and network systems across the state. Working with the available resources within WFWV and the West Virginia Office of Technology (WVOT), the proposed public computer center enhancement project as described in this application is practical to implement in the time period allotted.

As soon as funding is available, WFWV can use existing state contracts for large purchases of computer hardware, network equipment, and connectivity upgrades to the One-Stop locations. The remaining hardware and software costs should be low enough to purchase through accelerated bid processes that only require written quotes.

The proposed public computer center (PCC) project team will have a designated information technology (IT) manager, One-Stop operations liaison, marketing and outreach coordinator, and administrative coordinator for purchasing and contracts. Existing WFWV staff will fill these roles, therefore eliminating hiring and orientation delays. The IT manager will work closely with existing WVOT remote technical staff to quickly deploy new hardware, upgrade connectivity, and configure machines in all field locations simultaneously. The One-Stop operations liaison will coordinate with the One-Stop locations during installation periods to avoid or minimize service interruptions to customers and gather feedback that can improve the PCCs. The marketing manager will work with existing in-house and contract resources to develop and deploy a consistent marketing message for the new PCCs. Lastly, the



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administrative coordinator will work with other state agencies, vendors, and leaseholders to process procurements, implement contract changes, and modify lease/rental agreements to accommodate the proposed PCCs.

40. Organizational Chart.

Please refer to upload section at the end of document.

Community Involvement

41. Key Partners

WorkForce West Virginia (WFWV) key partners for the public computer centers (PCCs) modernization project include the following. Contact information for these partners can be found in the Key Partners Contact Information attachment.

AARP Foundation
 Scott Adkins, Senior Manager
 Role: Training and job placement services, web-based application software

West Virginia Department of Education
 Bill Wilcox, Assistant Director
 Role: Training and education through SPOKES program

West Virginia Department of Health and Human Resources
 Dan Hartwell, Assistant Director of Field Operations
 Role: Training and education through SPOKES and similar programs

Division of Rehabilitation Services
 Deborah Lovely, Director
 Role: Training and education for the disabled through the Navigator program

Bureau of Senior Services
 Tom Dudley, Director of Senior Employment Programs
 Role: Outreach related to the AARP program and others



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West Virginia Office of Technology
Chris Bailey, Agency Liaison
Role: Technical support, management, and installation services

42. Partnering with Disadvantaged Businesses

Ability to Start Promptly & Timeline

43. Project Timeline and Challenges

WorkForce West Virginia (WFVW) anticipates starting the enhanced public computer center (PCC) project immediately upon notification of award.

Year 1/Q1: Convene a stakeholders meeting to discuss the PCC project plan, assign tasks, and address concerns. Order and begin installation of 140 new computers in all public computer center (PCC) sites to include machines for the disabled and video conferencing. Order connectivity upgrades and begin installation of new or expanded circuits. Order and install all peripherals and software for 140 computers. Internally develop and deploy a rudimentary Broadband Central site while the comprehensive site is built. Develop requirements for the Broadband Central portal, promotional items, and direct mail advertising campaigns and receive bids. Develop a plan to evaluate the success of marketing activities and track PCC usage both electronically and through physical counts. Train site monitors to use all equipment and assist PCC customers. Develop and begin displaying all necessary signs, notices, and guidelines in the PCCs. Develop and distribute an initial PCC policy and procedure handbook. AARP will offer training and WorkSearch application access at several One-Stop locations.

Year 1/Q2: Award contracts for marketing components, launch direct mail campaign, and begin distributing promotional items within the centers. Complete all circuit upgrades and/or installations. Implement physical count usage plan.

Year 1/Q3: The Broadband Central portal becomes fully operational. Implement electronic site usage data collection. Hold second stakeholder’s meeting to discuss progress, address concerns and sustainment issues, and make any necessary adjustments.



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Year 1/Q4: Evaluate the success of marketing efforts and make any necessary adjustments. Evaluate the policy and procedure handbook and make and necessary adjustments.

Year 2/Q1: Order and install 65 new computers. Order and install software for 65 new computers. Offer additional site monitor training for new staff and refresher training for existing site monitors that covers new procedures or policies.

Year 2/Q2: Hold third stakeholder’s meeting to discuss progress, address concerns and sustainment issues, and make any necessary adjustments.

Year 2/Q3: Monitor progress.

Year 2/Q4: Hold stakeholder’s meeting to discuss progress, address concerns and sustainment issues, and make any necessary adjustments.

Year 3/Q1: Order and install 40 new computers. Order and install software for 40 new computers.

Year 3/Q2: Hold stakeholder’s meeting to discuss progress, address concerns and sustainment issues, and make any necessary adjustments.

Year 3/Q3: Plan to begin replacing computer and peripheral equipment at the end of year 4.

Year 3/Q4: Hold stakeholder’s meeting to discuss progress, address concerns, and make any necessary adjustments.

44. Non-Infrastructure Projects - Licenses and Regulatory Approvals

The facilities and connections for all proposed public computer centers (PCCs) exist presently and there are no construction or other significant physical changes anticipated in any location. Therefore, there are no local, state, or federal licenses or regulatory approvals required.

45. Legal Opinion.

Please refer to upload section at the end of document.



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G. Project Budget & Sustainability

Project Profile: Budget and Budget Narrative

46. Budget Narrative

Personnel Total: \$879,725

The AARP Foundation is providing 29,120 training hours at the PCCs during the project period valued at \$19.51 per hour for a total of \$568,000 of in-kind support.

The WorkForce West Virginia (WFWV) proposed public computer center (PCC) project includes additional operating hours for every location. An additional 24 hours of personnel time will be needed on average per location per month. Based on a \$15 per hour rate, 3% annual increase, and anticipated cost sharing in year 3, \$86,400 is requested for year 1, \$89,000 for year 2, and \$45,900 for year 3 to total \$221,300.

WFWV estimates that the four project team members will devote 15% of their time in year 1, 10% in year 2, and 7% in year 3 toward the project. Based on 1,950 work hours per year, a 3% annual increase, and an average \$35 per hour salary, \$40,950 is budgeted for year 1, \$28,200 for year 2, and \$19,700 in year 3, totaling \$88,850.

WFWV expended 45 hours in grant preparation at an estimated \$35 per hour for a cost of \$1,575 to be reclaimed in year 1.

Fringe Benefits Total: \$112,221

Fringe benefit rates for WFWV are set at approximately 36% of salaries for all full-time employees. This statutorily established benefit package includes employer taxes for FICA, unemployment compensation, workers compensation, retirement, and health insurance.

Travel Total: \$10,775

WFWV is planning for six semi-annual stakeholder meetings to bring together representatives from key partners. WFWV estimates cost of travel at \$1,800 in year 1 and \$1,500 in years 2 and 3 for a total of \$4,800.



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WFWV is also planning for annual training and/or retraining for PCC site monitors. Travel for site monitors is estimated to cost \$2,375 in year 1 and \$1,800 in years 2 and 3 for a total of \$5,975.

Equipment Total: \$654,000

WFWV is budgeting \$1,200 per standard computer workstation to include computer, LCD monitor, keyboard, and mouse. WFWV plans to deploy 100 machines in year 1 at \$120,000, 60 machines in year 2 at \$72,000, and 45 machines in year 3 at \$54,000 for a total of \$246,000.

To accommodate disabled customers, WFWV projects spending \$12,500 per disabled workstation at each of the 20 PCCs for a total of \$250,000 to be spent in year 1.

WFWV also plans to install dedicated video conferencing machines in each of the 20 PCCs at \$2,000 per station for a total of \$40,000 to be spent in year 1.

WFWV anticipates installing 2 Cisco Wireless Access Points at \$1,050 per device in each of the 20 PCCs for a total of \$42,000 to be expended in year 1.

WFWV plans to purchase and install high-speed multi-function print, copy, scan, and fax devices at \$3,800 each for a total of \$76,000 to be spent in year 1.

Supplies Total: \$45,430

WFWV anticipates purchasing special software products for each of the 245 machines to be installed in the 20 PCCs. Resume creation and keyboarding software are both expected to cost \$30 per license. Based on the number of machines being purchased per year, WFWV plans to spend \$4,200 in year 1, \$1,800 in year 2, and \$1,350 in year 3 on each product for a total of \$14,700.

WFWV anticipates a \$50/mo increase in the costs of consumables on average in each of the 20 PCCs. Based on this amount, a 3% annual increase, and estimated cost sharing in year 3, WFWV requests \$12,000 in year 1, \$12,360 in year 2, and \$6,370 in year 3 for a total of \$30,730.



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Other Total: \$844,410

WFVW marketing plans include small promotional items and monthly awards. WFVW estimates that \$7,000 will be needed in years 1 and 2, and with expected cost sharing, \$3,600 in year 3 for a total of \$17,600.

WFVW plans to launch a new broadband web portal and anticipates launching this site in year 1 at a cost of \$75,000.

WFVW plans to reach about 40,000 people through a direct mail campaign at a cost of \$50,000 in year 1.

Due to the increased operational hours at the PCCs, WFVW estimates a 3% general increase in lease costs and a 3% annual increase. \$60,000 is requested in year 1, \$61,800 in year 2, and \$31,830 in year 3, based on expected cost sharing, for a total of \$153,630.

WFVW planned bandwidth upgrades at the PCCs will increase connectivity costs. Based on state contract pricing, a 3% annual increase, and anticipated cost sharing in year 3, WFVW estimates that these costs will be \$116,220 in year 1, \$119,720 in year 2, and \$61,670 in year 3 for a total of \$297,610.

WFVW is expected to pay \$20 per month for maintenance, technical support, and software licensing per machine. Based on this amount, a 3% annual increase, and projected cost sharing in year 3, WFVW anticipates the 245 proposed computers to cost \$58,800 in year 1, \$60,570 in year 2, and \$31,200 in year 3 for a total of \$150,570.

The AARP Foundation is providing access, technical support, and enhancements to WorkSearch, a custom on-line job search, training, and placement application. This functionality is valued at \$100,000 of in-kind support during the project period.

Indirect Charges Total: \$227,431

Indirect charges include all rent, utilities, telecommunications, supplies, and other support needs. This amount, equal to approximately \$13,657 per FTE per year, includes all allocated



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indirect costs. These costs are allocated among all agency programs in accordance with a cost allocation methodology approved by the US Department of Labor.

47. Non-Infrastructure Projects - Budget Reasonableness

WorkForce West Virginia (WFWV) believes the proposed budget is reasonable in light of the number of PCCs to be modernized, the potential number of users, and the new capabilities being made available to the disabled and for video conferencing. Additionally, because the PCCs exist in some form now, there are no large costs for construction, network infrastructure, or other build-out expenses associated with the project. The PCCs are also supported to a degree through rental/lease agreements, utilities, and connectivity costs that are subsidized by the existing partner consortium in each location. As a result, federal grant funds are only being used to cover costs for the much needed computer center modernization and to fund increased broadband capacity at each PCC.

Furthermore, the large planned purchases of equipment and services will use existing state contracts for computer equipment, data communications, and software licensing. These pre-negotiated contracts provide lower prices due to state government volume purchasing and faster turnaround on delivery as there are no request-for-quotations (RFQs) to prepare or evaluate.

Because WFWV is part of a consolidated information technology agency, West Virginia Office of Technology (WVOT) personnel are available to assist with the planning, configuration, and deployment of technology in all WFWV locations, including the One-Stop field locations. This expanded pool of technical staff stationed across the state enables WFWV to deploy technical solutions without contracting for information technology services or using limited internal technical staff. This reduces the total project cost by minimizing deployment and configuration expenses.

The WFWV PCC project team is already on staff at the agency and available to manage the multiple aspects of the planned deployment. The inclusion of existing personnel reduces staff-up time and eliminates the need to hire dedicated personnel for the project.

The above advantages provide greater value for the federal funds expended and allow WFWV to quickly deploy the project across the state.

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48. Demonstration of Financial Need

According to the WorkForce West Virginia (WFWV) Director of Fiscal and Administrative Management, the projected funds available for state fiscal year 2010 are not quite enough to cover projected needs for every WFWV division. WFWV staff will be monitoring expenditures carefully to ensure that we do not exceed available funds. Consequently, there are no available funds to cover the needs for personal computer centers (PCCs) as requested in this BTOP grant application. See the attached budget (WFWV SFY2010 Projected Budget).

49. Historical Financial Statements.

Please refer to upload section at the end of document.

Project Profile: Long Term Sustainability

50. Sustainability.

51 - A. Public Computer Center Sustainability

WorkForce West Virginia (WFWV) recognizes the challenge of sustaining the proposed public computer centers (PCCs) beyond the three year funding period. Fortunately, many of the expenses required to maintain the centers (e.g., facility rent, connectivity, etc.) are currently subsidized to some degree by local partners in the One-Stop locations. By greatly increasing the capabilities and capacity of the PCCs, however, the costs to operate the PCCs will also increase.

During the funding period, WFWV proposes to work closely with partner agencies, broadband vendors, and others to identify ways of pooling funds to cover these increased costs. WFWV component programs may also be able to assist in covering some of the additional costs as modern technology could reduce internal costs through the use of new tools (e.g., video conferencing reducing travel expenses). Indeed, if the PCCs can demonstrate an ability to make internal operations, such as Unemployment Compensation, more efficient by reducing phone calls and paper correspondence, those efficiencies can be translated into support for the PCCs through a funding contribution in proportion to the efficiencies realized.

We do anticipate some assistance from broadband providers in the form of promotional items



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in exchange for the broadband awareness activities implemented in the PCCs and on the Broadband Central website. However, any personal information collected through the operation of the PCC will only be used for the provision and enhancement of PCC services. Only aggregate, de-identified data will be made publicly available for reporting and assessment purposes.

Lastly, the Workforce Investment Boards (WIBs) will be collecting some fees for personal services that take place at the PCCs. Although we anticipate these revenues to be small, this income can certainly offset some charges for supplies and telecommunications.

51 - B. Sustainable Broadband Adoption Sustainability

Project Profile: Outside Leverage

51. Matching Funds.

Please refer to upload section at the end of document.

52. Unjust Enrichment

WorkForce West Virginia (WFWV) has not applied for or received any federal funds related to the enhancement or expansion of the public computer centers (PCCs) within the One-Stop locations.

53. Disclosure of Federal and/or State Funding Sources

WorkForce West Virginia (WFWV) has not applied for or received any federal or state funds related to the enhancement or expansion of the public computer centers (PCCs) within the One-Stop locations.

54. Buy American.

Is the applicant seeking an individual waiver of the Buy American provision?

No

Buy American Waiver Request Explanation

H. DOC Environmental Checklist



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55. **SECTION 1** – Please refer to upload section at the end of document.

I. Compliance and Certification

56. **Certification and signature.**

Please refer to upload section at the end of the document.



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Uploads

The following pages contain the following uploads provided by the applicant:

Upload Name
02. Q24 PCC; Q29 SBA - Management Team Resumes
03. Q26 PCC; Q31 SBA - Organization Chart
04. Q27 PCC; Q32 SBA - Key Partners
06. Q35 PCC; Q40 SBA - Historical Financial Statem
06. Q35 PCC; Q40 SBA - Historical Financial Statem
08. Environmental Checklist
09. Compliance and Certifications*
10. CD-511 Certification - Lobbying, Upper Tier*
12. SF-424A Budget Information Non-Construction**
13. SF-424B Assurances Non-Construction
17. Legal Opinion*



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18. Authentication*
19. Supplemental Information 1
20. Supplemental Information 2

To preserve the integrity of the uploaded document, headers, footers and page numbers have not been added by the system

Project Team Biographical Summaries

Information Technology Manager

Robert C. Fernatt is an information technology (IT) professional with nearly 20 years of industry experience in various positions. While attending college, Mr. Fernatt worked with a systems vendor configuring and deploying large computer shipments for state government agencies. After graduating with a Bachelors degree from the West Virginia Institute of Technology, he worked for nearly three years in the West Virginia Bureau for Public Health and Department of Education as a network administrator and the Health Information Systems Coordinator. Leaving public service for a stint in the private sector, Mr. Fernatt worked as a sub-contractor for Toyota Motor Manufacturing and as the IT Director for a division of Acordia/Wells Fargo for over four years. During his time as IT Director, Fernatt managed central and satellite office computer deployments during a major modernization program in preparation for the year 2000. Mr. Fernatt returned to public service in February 2003 when he was hired as the West Virginia Electronic Disease Surveillance System (WVEDSS) IT Manager. In 2006, he completed a Masters degree in Technology Management at Marshall University. Mr. Fernatt joined the WorkForce West Virginia team as an information systems manager in 2009.

Marketing and Outreach Coordinator

Beth Nogay Carenbauer is a journalist with extensive multimedia experience. In her current position at WorkForce West Virginia, she serves as Assistant to the Executive Director and directs the Community & Business Services unit. She oversees content for the agency Web site and all marketing and communications materials. In addition, she supervises business services statewide. Prior to WorkForce West Virginia, Carenbauer was Community Support Manager for West Virginia Public Broadcasting, responsible for fundraising from businesses, organizations, associations and foundations for West Virginia Public Radio and West Virginia PBS. She was a national trainer for PBS for corporate support. Carenbauer has produced critically acclaimed documentaries in West Virginia that have been distributed nationally by PBS, including *A Principled Man: Rev. Leon Sullivan* (for which she served as producer and primary fundraiser), and *Even the Heavens Weep: The West Virginia Mine Wars*. She is the recipient of West Virginia Public Broadcasting's Harry M. Brawley Award for her work promoting educational programs for children. Carenbauer is a magna cum laude graduate of the Perley Isaac Reed School of Journalism at West Virginia University, where she was named Outstanding Journalism Graduate.

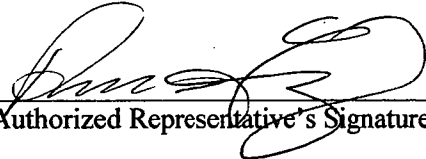
Certification Requirements for BTOP

**U.S. Department of Commerce
Broadband Technology Opportunities Program**

I certify that I am the duly authorized representative of the applicant organization, and that I have been authorized to submit the attached application on its behalf. A copy of the applicant organization's authorization for me to submit this application as its official representative is on file in the applicant's office, and I am identified as the applicant organization's Authorized Organization Representative (AOR) in the Central Contractor Registration database. By signing this certification, I certify that the statements contained in the application are true, complete, and accurate to the best of my knowledge, and that if an award is made, the applicant organization will comply with all applicable award terms and conditions.

8-20-09

(Date)


(Authorized Representative's Signature)

Russell L. Fry

Name:

Acting Executive Director

Title:

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

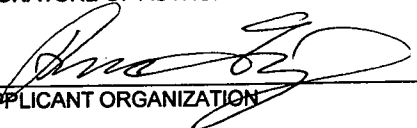
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As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a -1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
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18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

<p>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> 	<p>* TITLE</p> <p>Acting Executive Director</p>
<p>* APPLICANT ORGANIZATION</p> <p>WorkForce West Virginia</p>	<p>* DATE SUBMITTED</p> <p>8.20-09</p>

ASSURANCES - NON-CONSTRUCTION PROGRAMS

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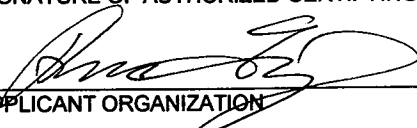
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<p>* APPLICANT ORGANIZATION</p> <p>WorkForce West Virginia</p>	<p>* DATE SUBMITTED</p> <p>8.20-09</p>

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1. Broadband Technology Opportunities Program	11.557			\$ 1,901,600	\$ 568,000	\$ 2,469,600
2.						\$ -
3.						\$ -
4.						\$ -
5. TOTALS		\$ -	\$ -	\$ 1,901,600	\$ 568,000	\$ 2,469,600

SECTION B - BUDGET CATEGORIES

Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY						Total (5)
	(1)	(2)	(3)	(4)	(5)	(6)	
a. Personnel	\$ 311,551	\$ 568,000					\$ 879,551
b. Fringe Benefits	\$ 112,158						\$ 112,158
c. Travel	\$ 10,775						\$ 10,775
d. Equipment	\$ 625,600						\$ 625,600
e. Supplies	\$ 45,426						\$ 45,426
f. Contractual	\$ -						\$ -
g. Construction							\$ -
h. Other	\$ 590,733						\$ 590,733
i. Total Direct Charges (sum of 6a - 6h)	\$ 1,696,243	\$ 568,000	\$ -	\$ -	\$ -	\$ -	\$ 2,264,243
j. Indirect Charges	\$ 205,357						\$ 205,357
k. TOTALS (sum of 6i and 6j)	\$ 1,901,600	\$ 568,000	\$ -	\$ -	\$ -	\$ -	\$ 2,469,600

7. Program Income							\$ 0
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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Applicant Funds	\$ 568,000			\$ 568,000
9.				\$ -
10.				\$ -
11.				\$ -
12. TOTALS (sum of lines 8 and 11)	\$ 568,000	\$ -	\$ -	\$ 568,000

SECTION D - FORECASTED CASH NEEDS

Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13 Federal				
14. Non-Federal				
15 TOTALS (sum of lines 13 and 14)				

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16 Federal				
17 Non-Federal				
18.				
19				
20. TOTALS (sum of lines 16 - 19)	\$ -	\$ -	\$ -	\$ -

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	\$2,264,243	
22. Indirect Charges: Predetermined Rate		Amount = \$205,357
23. Remarks:		

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1. Broadband Technology Opportunities Program	11.557			\$ 2,105,992		\$ 2,105,992
2. In-Kind Match					\$ 668,000	\$ 668,000
3.						
4.						
5. TOTALS		\$ -	\$ -	\$ 2,105,992	\$ 668,000	\$ 2,773,992

SECTION B - BUDGET CATEGORIES

Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
a. Personnel	\$ 311,725	\$ 568,000			\$ 879,725
b. Fringe Benefits	\$ 112,221				\$ 112,221
c. Travel	\$ 10,775				\$ 10,775
d. Equipment	\$ 654,000				\$ 654,000
e. Supplies	\$ 45,430				\$ 45,430
f. Contractual	\$ -				\$ -
g. Construction					\$ -
h. Other	\$ 744,410	\$ 100,000			\$ 844,410
i. Total Direct Charges (sum of 6a - 6h)	\$ 1,878,561	\$ 668,000	\$ -	\$ -	\$ 2,546,561
j. Indirect Charges	\$ 227,431				\$ 227,431
k. TOTALS (sum of 6i and 6j)	\$ 2,105,992	\$ 668,000	\$ -	\$ -	\$ 2,773,992

7. Program Income						\$0
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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Applicant Funds	\$ 668,000			\$ 668,000
9.				\$ -
10.				\$ -
11.				\$ -
12. TOTALS (sum of lines 8 and 11)	\$ 668,000	\$ -	\$ -	\$ 668,000

SECTION D - FORECASTED CASH NEEDS

Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
\$ 1,227,493	\$ 456,873	\$ 356,873	\$ 306,873	\$ 106,874
\$ 222,667	\$ 55,667	\$ 55,667	\$ 55,667	\$ 55,666
\$ 1,450,159	\$ 512,540	\$ 412,540	\$ 362,540	\$ 162,539

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16 Federal		\$ 560,244	\$ 318,254	
17 Non-Federal		\$ 222,667	\$ 222,667	
18.				
19				
20. TOTALS (sum of lines 16 - 19)	\$ -	\$ 782,911	\$ 540,921	\$ -

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	\$2,546,561	Amount = \$227,431
22. Indirect Charges:		
23. Remarks:		

**Detailed Budget Template
Department of Commerce**

823
Easy Grants ID:
Applicant: WorkForce West Virginia
Project Title: WorkForce West Virginia One-Stop Public Computer Center Modernization

SF-424A Object Class Category	Year 1			Year 2			Year 3			Detail					
	Federal Support	Matching Support	Total	Federal Support	Matching Support	Total	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Total		
a. Personnel - List position, number of staff, annual salaries, % time spent on project															
SEE NOTE AT BOTTOM												SEE NOTE	\$221,223.00		
INTERVIEWERS	\$ 85,000.00	\$ 85,000.00	\$ 170,000.00	\$ 85,000.00	\$ 85,000.00	\$ 170,000.00	\$ 85,000.00	\$ 85,000.00	\$ 170,000.00	4	\$221,223.00	10.00%	\$ 88,753.00		
PROJECT TEAM	\$ 40,950.00	\$ 40,950.00	\$ 81,900.00	\$ 40,950.00	\$ 40,950.00	\$ 81,900.00	\$ 40,950.00	\$ 40,950.00	\$ 81,900.00	1	\$1,575.00	10.00%	\$ 1,575.00		
Grant Preparation Hours @ \$35/hr X 45 HOURS		\$568,000.00	\$568,000.00		\$568,000.00	\$568,000.00		\$568,000.00	\$568,000.00	1	\$311,551.00		\$ 311,551.00		
AARP- TRAINERS		\$128,925.00	\$128,925.00		\$128,925.00	\$128,925.00		\$128,925.00	\$128,925.00						
Subtotal															
	\$2,318.00	\$2,318.00	\$4,636.00	\$10,934.00	\$10,934.00	\$21,868.00	\$51,998.00	\$51,998.00	\$103,996.00		\$311,551.00		\$ 51,998.00		
b. Fringe Benefits - include salaries and fringe rate.															
16.89% Other Fringes such as Insurance, etc.	\$7,983.00	\$7,983.00	\$15,966.00	\$39,592.00	\$39,592.00	\$79,184.00	\$23,834.00	\$23,834.00	\$47,668.00		\$311,551.00		\$ 23,834.00		
7.85% Social Security	\$1,495.00	\$1,495.00	\$2,990.00	\$7,437.00	\$7,437.00	\$14,874.00	\$3,614.00	\$3,614.00	\$7,228.00		\$311,551.00		\$ 3,614.00		
1.18% Worker's Compensation	\$19,337.00	\$19,337.00	\$38,674.00	\$47,202.00	\$47,202.00	\$94,404.00	\$32,712.00	\$32,712.00	\$65,424.00		\$311,551.00		\$ 32,712.00		
10.50% Retirement	\$46,414.00	\$46,414.00	\$92,828.00	\$231,555.00	\$231,555.00	\$463,110.00	\$112,158.00	\$112,158.00	\$224,316.00		\$311,551.00		\$ 112,158.00		
Subtotal															
	\$1,800.00	\$1,800.00	\$3,600.00	\$1,500.00	\$1,500.00	\$3,000.00	\$5,975.00	\$5,975.00	\$11,950.00		\$800.00		\$ 5,975.00		
c. Travel - For significant costs include details such as number and purpose of trips, destinations															
Purpose of Trip	\$2,375.00	\$2,375.00	\$4,750.00	\$1,800.00	\$1,800.00	\$3,600.00	\$5,975.00	\$5,975.00	\$11,950.00	3	\$1,981.66		\$ 5,975.00		
Stakeholder meetings over 3 Years							\$0.00	\$0.00	\$0.00	6	\$0.00		\$ 0.00		
Train/train site monitors at one PCC							\$0.00	\$0.00	\$0.00	3	\$0.00		\$ 0.00		
Subtotal															
	\$4,175.00	\$4,175.00	\$8,350.00	\$3,300.00	\$3,300.00	\$6,600.00	\$10,775.00	\$10,775.00	\$21,550.00		\$10,775.00		\$ 21,550.00		
d. Equipment Costs - List equipment with # of units and unit costs. Distinguish between equipment intended for applicant use versus equipment for the end user.															
Applicant Equipment															
Equipment Description		Matching Support	Federal Support	Matching Support	Federal Support	Matching Support	Federal Support	Matching Support	Federal Support	3-Year Federal	3-Year Match	3-Year Total	# of Trips	Cost per Trip	Total
Printer										\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
Scanner										\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
Workstations (PC, monitor, etc.)										\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
Workstations (PC, monitor, etc.)	\$75,000.00	\$0.00	\$75,000.00	\$0.00	\$0.00	\$0.00	\$75,000.00	\$75,000.00	\$150,000.00	\$0.00	\$0.00	\$150,000.00	20	\$3,800.00	\$76,000.00
Disabled Workstations (sw/hw, etc.)	\$120,000.00	\$0.00	\$120,000.00	\$0.00	\$0.00	\$0.00	\$246,000.00	\$246,000.00	\$492,000.00	\$0.00	\$0.00	\$492,000.00	205	\$1,200.00	\$246,000.00
AV Conferencing Workstations (sw/hw)	\$221,600.00	\$0.00	\$221,600.00	\$0.00	\$0.00	\$0.00	\$221,600.00	\$221,600.00	\$443,200.00	\$0.00	\$0.00	\$443,200.00	20	\$11,080.00	\$221,600.00
Cisco Wireless Access Points w/Antennas	\$42,000.00	\$0.00	\$42,000.00	\$0.00	\$0.00	\$0.00	\$42,000.00	\$42,000.00	\$84,000.00	\$0.00	\$0.00	\$84,000.00	20	\$2,000.00	\$40,000.00
Subtotal	\$499,600.00	\$0.00	\$999,200.00	\$0.00	\$0.00	\$0.00	\$1,025,600.00	\$1,025,600.00	\$2,051,200.00	\$0.00	\$0.00	\$2,051,200.00	40	\$1,025.60	\$41,012.00
e. Supplies - List costs associated with materials/printing, curriculum, translations, and other supplies															
Description		Matching Support	Federal Support	Matching Support	Federal Support	Matching Support	Federal Support	Matching Support	Federal Support	3-Year Federal	3-Year Match	3-Year Total	# Units (if Applicable)	Unit Cost (if Applicable)	Total
Resume creation software	\$4,200.00	\$0.00	\$4,200.00	\$1,800.00	\$1,800.00	\$3,600.00	\$1,350.00	\$1,350.00	\$2,700.00	\$7,350.00	\$0.00	\$7,350.00		\$0.00	\$7,350.00
Typing skills software	\$12,000.00	\$0.00	\$12,000.00	\$6,366.00	\$6,366.00	\$12,732.00	\$30,726.00	\$30,726.00	\$61,452.00	\$0.00	\$0.00	\$61,452.00		\$0.00	\$61,452.00
Additional toner, paper, etc.	\$20,400.00	\$0.00	\$20,400.00	\$9,066.00	\$9,066.00	\$18,132.00	\$45,426.00	\$45,426.00	\$90,852.00	\$0.00	\$0.00	\$90,852.00		\$0.00	\$90,852.00
Subtotal															
	\$4,200.00	\$4,200.00	\$8,400.00	\$1,800.00	\$1,800.00	\$3,600.00	\$13,500.00	\$13,500.00	\$27,000.00	\$7,350.00	\$0.00	\$7,350.00		\$0.00	\$7,350.00

Contractor	Year 1		Year 2		Year 3		3-Year Federal	3-Year Match	Total	# Hours (if Applicable)	Hourly Rate (if Applicable)	Total Contract
	Federal Support	Matching Support	Federal Support	Matching Support	Federal Support	Matching Support						
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
g. Construction - If applicable, list construction costs not included in the SF-424C	Federal Support	Matching Support	Federal Support	Matching Support	Federal Support	Matching Support	3-Year Federal	3-Year Match	Total			
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
h. Other - List costs associated with subrecipients and other costs not listed above such as technology (website hosting, internet connection), advertising (TV, radio, online), etc.	Federal Support	Matching Support	Federal Support	Matching Support	Federal Support	Matching Support	3-Year Federal	3-Year Match	Total			
Direct Mail Campaign	\$2,000.00						\$2,000.00		\$2,000.00	1	\$2,000.00	\$2,000.00
Web Portal Design, Construction	6,000.00						6,000.00		6,000.00	1	\$6,000.00	6,000.00
Promotional Items (POC and giveaways)	17,000.00						17,000.00		17,000.00	1	\$17,000.00	17,000.00
Maintenance & repair (air conditioning)	\$60,584.00		\$7,000.00		\$3,600.00		\$70,584.00		\$70,584.00	80	\$1,019,800.00	150,655.00
Upgrade on IT (on-site adult cost)	\$49,500.00		\$31,181.00		\$31,181.00		\$80,681.00		\$80,681.00	11	\$1,061,271.00	121,874.00
Additional Promotional	\$66,700.00		\$49,246.00		\$35,708.00		\$151,654.00		\$151,654.00	8	\$1,613,088.00	145,178.00
Additional ISP cost/able	\$12,000.00		\$12,360.00		\$6,266.00		\$30,726.00		\$30,726.00	20	\$1,506,300.00	30,726.00
Subtotal	\$307,220.00	\$0.00	\$187,271.00	\$0.00	\$95,442.00	\$0.00	\$590,733.00	\$0.00	\$590,733.00		\$590,733.00	\$590,733.00
i. Total Direct Charges (sum of a-h)	\$1,006,534.00	\$568,000.00	\$437,602.00	\$0.00	\$251,905.00	\$0.00	\$1,696,243.00	\$568,000.00	\$2,264,243.00			
Indirect Charges	\$121,857.00	\$0.00	\$55,003.00	\$0.00	\$30,497.00	\$0.00	\$205,357.00	\$0.00	\$205,357.00			
Totals	\$1,128,391.00	\$568,000.00	\$492,605.00	\$0.00	\$282,402.00	\$0.00	\$1,901,600.00	\$568,000.00	\$2,469,600.00			
Match %		33.48%		0		0		0.228956761				

NOTE: INTERVIEWER SALARIES ARE INCREASED BY 3% EACH YEAR AND THE 3RD YEAR 50% OF FUNDS WILL BE NEEDED FROM FEDERAL SUPPORT
 2ND YEAR CALCULATION = 24 HRS X 20 SITES X 12 MOS X \$15 PER HR X 1.03 =86,992
 3RD YEAR CALCULATION =88,992 X 1.03 X 50% =45,831
 INTERVIEWERS IS EQUAL TO APPROXIMATELY .14 FTE

BTOP Project Summary and Checklist

Applicant Name: WorkForce West Virginia (WFWV)	Project Title: WorkForce West Virginia One-Stop Public Computer Center Modernization	Application Number: 823	
Street Address: 112 California Ave	Town or City: Charleston	Zip Code: 23505	State/Territory: WV
Applicant Contact Information (including phone number): Robert Fernatt, rfernatt@workforcewv.org, (304) 558-2660			Attachments: <input type="checkbox"/> None
Describe Availability of Visual Documentation Maps: No maps provided with this application.			
Proposed Cost: \$ 2,105,992.00	Date Created: 8/20/09	Created By: Robert Fernatt	
	Date Documented: 1/14/10	Reviewed By: Caitlin Willoughby	
Project Category: <input type="checkbox"/> Infrastructure <input type="checkbox"/> Public Computing Center (with construction) <input checked="" type="checkbox"/> Public Computing Center (no construction) <input type="checkbox"/> Sustainable Broadband Adoption (with construction) <input type="checkbox"/> Sustainable Broadband Adoption (no construction)		Categorically Excluded: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, Categorical Exclusion Number(s): BTOP CATEX A.1, A.5 DOC CATEX A-7, A-8, A-11	
Project Summary: Workforce West Virginia (WFWV) proposes to enhance existing public computing centers located in 20 WFWV comprehensive and satellite One-Stop locations. These locations are geographically dispersed in each congressional district across West Virginia and serve rural areas, as well as more populated areas. Enhancements would include new computers, faster connections, special equipment providing broadband access for the disabled, and dedicated video conferencing machines. WFWV operates locations throughout West Virginia, serving unemployed, veterans, aged, youth, disabled, and low-income individuals. Each resource center provides a PCC that offers computerized training, online job search capabilities, and online unemployment filing, etc. Many centers are lacking in the equipment, technology, and broadband infrastructure to keep up with increasingly enhanced online services offerings. BTOP funds would be used to upgrade equipment and the capacity at public computing centers, upgrade broadband			

connections, provide modern equipment for the disabled, and add video conferencing capabilities. New equipment would include new desktop computers and new 19-inch LCD monitors. Each public computing center would ensure that at least one workspace would be Americans with Disabilities Act (ADA) compliant. Connectivity improvements would include upgrading existing electrical circuits in the computer room of some facilities to guarantee adequate and stable power is provided to computer labs.

A specific marketing campaign is planned to advertise improved public computing center service capability. This public outreach effort would consist of direct mailings in the targeted populations near the public computing centers, promotional items in the public computing centers, updated literature and information distributed through WFWV and partner programs, and personal counseling and interview sessions. A broadband central portal would also be established to provide information about the public computing centers and demonstrate broadband capabilities through a multimedia presentation.

Did the review identify any Extraordinary Circumstances? Yes/No
If yes, please describe:

No

Are Special Award Conditions Recommended? Yes/No
If yes, please state:

No

Project Checklist

Section 1 – Non-Construction Projects

Question	Yes	No	Unknown
1. Is the proposed action a procurement action for materials intended to be installed, stored or operated in an existing building or structure?	X		
<p>If yes, explain: The proposed project involves community access to 20 existing One-Stop public computing centers across West Virginia. Computer equipment and peripherals would be stored and operated in each public computing center.</p>			
2. If the proposed action involves procurement of electronic equipment, will the equipment be disposed of in an environmentally sound manner at the end of its' useful life?	X		

If yes, explain: The applicant indicated in its environmental checklist (page 153 of 169 on the applicant's application) that computer equipment would be disposed of in an environmentally sound manner.			
3. Does the proposed action consist of personnel actions intended for Census activities?		X	
If yes, explain:			
4. Does the proposed action involve minor interior renovations to a structure, facility, or installation?	X		
If yes, explain: The proposed public computing centers would require installation of new or expanded circuits and connectivity upgrades to accommodate upgraded computers and ADA-compliant equipment.			
5. Is the proposed action for the production and/or distribution of informational materials, brochures, or newsletters?	X		
If yes, explain: The proposed project has a large outreach component to advertise the proposed public computing centers and new capabilities.			
6. Does the proposed action encompass literature surveys, inventories, data analysis, or audits?		X	
If yes, explain:			
7. Does the proposed action involve the granting of fellowships?		X	
If yes, explain:			
8. Does the proposed action consist of training, teaching, or meeting facilitation at an existing facility or structure?	X		
If yes, explain: Training and educational materials will be developed and provided at all public computing centers.			

Section 2 – Construction Projects

Please answer the following questions based on best available information obtained from the applicant

1. Has consultation with all affected agencies or tribes been completed?

2. Provide a description of all the coordination with other agencies and affected Indian tribes incorporated into planning this project and evaluating

possible environmental impacts (or attach equivalent information. If none, so state):

3. Provide a description of all the public involvement incorporated into planning this project and evaluating possible environmental impacts (or attach equivalent information. If none, so state):

4. Please answer all of the questions in the following checklist based on the information obtained from the applicant. If you need additional space to respond, please attach an additional sheet of paper to this document.

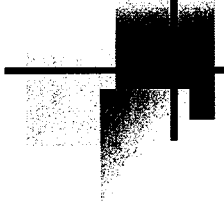
Questions	Yes	No	Unable to Determine	Need More Information
1. Is the proposed project part of a larger scope of work? a. If yes, please describe.				
2. Does this proposed action have the potential to be controversial because of disagreement over possible environmental, cultural, or historical resources? a. If yes, please explain.				
3. Does this proposed action have the potential for significant impact as indicated by a federal, state, or local agency or Indian tribe? a. If yes, please explain.				
4. Has any environmental review (e.g., NEPA documentation, permit, historic preservation consultation) been completed for this proposed action? a. If yes, please attach a copy of the document to this checklist.				
5. Will the proposed action have the potential to impact wetlands, floodplains, coastal zones, or forest conservation areas? a. If yes, please explain.				

Questions	Yes	No	Unable to Determine	Need More Information
6. Is the proposed action directly related to other actions with individually insignificant, but cumulatively significant, environmental effects?				
7. Will the proposed action have uncertain environmental effects?				
8. Will the proposed action have the potential to impact species listed or proposed to be listed on the List of Endangered or Threatened Species, or have adverse effects on designated Critical Habitat for these species? a. If yes, please explain.				
9. Is the proposed action likely to adversely affect a significant aspect of the natural environment?				
a. Affect the water supplies of humans, animals, or plants;				
b. Affect the water table; or				
c. Involve construction or use of a facility on or near an active geological fault. If yes, please explain.				
10. Does the proposed action contribute to the introduction, continued existence, or spread of non-native invasive species or actions that may promote the introduction, growth or expansion of the range of non-native invasive species (EO 13112)?				

Questions	Yes	No	Unable to Determine	Need More Information
<p>11. Does the proposed action involve construction on or near an active or abandoned toxic, hazardous or radioactive materials generation, storage, transportation, or disposal site.</p> <p>a. If yes, will this require new or amended permits or approvals?</p>				
<p>12. Will the proposed action involve storage or release of water contaminants (thermal, sediments, oxygen-depleting chemicals, pesticides, fertilizers, substances hazardous to human health, etc.) in amounts greater than allowed in currently existing permits?</p>				
<p>13. Will the proposed action involve production, storage, transportation, or disposal of large amounts of solid waste in excess of local waste disposal facility capacity?</p>				
<p>14. Will the proposed action involve use of a site that contains underground storage tanks (USTs)?</p>				
<p>15. Will the proposed action involve use or release of ozone-depleting chemicals?</p>				
<p>16. Will the proposed action involve emission of light or lasers exceeding established standards for persons or animals or affecting surrounding land and airspace uses (such as airports & astronomical observatories)?</p>				

Questions	Yes	No	Unable to Determine	Need More Information
17. Will the proposed action involve emission of high levels of noise exceeding local noise ordinance levels?				
18. Will the proposed action have disproportionate and adverse effects on the health or environmental risk of different population segments, such as children, the elderly, those with handicapping conditions, low income populations, or minorities?				
19. Will the proposed action have an ongoing pattern of pollutant discharge; traffic generation, patterns, or volumes; economic change, or land-use change in its locality that could collectively affect human health or the condition of the environment?				
20. Will the proposed action have the potential to affect historic, archeological, or cultural sites, including Native American burial or ceremonial grounds?				
21. Will the proposed action involve a known archeological site, or land identified by archeologists as having high potential to contain archeological resources?				
22. Will the proposed action restrict access to and ceremonial use of Indian sacred sites by Indian practitioners or adversely affect the physical integrity of such religious sacred sites (EO 13007)?				
a. If yes, please explain, and include the name of tribe(s) affected.				

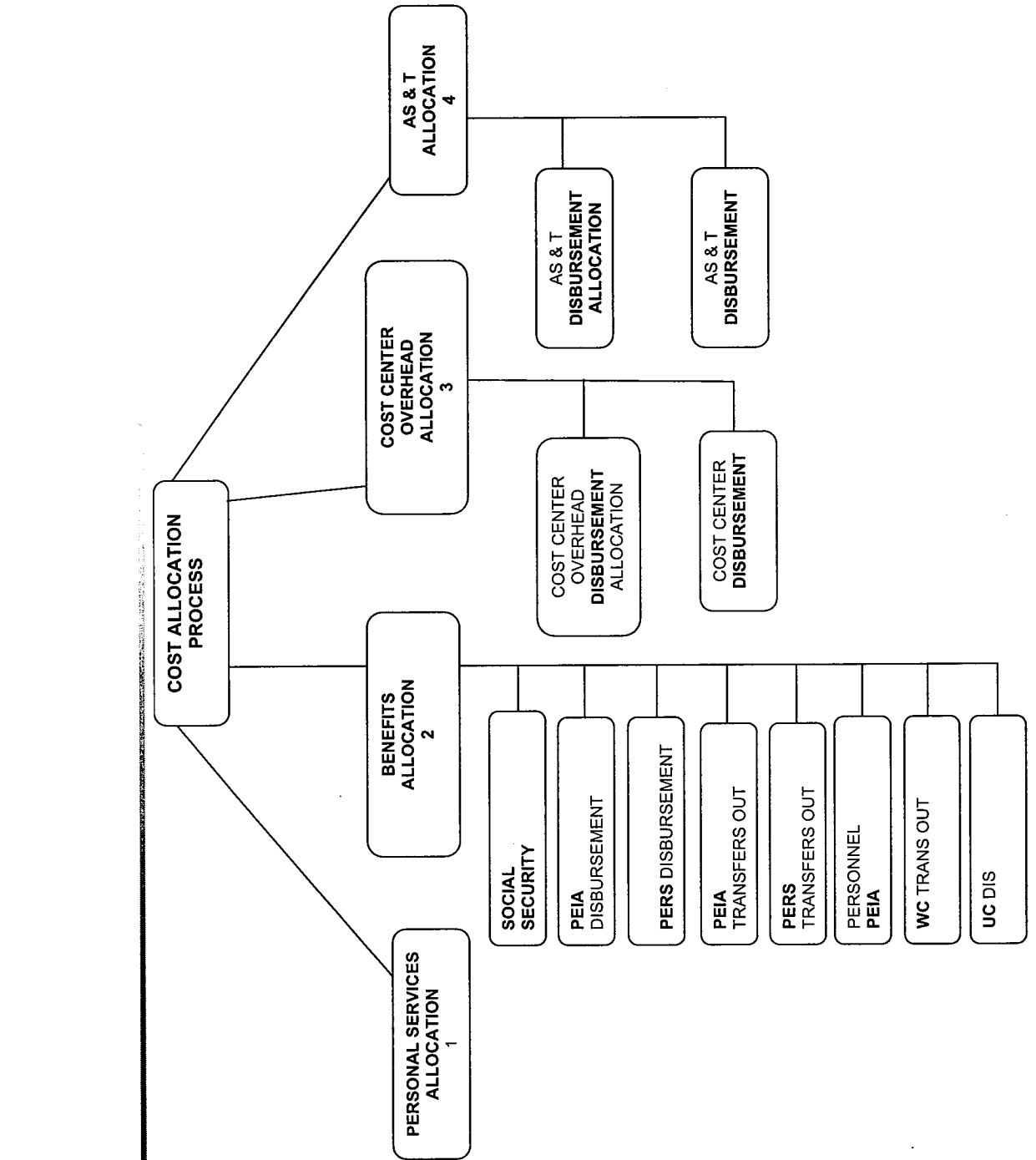
Questions	Yes	No	Unable to Determine	Need More Information
23. Will the proposed action have adverse effects on properties listed or eligible for listing on the National Register of Historic Places?				
24. Will the proposed action change the use of park lands?				
25. Will the proposed action require, in any part, review or permitting by any other federal, state, regional, local, environmental, or regulatory agency?				
a. If yes, please list name of agency and type of review or permit needed.				



WORK FORCE


West Virginia
USA

Cost Allocation Process



Allocation Number 1

Personal Services Allocation and Time Distribution

- 
- WORKFORCE West Virginia allocates costs to its various funding sources based upon a federally approved cost allocation methodology. The allocation uses as its source of financial data the payroll benefits, and indirect cost information from the agency's general ledger. These costs are allocated based on time records maintained in the agency's Time Distribution System.
 - Purpose: To accumulate timesheet data for every WORKFORCE West Virginia employee that is used in the allocation process.



**Personal Services Allocation and
Time Distribution**

(including salary and leave pay)

Distribution of Personal Services Based on Time Worked

Assume a monthly salary for John Doe of \$1,800 (\$21,600 annually)

$$\frac{157.5 \text{ hours Worked X } 1800 \text{ (monthly Salary)}}{172.5 \text{ monthly hours}} = \$1,643.48 \text{ Attributable to Work Time}$$


<u>Grant Charged</u>	<u>Hours Worked</u>	<u>Factor</u>	<u>Salary Distribution</u>
000 AS & T	122.5	77.78%	\$1,278.26
210 Unemployment Compensation	11.5	7.30%	120.00
205 Wagner Peyser	23.5	14.92%	245.22
Total Work Hours	157.5	100.00%	\$1,643.48

Distribution of Sick and Annual Leave

Assume a monthly salary for John Doe of \$1,800 (\$21,600 annually)

$$\frac{7.5 \text{ leave hours} \times \$1,800 \text{ (monthly Salary)}}{172.5 \text{ monthly hours}} = \$78.26 \text{ Attributable to each Leave Type}$$

	<u>Factor</u>	<u>Distribution</u>
Annual Leave		
Grant Charged		
000 AS & T	77.78%	\$60.87
210 Unemployment Compensation	7.30%	5.71
205 Wagner Peyser	14.92%	11.68
	100.00%	\$78.26
Sick Leave		
Grant Charged		
000 AS & T	77.78%	\$60.87
210 Unemployment Compensation	7.30%	5.71
205 Wagner Peyser	14.92%	11.68
	100.00%	78.26



All other types of leave are allocated in the same manner. In the case of John Doe his sick leave hours were the same as annual leave. Therefore, his distribution amount for sick leave was the same as annual leave.

Allocation Number 2

Personnel Benefits Allocation (PB)


Distribution of Personnel Benefits (FICA Employer Portion)

Monthly	FICA	Employer
<u>Salary</u>	<u>Factor</u>	<u>Portion</u>
1,800.00	7.65%	137.70

<u>Grant Charged</u>	<u>Factor</u>	<u>Distribution</u>
AS & T	77.78%	\$107.10
Unemployment Compensation	7.30%	10.05
Wagner Peyser	14.92%	20.54
	100.00%	\$137.70

Note: All Personnel Benefits are distributed based on time worked.

These costs are the employer's portion of the payment.




All Personnel Benefits are distributed based on the time worked factor used in the FICA allocation example. These benefits are the employers portion of the payment.



Allocation Number 3

- Cost Center Overhead Allocation
(CCOH)



Cost Center overhead includes items that are attributable to a particular cost center but cannot be identified to a specific program or grant. These items are pooled and distributed based on the direct personal service hours charged to all grants in that cost center for that month.

Examples of items in this pool are building rents, utilities, and certain maintenance items.

Determining the factor For Cost Center Overhead charges

$$\text{Allocation Factor} = \frac{\text{Direct Grant PS Hours}}{\text{Total Direct CC PS Hours}}$$

Example: Cost Center 5301

	<u>Grant</u>	<u>Personal</u>		<u>Factor</u>
		<u>Services Hours</u>		
000	AS & T	100		12.50%
210	Unemployment Compensation	300		37.50%
205	Wagner Peyser	200		25.00%
527	WIA	<u>200</u>		<u>25.00%</u>
	Total Cost Center PS Hours	800		100.00%

If cost center 5301 has \$55,000 in CCOH Charges:

<u>Grant</u>	<u>Would Receive:</u>	<u>Or:</u>
000 AS & T	12.50%	6,875.00
210 Unemployment Compensation	37.50%	20,625.00
205 Wagner Peyser	25.00%	13,750.00
527 WIA	<u>25.00%</u>	<u>13,750.00</u>
Total Distribution	100.00%	55,000.00


Allocation Number 4



Administrative, Service & Technical (AS & T) Allocation

AS & T Charges are costs incurred for the benefit of WORKFORCE West Virginia as a whole. They are not identifiable to any particular funding source.

Examples of AS & T costs include Executive Director's Office costs, liability insurance, accounting, personnel, purchasing, facility management, etc. These are comparable to indirect costs in the private sector.



AS & T charges are allocated based upon total PS (Personal Services) hours for the agency.

AS & T Charges are pooled and distributed by line item. For this example the PS line item is used to demonstrate the allocation of charges.

Determining the Factor for AS & T Charges:

$$\text{Allocation Factor} = \frac{\text{Total Direct Grant PS Hours}}{\text{Total Direct PS Hours}}$$

	Total PS Hours	Percentage
210 Unemployment Comp.	25,000	50.00%
205 Wagner Peyser	15,000	30.00%
527 WIA	<u>10,000</u>	<u>20.00%</u>
Total	50,000	100.00%

Allocation of AS & T to Selected Grants

	<u>Factor X</u>	<u>AS & T pooled personal service cost</u>	<u>=</u>	<u>AS & T Charged to grant</u>
210 Unemployment Comp	50.00%	151,000.00		\$75,500.00
205 Wagner Peyser	30.00%	151,000.00		\$45,300.00
527 Workforce Inv. Act	<u>20.00%</u>	<u>151,000.00</u>		<u>\$30,200.00</u>
Total	100.00%			\$151,000.00



Application Exception Report

Applicant Name: WorkForce West Virginia

EasyGrants Number: 823

1. Audit Findings

- Applicant had an A-133 audit, with relevant findings
 - FAC summary contains low-, medium- and high-risk findings
 - Recommend Accounting System Verification SAC
- Applicant has received federal funding in the past

2. Indirect Costs

- Budget includes indirect costs and fringe benefits
- Cost Allocation Plan provided instead of NICRA

3. Special Award Conditions

- BTOP-wide SAC
- Accounting System Verification SAC

4. Waivers

- Applicant did not request a match waiver
- Applicant did not request a Buy American waiver
- Applicant did not request a procedural waiver

5. Link to the Clean Application Checklist:

<https://btoprepository.egovservices.net/Docs/Documents/Forms/Standard.aspx?RootFolder=%2fDocs%2fDocuments%2f4%20-%20Review%2fClean%20Packages%2fPCC%2fWave%205%2f823&FolderCTID=0x0120000ED1DB47A177AE459D842F32735B109E&View={F466F0D5-BDCA-4869-BFE8-8DB31F44BD7F}>



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. MCGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

August 19, 2009

Assistant Secretary
National Telecommunications and Information Administration
U.S. Department of Commerce
Washington, D.C. 20230

Re: WorkForce West Virginia Broadband Grant Application

Dear Sir:

We are counsel for WorkForce West Virginia (the "Applicant"). In such capacity, we acted as counsel to the Applicant in connection with its ability to apply to the Broadband Technology Opportunities Program and in the review of the grant agreement, as referenced in the Notice of Funds Availability.

We are of the opinion that:

(a) the Applicant is a duly organized and existing government agency under the laws of the State of West Virginia;

(b) the Applicant has the power: (1) to execute and deliver the agreement; and (2) to perform all acts required to be done by it under said agreement; and

(c) no legal proceedings have been instituted or are pending against the Applicant, the outcome of which would adversely affect the Applicant's ability to perform the duties under the grant agreement, and there are no judgments against the Applicant which would adversely affect the Applicant's ability to perform its duties under the grant agreement.

Very truly yours,

A handwritten signature in cursive script that reads "Dawn E. Warfield".

DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/sc

CERTIFICATION REGARDING LOBBYING

Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into.

Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

NAME OF APPLICANT

AWARD NUMBER AND/OR PROJECT NAME

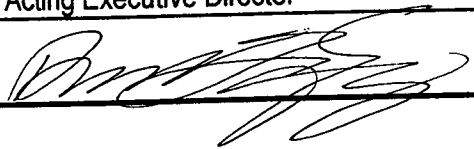
WorkForce West Virginia

"WorkForce West Virginia One-Stop Public Computer Center Modernization"

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

Russell L. Fry, Acting Executive Director

SIGNATURE



DATE

8-20-09

CERTIFICATION REGARDING LOBBYING

Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into.

Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

NAME OF APPLICANT

AWARD NUMBER AND/OR PROJECT NAME

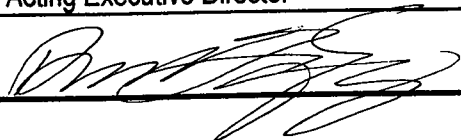
WorkForce West Virginia

"WorkForce West Virginia One-Stop Public Computer Center Modernization"

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

Russell L. Fry, Acting Executive Director

SIGNATURE



DATE

8-20-09



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

August 19, 2009

Assistant Secretary
National Telecommunications and Information Administration
U.S. Department of Commerce
Washington, D.C. 20230

Re: WorkForce West Virginia Broadband Grant Application

Dear Sir:

We are counsel for WorkForce West Virginia (the "Applicant"). In such capacity, we acted as counsel to the Applicant in connection with its ability to apply to the Broadband Technology Opportunities Program and in the review of the grant agreement, as referenced in the Notice of Funds Availability.

We are of the opinion that:

(a) the Applicant is a duly organized and existing government agency under the laws of the State of West Virginia;

(b) the Applicant has the power: (1) to execute and deliver the agreement; and (2) to perform all acts required to be done by it under said agreement; and

(c) no legal proceedings have been instituted or are pending against the Applicant, the outcome of which would adversely affect the Applicant's ability to perform the duties under the grant agreement, and there are no judgments against the Applicant which would adversely affect the Applicant's ability to perform its duties under the grant agreement.

Very truly yours,

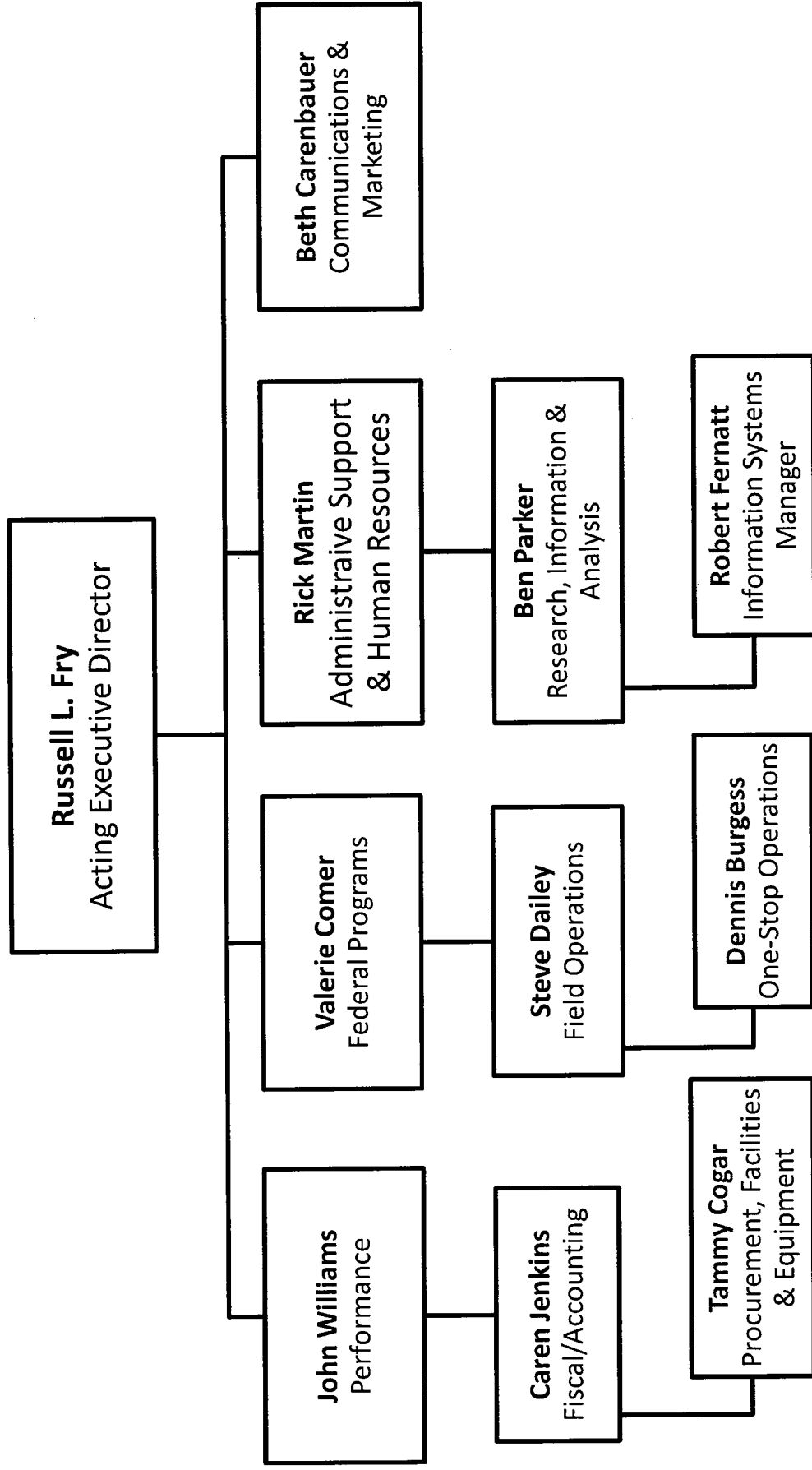
A handwritten signature in cursive script that reads "Dawn E. Warfield".

DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/sc

WorkForce West Virginia Key Partner Contact Information

Name	Title & Phone Number	Agency	E-Mail Address
Adkins, Scott	Senior Manager 866 227 7458	AARP Foundation	wvaarp@aarp.org
Wilcox, Wilkes "Bill"	Assistant Director Office 304 558 0280	Department of Education	bwilcox@access.k12.wv.us
Hartwell, Dan	Assistant Director of Field Operations Office: 304 558 2357	DHHR Bureau for Children & Families	dan.j.hartwell@wv.gov
Lovely, Deborah	Director Office 304 766-4601	Division of Rehabilitation Services	debbie.lovely@wvdrs.org
Dudley, Tom	Director of Senior Employment Program Office: 304 558-3317	Bureau of Senior Services	tdudley@wvseniorservices.gov
Bailey, Chris	Agency Liaison Office: 304 957-8246	West Virginia Office of Technology	christopher.d.bailey@wv.gov



One-Stop Operations Liaison

Dennis Burgess is Assistant Director of Field Operations, responsible for the operations of all twenty-one ES/UI offices throughout the state. He was originally hired in 1983 in an entry level position of Interviewer I. He has risen through the ranks and has held every position from Interviewer I to his current position. Throughout his years he has been instrumental in developing local office operating procedures and development of new programs.

Administrative Coordinator

Tammy L. Cogar is a career State employee with 23 years of governmental experience in various positions. Ms. Cogar began her career in 1986 in a clerical position right after high school while taking college classes at night. Shortly thereafter, she left college behind and focused solely on work and climbing State government's equivalent of a corporate ladder. Ms. Cogar advanced quickly and was involved in a myriad of assignments, including the implementation of the West Virginia Financial Information Management Systems and the construction of two State office buildings. She also served as the Leasing Director for 12 years managing a portfolio of over 800 leases and handling the real estate needs of all state government agencies. In 2006, Ms. Cogar joined the WorkForce West Virginia team as an Assistant Director in the Financial and Administrative Management Division, overseeing 11 agency-wide functions, including procurement and inventory.



WORKFORCE WEST VIRGINIA
(An Division of the State of West Virginia)
Management's Discussion and Analysis (MD & A),
Basic Financial Statements,
Required Supplementary Information, and
Other Financial Information

June 30, 2007

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

The Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of WORKFORCE West Virginia (formerly the West Virginia Bureau of Employment Programs), as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of WORKFORCE West Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WORKFORCE West Virginia's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of WORKFORCE West Virginia are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, and each major fund 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, 2007 and the changes in their financial position and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of WORKFORCE West Virginia, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 7 and 8 to the financial statements, WORKFORCE West Virginia has a contingent liability due to the federal government and an unrestricted net assets deficit as of June 30, 2007. Management's plan to resolve the issues have also been outlined in Notes 7 and 8.

The management's discussion and analysis on pages 6 through 14 and the budgetary comparison information on pages 37 through 38 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2008 on our consideration of WORKFORCE West Virginia'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WORKFORCE West Virginia's basic financial statements. The budget versus actual schedules on pages 40 through 45 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Scott S. Stalvick, PLLC

Charleston, West Virginia
March 10, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

The management of the WORKFORCE West Virginia (the 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, 2007, WORKFORCE West Virginia 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).

This narrative overview and analysis of the financial activities for the Division is for the fiscal year ended on June 30, 2007. 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, 2007 by \$262 million as compared to \$250 million for the fiscal year ended June 30, 2006.

Fund Level Highlights:

At the close of the fiscal year, the governmental activities of the Division reported a net assets deficit of \$9.1 million. This deficit is in part due to the Division's liability for compensated absences which were incorporated into the General Fund for the first time in fiscal year 2003 as part of the Division's implementation of the Governmental Accounting Standards Board (GASB) Statement No. 34. The federal grant programs that comprise the governmental activities of the Division provide funding for compensated absences as actual payments are made to employees; therefore, the Division anticipates that federal revenues will be available to pay these liabilities at the time they are due.

The business-type activities reported net assets of \$271 million for the Unemployment Compensation Trust Fund at June 30, 2007.

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 State.

- 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
(In Thousands Unless Otherwise Noted)

- *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 assets 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 assets* and how they have changed. Net assets - the difference between the Division's assets and liabilities - are one way to measure the Division's financial health or *position*.

- Over time, increases or decreases in the Division's net assets 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.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

FUND FINANCIAL STATEMENTS

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

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

The Division has two kinds of funds:

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

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

FINANCIAL ANALYSIS OF THE DIVISION AS A WHOLE

Net Assets

The Division's *combined* net assets (governmental and business-type) totaled \$262 million at the end of 2007, compared to \$250 million at the end of the previous year. (See table below).

	Statements of Net Assets (Expressed in Thousands)						% of Change Primary Government 2006-2007
	Governmental Activities		Business-type Activities		Total Primary Government		
	2006	2007	2006	2007	2006	2007	
Current and other assets	\$ 5,145	\$ 3,624	\$ 281,796	\$ 293,402	\$ 286,941	\$ 297,026	3.51%
Capital assets	597	376	-	-	597	376	-37.02%
Total assets	<u>5,742</u>	<u>4,000</u>	<u>281,796</u>	<u>293,402</u>	<u>287,538</u>	<u>297,402</u>	3.43%
Long-term debt outstanding	4,534	4,042	-	-	4,534	4,042	-10.85%
Other liabilities	12,945	9,062	19,761	22,499	32,706	31,561	-3.50%
Total liabilities	<u>17,479</u>	<u>13,104</u>	<u>19,761</u>	<u>22,499</u>	<u>37,240</u>	<u>35,603</u>	-4.40%
Net Assets:							
Invested in capital assets, net of debt	597	376	-	-	597	376	-37.02%
Restricted	13,673	13,842	262,035	270,903	275,708	284,745	3.28%
Unrestricted (deficit)	(26,007)	(23,322)	-	-	(26,007)	(23,322)	10.32%
Total net assets (deficit)	<u>\$ (11,737)</u>	<u>\$ (9,104)</u>	<u>\$ 262,035</u>	<u>\$ 270,903</u>	<u>\$ 250,298</u>	<u>\$ 261,799</u>	4.59%

The total net assets deficit of the Division's governmental activities decreased 22.43% to \$9.1 million. This is primarily due to the transfer in of general revenue dollars from the State of West Virginia to cover the USDOL disallowances. Some of those net assets either are restricted as to the purpose for which they can be used or are invested in capital assets. Consequently, unrestricted net assets show a \$23 million deficit at the end of the year. As described in the footnotes to the financial statements, management has implemented a deficit funding plan to address the issues and bring fiscal accountability to the program.

The total net assets' of the Division's business-type activities increased 3.4% to \$271 million. The restricted net assets increased 3.28% primarily due to an increase in revenues, primarily the employer contributions.

Changes in net assets

The Division's total revenues decreased by 4.37% to \$220 million. (See table below.) 25.2% of the Division's revenues come from federal grant programs aimed at workforce analysis and development. Other revenue comes from fees charged for services to employers by the Unemployment Compensation programs and investment earnings.

The total cost of all programs and services was \$212 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 73% of the total expenses of the Division for the fiscal year ended June 30, 2007.

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

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change Primary Government 2006-2007
	2006	2007	2006	2007	2006	2007	
Revenues							
Program revenues:							
Charges for services	\$ -	\$ -	\$ 153,596	\$ 153,020	\$ 153,596	\$ 153,020	(0.38)%
Federal grants	65,753	55,296	-	-	65,753	55,296	(15.90)%
General revenues:							
Investment earnings	-	-	10,534	11,511	10,534	11,511	9.27%
Total revenues	65,753	55,296	164,130	164,531	229,883	219,827	(4.37)%
Expenses							
Program expenses:							
General government	76,098	58,001	-	-	76,098	58,001	(23.78)%
Unemployment Compensation Trust	-	-	147,308	153,663	147,308	153,663	4.31%
Total expenses	76,098	58,001	147,308	153,663	223,406	211,664	(5.26)%
Increase (decrease) in net assets before transfers	(10,345)	(2,705)	16,822	10,868	6,477	8,163	26.03%
Transfers	5,897	5,338	(5,768)	(2,000)	129	3,338	2487.60%
Increase (decrease) in net assets	(4,448)	2,633	11,054	8,868	6,606	11,501	74.09%
Beginning net assets (deficit)	(7,289)	(11,737)	250,981	262,035	243,692	250,298	2.71%
Ending net assets (deficit)	\$ (11,737)	\$ (9,104)	\$ 262,035	\$ 270,903	\$ 250,298	\$ 261,799	4.60%

Business-type Activities

For the Unemployment Compensation Trust Program, the Regular Unemployment Benefits expenditures increased \$6.4 million as compared with last year. As for revenue, the Regular Unemployment revenue categories naturally increased as well.

FINANCIAL ANALYSIS OF THE DIVISION'S FUNDS

Governmental Funds

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

The general fund is the chief operating fund of the Division's federal program activities. At the end of the current fiscal year, the Division's governmental fund reported an ending fund balance (deficiency) of \$(5,438), a decrease of \$2,362 from prior year.

Proprietary Funds

The Unemployment Compensation (UC) Program has a total of 82 measurements. West Virginia ranked in the top ten in 29 measurements and at or above the National Median in 67 measurements. These performance measurements cover timeliness, quality, and accuracy of each state's Benefit and Tax operations.

West Virginia's operational proper payment rate for unemployment benefits was 96.2% during Calendar Year 2006. Our proper payment rate was sixth highest in the Nation.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget of the Division was not amended during the year ending June 30, 2007. The most significant budget versus actual variances includes:

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Division had invested \$376 in capital assets that consist entirely of office furniture and equipment. (See table below). This amount represents a net decrease of \$221 or -37.02% from last year.

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

	Governmental Activities		Total Percentage Change
	2006	2007	2006-2007
Governmental Activities	\$ 597	\$ 376	(37.02)%

The 37.02% decline in total assets from 2006 to 2007 is due to the normal disposal of equipment which is antiquated or no longer of use to the Division. More detailed information is presented in Note 1 to the financial statements.

**WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)**

Long-term Debt

At year end, the Division had \$4,042 in the long-term portion of compensated absences, a decrease of 10.9% as shown in the table below. More detailed information is presented in Notes 1 and 4 to the financial statements.

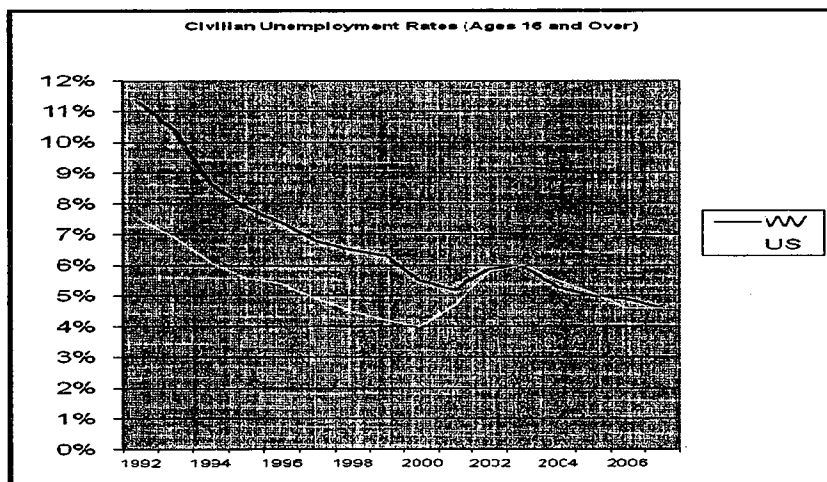
**Outstanding Long-Term Debt at Year-end
(Expressed in Thousands)**

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2006</u>	<u>2007</u>	<u>Percentage</u> <u>Change</u> <u>2006-2007</u>
Compensated absences	\$ 4,534	\$ 4,042	(10.9)%

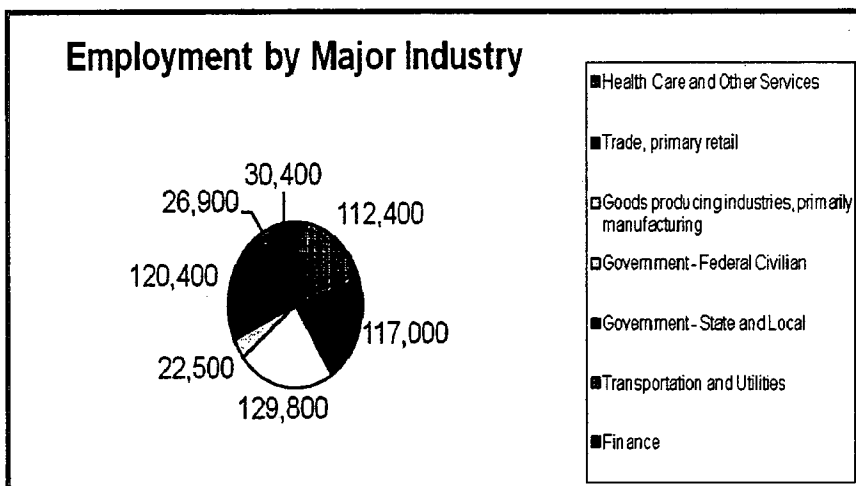
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

These indicators were taken into account when adopting the Division's budget for 2007.

- Nationally, unemployment now stands at 4.9% in January 2008 compared to 4.6% a year ago. The current unemployment rate for West Virginia is 5.2% for January 2008.



- The chart shown includes projected information for FY 2007.



WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

CONTACTING THE DIVISION'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

WORKFORCE WEST VIRGINIA
 EMPLOYMENT SERVICES DIVISION A
 THE UNEMPLOYMENT COMPENSATION DIVISION
 STATEMENT OF NET ASSETS (DEFICIT)
 JUNE 30, 2007
 (In Thousands)

	Primary Government		
	Governmental	Business - type	Total
	Activities	Activities	
	Unemployment Compensation		
General Fund	Trust		
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,063	\$ 257,121	\$ 260,184
Receivables, net:			
Unemployment taxes	-	34,618	34,618
Other	464	-	464
Due from other governments	-	1,295	1,295
Due from other funds - primary government	97	368	465
Total current assets	3,624	293,402	297,026
Noncurrent assets:			
Capital assets, net	376	-	376
Total noncurrent assets	376	-	376
Total assets	4,000	293,402	297,402
Liabilities			
Current liabilities:			
Accounts payable	1,084	-	1,084
Accrued expenses and other liabilities	501	1,133	1,634
Due to other governments	6,315	6,604	12,919
Unemployment Compensation benefits payable	-	14,762	14,762
Compensated absences due within one year	1,162	-	1,162
Total current liabilities	9,062	22,499	31,561
Noncurrent liabilities:			
Compensated absences due in more than one year	4,042	-	4,042
Total noncurrent liabilities	4,042	-	4,042
Total liabilities	13,104	22,499	35,603
Net assets (deficit)			
Net assets (deficit):			
Invested in capital assets, net of related debt	376	-	376
Restricted for:			
Reed Act	13,842	-	13,842
Benefit payments	-	270,903	270,903
Unrestricted net assets (deficit)	(23,322)	-	(23,322)
Total net assets (deficit)	\$ (9,104)	\$ 270,903	\$ 261,799

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
EMPLOYMENT SERVICES DIVISION /
THE UNEMPLOYMENT COMPENSATION DIVISION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007
(In Thousands)

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Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary government:						
Governmental activities:						
General government	\$ 57,780	\$ -	\$ 55,296	\$ (2,484)	\$ -	\$ (2,484)
Unallocated depreciation	221	-	-	(221)	-	(221)
Total governmental activities	58,001	-	55,296	(2,705)	-	(2,705)
Business-type activities:						
Unemployment Compensation Trust	153,663	153,020	-	-	(643)	(643)
Total business-type activities	153,663	153,020	-	-	(643)	(643)
Total primary government	\$ 211,664	\$ 153,020	\$ 55,296	(2,705)	(643)	(3,348)
General Revenues:						
Investment earnings				-	11,511	11,511
Fund balance transfers				2,000	(2,000)	-
Transfers in from the State of West Virginia				3,338	-	3,338
Change in net assets (deficit)				2,633	8,868	11,501
Net assets (deficit) - beginning				(11,737)	262,035	250,298
Net assets (deficit) - ending				\$ (9,104)	\$ 270,903	\$ 261,799

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2007
(In Thousands)

	Governmental Activities
	General Fund
Assets:	
Cash and cash equivalents	\$ 3,063
Due from other funds - primary government	97
Due from other governments	
Accounts receivable - other	464
Total assets	\$ 3,624
Liabilities and Fund Balance (Deficiency):	
Liabilities:	
Accounts payable	\$ 1,084
Accrued expenditures and other liabilities	1,663
Due to other governments	6,315
Total liabilities	9,062
Fund balance (Deficiency):	
Reserved for Reed Act	13,842
Unreserved deficiency	(19,280)
Total fund balance (deficiency)	(5,438)
Total liabilities and fund balance (deficiency)	\$ 3,624
Total fund balance (deficiency)	\$ (5,438)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	376
Long term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	(4,042)
Net assets (deficit) of governmental activities	\$ (9,104)

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
 YEAR ENDED JUNE 30, 2007
 (In Thousands)

	Governmental Activities General Fund
Revenues:	
Grants	\$ 55,296
Expenditures:	
Employment training, statistics, and support	<u>58,272</u>
Excess (deficiency) of revenues over expenditures	(2,976)
Other financing sources and uses, including transfers	
Transfer in from the Unemployment Compensation Trust Fund	2,000
Transfer in from the State of West Virginia	<u>3,338</u>
Net change in fund balance	2,362
Fund balance (deficiency) - beginning	<u>(7,800)</u>
Fund balance (deficiency) - ending	<u>\$ (5,438)</u>
Net change in fund balance (deficiency) - total governmental funds	\$ 2,362
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.	(221)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which expenditures exceeded expense for long term compensated absences.	<u>492</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,633</u>

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
BALANCE SHEET
PROPRIETARY FUND
JUNE 30, 2007
(In Thousands)

	Business-type Activities - Enterprise Fund Unemployment Compensation Trust
Assets:	
Current assets:	
Cash and cash equivalents	\$ 257,121
Receivables, net:	
Unemployment Compensation premiums	34,618
Due from other governments	1,295
Due from other funds - primary government	368
Total current assets	293,402
Total assets	\$ 293,402
 Liabilities and Net Assets:	
Current liabilities:	
Accrued expenses and other liabilities	\$ 1,133
Due to other governments	6,604
Unemployment Compensation benefits payable	14,762
Total current liabilities	22,499
Total liabilities	22,499
 Net Assets:	
Restricted for:	
Benefit payments	270,903
Total net assets	270,903
Total liabilities and net assets	\$ 293,402

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007
(In Thousands)

	Business-type Activities - <u>Enterprise Fund</u> Unemployment Compensation Trust
Operating revenues:	
Unemployment Compensation premiums	\$ 147,029
Other operating revenues, net	<u>5,991</u>
Total operating revenues	<u>153,020</u>
Operating expenses:	
Unemployment insurance benefits	<u>153,663</u>
Total operating expenses	<u>153,663</u>
Operating income (loss)	<u>(643)</u>
Nonoperating revenues:	
Investment earnings	<u>11,511</u>
Total nonoperating revenues (expenses)	<u>11,511</u>
Income before transfers	10,686
Transfer out to General Fund	<u>(2,000)</u>
Increase in net assets	8,868
Total net assets - beginning	<u>262,035</u>
Total net assets - ending	<u>\$ 270,903</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007
(In Thousands)

	Business-type Activities - Enterprise Fund Unemployment Compensation Trust
Cash flows from operating activities:	
Received from employers	\$ 143,822
Received from federal and local agencies	11,476
Payments to claimants and providers	(152,611)
Net cash provided (used) by operating activities	2,687
Cash flows from non-capital financing activities:	
Transfers to other funds	(2,000)
Net cash provided (used) by non-capital financing activities	(2,000)
Cash flows from investing activities:	
Investment earnings	11,511
Net cash provided (used) by investing activities	11,511
Net increase (decrease) in cash and cash equivalents	12,198
Cash and cash equivalents - beginning	244,923
Cash and cash equivalents - ending	\$ 257,121
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (643)
Net change in assets and liabilities:	
Unemployment compensation premiums receivable	783
Due from other governments	(215)
Due from other funds - primary government	24
Accrued expenses and other liabilities	78
Due to other governments	3,481
Unemployment Compensation benefits payable	(821)
Net cash provided (used) by operating activities	\$ 2,687

The Accompanying Notes Are An Integral
Part Of These Financial Statements

(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, 2007, 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, 2006 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.

(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 assets 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 assets.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

(c) Budgetary Data

All financial operations of the Division, except for benefits and direct claims costs of the UC Division are subject to a non-appropriated budget review and approval process in which the Division submits a financial plan for approval in a manner authorized by statute. Pursuant to West Virginia Code §5A-2-12, the Division submits a detailed budgetary schedule of general administrative expenses to the Secretary of the Department of Administration prior to the beginning of each fiscal year. The budgetary schedule is prepared on the cash basis. The cash basis is modified at year-end to allow for payment of invoices up to 31 days after 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.

(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) 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 \$1,861.

WORKFORCE WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENT
 YEAR ENDED JUNE 30, 2007
 (In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

(f) Capital Assets

Capital assets, which consist primarily of office furniture and equipment of the Division, are reported in the applicable governmental or business-type activities columns in the statement of net assets of the government-wide financial statements. In accordance with the capitalization policy adopted by the Division for financial reporting, assets costing in excess of five thousand dollars are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Depreciation is computed for these assets using the straight-line method over the estimated economic useful lives ranging from 3-20 years. Total depreciation expense relating to the Division approximated \$221 for the fiscal year ended June 30, 2007. Accumulated depreciation relating to the capital assets approximated \$673 at June 30, 2007. 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, 2007, was as follows:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets:				
Governmental activities				
Office furniture and equipment	\$ 1,472	\$ -	\$ (423)	\$ 1,049
Accumulated depreciation	<u>(875)</u>	<u>(221)</u>	<u>423</u>	<u>(673)</u>
Governmental activities capital assets, net	<u>\$ 597</u>	<u>\$ (221)</u>	<u>\$ -</u>	<u>\$ 376</u>

(g) 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.

(1) Summary of Significant Accounting Policies (Continued)

(h) Compensated Absences, Including Postretirement Benefits

Employees fully vest in all earned but unused vacation and the Division accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Under the provisions of the West Virginia State Code, Division employees, upon retirement, may apply their accumulated annual and/or sick leave toward extending their health care insurance coverage, or they may alternatively choose to apply such accumulated leave toward additional credited service in the computation of their retirement benefits. Substantially all employees hired prior to July 1, 2001, may become eligible for these benefits if they reach normal retirement age while working for the Division. According to West Virginia State Code, employees hired prior to June 30, 1988, can receive health care credit against 100% of their health care coverage. Employees hired between June 30, 1988 and June 30, 2001, can receive health care credit against 50% of their health care cost. Employees hired July 1, 2001, or later, may not convert sick leave into a health care benefit. The obligation associated with retiree health care benefits is funded on a pay-as-you-go basis. Using the termination payments method, the Division recognizes an obligation for unused sick leave as it is earned if it is probable that the employees will be compensated upon termination or retirement. Expenditures for vacation, sick leave, and post retirement health insurance premiums are recognized as incurred in the governmental fund financial statements. The government-wide financial statements present the cost of accumulated vacation leave, sick leave and post-retirement health insurance as a liability.

As of June 30, 2007, the Division had 67 retirees eligible for these benefits of which the Division paid approximately \$189 for post employment benefits.

(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, with employer contributions prescribed by PERS as a percentage of covered payroll.

(j) Net Assets and Fund Balance

NET ASSETS - As required by GASB 34, the Division displays net assets 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 assets 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 NET ASSETS - Restricted net assets 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.

The government-wide statement of net assets reports \$284,745 restricted assets.

(1) Summary of Significant Accounting Policies (Continued)

UNRESTRICTED NET ASSETS - Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". In the governmental environment, net assets are often 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 assets.

FUND BALANCE - General fund balance reservations principally represent encumbrances for outstanding purchase orders and commitments at June 30, 2007. The UC expendable trust fund balance is fully reserved for benefit payments to claimants.

(k) Recent Statements Issued By GASB

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, effective for fiscal years beginning after December 15, 2007. This statement provides standards for the measurement, recognition and display of other postemployment benefit expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. Effective July 1, 2007, the Division is required to participate in the multiple employer cost sharing plan sponsored by the State of West Virginia. Details regarding this plan can be obtained by contacting Public Employees Insurance Agency, State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, West Virginia, 25305-0710 or <http://www.wvpeia.com>. No liability related to this plan exists for the Division at June 30, 2007. The Division has not yet determined the effect that the adoption of GASB Statement No. 45 may have on the financial statements.

The GASB has issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, effective for fiscal years beginning after December 15, 2006. This statement addresses whether an exchange of an interest in expected cash flows for collecting specific receivables of specific future revenues for an immediate lump sum should be regarded as a sale or as a collateralized borrowing resulting in a liability. It establishes criteria to determine whether proceeds should be reported as revenue or a liability. The Division has not yet determined the effect that the adoption of GASB Statement No. 48 may have on the financial statements.

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for fiscal years beginning after December 15, 2007. This statement addresses the obligations of existing pollution events. It provides guidance on whether any components of a remediation should be recognized as a liability. The Division has not yet determined the effect that the adoption of GASB Statement No. 49 may have on the financial statements.

The GASB has issued Statement No. 50, *Pensions Disclosures* (an amendment of GASB Statements No. 25 and No. 27), effective for fiscal years beginning after June 15, 2007. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits, thus enhancing the information disclosed on the notes to the financial statements or presented as required supplementary information. The Division has not yet determined the effect that the adoption of GASB Statement No. 50 may have on the financial statements.

WORKFORCE WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENT
 YEAR ENDED JUNE 30, 2007
 (In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

The GASB has issued Statement No. 51, *Accounting and Financial Reporting*, effective for fiscal years beginning after June 15, 2009. This statement provides guidance regarding whether and when intangible assets should be considered capital assets for financial reporting purposes. The Division has not yet determined the effect that the adoption of GASB Statement No. 51 may have on the financial statements.

(2) Deposits

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

	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
Cash on deposit with State Treasurer / State Auditor's Office	\$ 2,894	\$ 2,894
Cash in bank	1,118	1,118
Cash in U.S. Treasury	<u>256,172</u>	<u>256,172</u>
	<u>\$ 260,184</u>	<u>\$ 260,184</u>

Cash on deposit with the State Treasurer is a non-safeguarded deposit in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments, (including Repurchase Agreements), and Reverse Repurchase Agreements*.

At June 30, 2007, the carrying value of amounts on deposit with the U.S. Treasury in the Federal Unemployment Insurance Trust Fund approximated \$256,172 while \$949 of deposits were held in commercial bank accounts that are utilized for collection of unemployment taxes and benefit payments. Substantially all of the Division's deposits in commercial bank accounts are collateralized by securities held by the pledging financial institution, but not in the Division's name.

(3) Leases

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.

WORKFORCE WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007
 (In Thousands, Unless Otherwise Noted)

(3) Leases (Continued)

Future minimum rentals under operating leases for the Division at June 30, 2007 are as follows:

Rentals due in fiscal year:

2008	\$ 1,668
2009	1,266
2010	1,216
2011	1,149
Thereafter	<u>1,004</u>
Total minimum lease payments	<u>\$ 6,303</u>

Rental expense for the minimum rentals under operating leases for the year ended June 30, 2007 was \$2,119.

(4) Compensated Absences

The liability for compensated absences is generally liquidated in the fund for which the liability is recorded. Changes in compensated absences balances 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	<u>\$ 5,912</u>	<u>\$ (708)</u>	<u>\$ 5,204</u>	<u>\$ 1,162</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.

(5) Pension Plan

(a) Plan Description

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

(b) Funding Policy

The PERS funding policy has been established by action of the State Legislature. State statute requires plan members to contribute 4.5% of their annual covered salary. Effective July 1, 2004, the employer contribution rate from the Division increased from 9.5% to 10.5% of the covered employee's salaries. 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, 2007, 2006, and 2005 were \$1,532, \$1,610, and \$1,475 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	\$ -	\$ 1,632
Employee benefits and other costs paid to other State agencies	\$ 7,884	\$ -

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(In Thousands, Unless Otherwise Noted)

(6) Related Party Transactions (Continued)

Due from other State Agencies:

	<u>General Fund</u>	<u>Unemployment Compensation Trust</u>
West Virginia Human Rights Commission	\$ 2	\$ -
West Virginia Department of Health and Human Resources, Bureau of Child Support	95	-
Supreme Court of Appeals	-	20
Rehabilitation Services	-	7
Motor Vehicles	-	9
WV Department of Highways	-	24
Governor's Office	-	7
Health & Human Resources	-	31
Natural Resources	-	18
Lakin State Hospital	-	14
William R. Sharpe Jr. Hospital	-	16
Bluefield State College	-	9
Marshall Division	-	16
West Virginia Division	-	33
Attorney General's Office	-	7
Environmental Protection	-	6
Regional Jail	-	32
Mt. Olive	-	10
Division of Juvenile Services	-	10
Others	-	99
Total	<u>\$ 97</u>	<u>\$ 368</u>

(7) Commitments and Contingencies

(a) Risk Management

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

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

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

(7) Commitments and Contingencies (Continued)

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

(b) Other Risks

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

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

(c) Federal Funding Liability

During the year ended June 30, 2006, management of the Division discovered certain errors and issues regarding a potential liability to the Federal government. This matter is currently under review by certain State government agencies. As a result of the review, the Division recorded an additional estimated liability in the amount of approximately \$6.5 million during the year ended June 30, 2006, which management believes is adequate to cover the amounts which will be required to be repaid to the Federal government. This liability has resulted from a number of events that have involved the Division, the former Bureau of Employment Programs (the Bureau), the former Governors Workforce Investment Division, and seven subrecipient Workforce Investment Boards of the Division. The issues identified relate to the overexpenditure of federal grant funds, insufficient supporting documentation for qualifying expenditures charged to federal grants, improper charging of federal grant funds for non-allowable costs, and a lack of unrestricted monies to cover administrative costs related to the programs. In addition to these liabilities, the Division has \$3.3 million in commitments to fund existing contracts and subrecipient grant awards that are in excess of available Federal grant funding.

As of June 30, 2007, the Division agreed to replenish certain Federal grant funds from State general revenues in the amount of approximately \$3.3 million. Subsequent to year end the Division agreed to additional replenishing of Federal funds using State general revenues in the amount of approximately \$2.3 million. The Division had agreed to refund approximately \$238 to the USDOL. As of the date of this report the total amount of \$5.8 million was resolved and the Division received \$5.8 million (\$3.3 million as of June 30, 2007) in funds from the State of West Virginia general fund to cover the deficits.

The Division has a remaining \$700 thousand accrued for issues related to the Workforce Investment Boards. The USDOL and the Division are currently negotiating the liability for the year ended June 30, 2006 which is considered to range from approximately \$400 thousand to \$4.4 million. Furthermore, the Division through its internal monitoring identified significant issues with the Workforce Investment Boards for the year ended June 30, 2007.

(7) Commitments and Contingencies (Continued)

The issues from the 2007 monitorings along with the issues for the year ended June 30, 2006 represent a contingent liability of the Division to the USDOL. As such, management is unable to estimate the amount to be disallowed for 2007 and is unable to determine the ultimate disallowance. Management has recorded \$700 thousand to cover disallowances for 2006 and 2007, which is estimated to be the low end of the range for both years combined.

The estimate recorded has been based upon information currently known by management. The amount that may ultimately be required to be repaid may be more or less than the amount recorded and the difference may be significant.

(8) Deficit Funding Plan

Since becoming aware of the issues discussed above, the Division has taken significant steps to strengthen internal controls within the organization and to improve fiscal accountability and monitoring of the local workforce investment boards. Procedures are being 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.

In order to improve the fiscal condition, the Division has requested and received non-federal funds from the Legislature of the State of West Virginia. These funds have been/will be utilized to repay liabilities due to the Federal government as a result of the review. In addition, funding will be sought to eliminate future anticipated deficits as estimated by the management of the Division.

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

WORKFORCE WEST VIRGINIA
 SCHE OF REVENUES, EXPENDITURES, AND CHANGES I
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENER
 YEAR ENDED JUNE 30, 2007
 (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 7/1/06	\$ -	\$ -	\$ 4,224,910	\$ 4,224,910
2007 FY Gross Revenue and Appropriations	-	-	40,107,123	40,107,123
Estimated Revenue FY 2007	93,534,594	93,534,594	-	(93,534,594)
Amounts Available For Appropriation	93,534,594	93,534,594	44,332,033	(49,202,561)
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	23,064,600	23,064,600	14,290,118	8,774,482
004-Annual Increment	528,187	528,187	389,389	138,798
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	208,230	208,230	86,113	122,117
011-Social Security Matching	1,788,346	1,788,346	1,078,415	709,931
012-Public Employees' Insurance	3,153,392	3,153,392	2,513,206	640,186
013-Other Health Insurance	66,891	66,891	-	66,891
014-Workers Compensation	204,583	204,583	64,207	140,376
015-Unemployment Compensation	49,892	49,892	19,095	30,797
016-Pension & Retirement	2,449,886	2,449,886	1,532,283	917,603
Current Expenses:				
020-Office Expenses	659,331	659,331	312,055	347,276
021-Printing and Binding	594,270	594,270	207,454	386,816
022-Rental Expense	4,551,406	4,551,406	1,731,103	2,820,303
023-Utilities	383,055	383,055	106,917	276,138
024-Telecommunications	1,150,735	1,150,735	491,152	659,583
025-Contractual and Professional	4,800,620	4,800,620	781,958	4,018,662
026-Travel	1,407,650	1,407,650	447,815	959,835
027-Computer Services	3,379,330	3,379,330	1,001,757	2,377,573
029-Vehicle Rental	48,645	48,645	8,737	39,908
030-Rentals (Machine and Miscellaneous)	364,229	364,229	155,580	208,649
031-Association Dues and Professional Memberships	85,538	85,538	28,830	56,708
032-Fire, Auto, Bond, and Other Insurance	510,780	510,780	228,876	281,904
034-Clothing, Household and Recreational Supplies	34,464	34,464	9,133	25,331
035-Advertising and Promotional	33,778	33,778	38,520	(4,742)
036-Vehicle Operating Expense	57,936	57,936	16,735	41,201
038-Routine Maintenance Contracts	769,737	769,737	287,947	481,790
041-Cellular Charges	28,908	28,908	9,895	19,013
042-Hospitality	137,610	137,610	58,595	79,015
043-Educational Training (Stipends)	32,741	32,741	14,401	18,340
051-Miscellaneous	3,657,229	3,657,229	(97,190)	3,754,419
052-Training and Development	119,642	119,642	32,467	87,175
053-Postal and Freight	102,205	102,205	48,505	53,700
054-Computer Supplies	222,793	222,793	333,257	(110,464)
056-Attorney Legal Service Payments	30,843	30,843	9,139	21,704
058-Miscellaneous Equipment Purchases	48,381	48,381	30,344	18,037
061-Office & Communication Equipment Repairs	189,828	189,828	10,443	179,385
063-Building & Household Equipment Repairs	21,547	21,547	-	21,547
064-Routine Maintenance Of Buildings	25,697	25,697	11,884	13,813
065-Vehicle Repairs	4,200	4,200	1,126	3,074
068-Other Repairs and Alterations	8,400	8,400	-	8,400
070-Office and Communication Equipment	380,390	380,390	(17,750)	398,140
074-Building Equipment	18,000	18,000	-	18,000
075-Vehicles	9,567	9,567	-	9,567
078-Other Capital Equipment	9,566	9,566	-	9,566
083-Grants, Awards, Scholarships, and Loans	78,740	78,740	8,543	70,198
089-Bank Costs	-	-	542	(542)
096-Other Interest and Penalties	7,741	7,741	209	7,532
100-Fund Transfers	711,249	711,249	259,877	451,372
124-Cost Allocation Adjustment/Settlement	485,740	485,740	(1,285,445)	1,771,185
128-Federal Subrecipient Disbursement	36,700,344	36,700,344	16,093,338	20,607,006
143-Building Improvements	-	-	60	(60)
170-Computer Equipment	138,974	138,974	2,208	136,766
171-Computer Software	18,748	18,748	85,941	(67,194)
Total Charges To Appropriations	93,534,594	93,534,594	41,437,784	52,096,810
Budgetary Fund Balance, June 30, 2007	\$ -	\$ -	\$ 2,894,249	\$ 2,894,249

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, 2007
 (in thousands)

(1) Budget and Actual Comparison

The Division's General Fund has a legislatively approved budget. However, certain monies reported within the General Fund in accordance with accounting principles generally accepted in the United States of America (GAAP), are not considered appropriated funds in accordance with the Division's budgetary reporting policy. Accordingly, these amounts have not been reported in the Division's Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund. A reconciliation of the net change in fund balance for the year ended June 30, 2007, on the budgetary basis to the GAAP basis for the General Fund follows:

Net change in fund balance - budgetary basis	\$ 2,894
Basis of accounting differences (budgetary to GAAP)	(6,039)
Unbudgeted funds	169
Transfers	<u>5,338</u>
Net change in fund balance - GAAP basis	<u>\$ 2,362</u>

OTHER FINANCIAL INFORMATION

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 3450 Administration and Service
Year Ended June 30, 2007
(In Dollars)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/06	\$ -	\$ -	\$ 891,352	\$ 891,352
2007 FY Gross Revenue	-	-	20,924,920	20,924,920
Estimated Revenue FY 2007	48,618,941	48,618,941	-	(48,618,941)
Amounts Available For Appropriation	48,618,941	48,618,941	21,816,272	(26,802,669)
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	21,301,104	21,301,104	12,770,643	8,530,461
004-Annual Increment	507,337	507,337	366,347	140,990
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	196,230	196,230	39,109	157,121
011-Social Security Matching	1,668,346	1,668,346	970,401	697,945
012-Public Employees' Insurance	3,003,392	3,003,392	2,308,910	694,482
013-Other Health Insurance	66,891	66,891	-	66,891
014-Workers Compensation	183,583	183,583	60,501	123,082
015-Unemployment Compensation	49,892	49,892	14,387	35,505
016-Pension & Retirement	2,289,886	2,289,886	1,381,584	908,302
Current Expenses:				
020-Office Expenses	630,884	630,884	272,876	358,008
021-Printing and Binding	567,022	567,022	198,167	368,855
022-Rental Expense	4,431,672	4,431,672	1,229,469	3,202,203
023-Utilities	379,305	379,305	93,419	285,886
024-Telecommunications	1,128,238	1,128,238	412,521	715,717
025-Contractual and Professional	388,981	388,981	488,834	(99,853)
026-Travel	1,228,870	1,228,870	359,814	869,056
027-Computer Services	2,569,983	2,569,983	809,871	1,760,112
029-Vehicle Rental	46,445	46,445	7,650	38,795
030-Rentals (Machine and Miscellaneous)	336,730	336,730	143,190	193,540
031-Association Dues and Professional Memberships	59,992	59,992	26,783	33,209
032-Fire, Auto, Bond, and Other Insurance	447,038	447,038	190,369	256,669
034-Clothing, Household and Recreational Supplies	30,964	30,964	8,743	22,221
035-Advertising and Promotional	29,028	29,028	(4,771)	33,799
036-Vehicle Operating Expense	54,186	54,186	14,678	39,508
038-Routine Maintenance Contracts	754,739	754,739	280,427	474,312
041-Cellular Charges	25,158	25,158	6,564	18,594
042-Hospitality	69,668	69,668	23,076	46,592
043-Educational Training (Stipends)	7,741	7,741	13,760	(6,019)
051-Miscellaneous	3,638,229	3,638,229	8,482	3,629,747
052-Training and Development	112,143	112,143	29,742	82,401
053-Postal and Freight	90,956	90,956	43,669	47,287
054-Computer Supplies	170,300	170,300	170,201	99
056-Attorney Legal Service Payments	27,093	27,093	8,092	19,001
058-Miscellaneous Equipment Purchases	48,381	48,381	25,409	22,972
061-Office & Communication Equipment Repairs	166,430	166,430	9,755	156,675
063-Building & Household Equipment Repairs	13,547	13,547	-	13,547
064-Routine Maintenance Of Buildings	13,547	13,547	11,366	2,181
065-Vehicle Repairs	-	-	1,126	(1,126)
070-Office and Communication Equipment	363,823	363,823	(17,750)	381,573
083-Grants, Awards, Scholarships, and Loans	-	-	2,345	(2,345)
096-Other Interest and Penalties	7,741	7,741	195	7,546
124-Cost Allocation Adjustment/Settlement	485,740	485,740	(1,366,066)	1,851,806
128-Federal Subrecipient Disbursement	899,981	899,981	89,511	810,470
143-Building Improvements	-	-	60	(60)
170-Computer Equipment	127,725	127,725	1,155	126,570
171-Computer Software	-	-	76,776	(76,776)
Total Charges To Appropriations	48,618,941	48,618,941	21,581,390	27,037,551
Budgetary Fund Balance, June 30, 2007	\$ -	\$ -	\$ 234,882	\$ 234,882

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 8835 Consolidated Federal Funds
Year Ended June 30, 2007
(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 7/1/06	\$ -	\$ -	\$ 484,085	\$ 484,085
Estimated Revenue FY 2007	4,257,657	4,257,657	-	(4,257,657)
2007 FY Gross Revenue	-	-	1,960,936	1,960,936
Amounts Available for Appropriation	<u>4,257,657</u>	<u>4,257,657</u>	<u>2,445,021</u>	<u>(1,812,636)</u>
Charges to Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	-	-	281,996	(281,996)
Employee Benefits				
010-Personnel Division & Public Employees Insurance	-	-	26,450	(26,450)
011-Social Security Matching	-	-	16,210	(16,210)
012-Public Employees' Insurance	-	-	30,130	(30,130)
015-Unemployment Compensation	-	-	3,878	(3,878)
016-Pension & Retirement	-	-	22,249	(22,249)
Current Expenses				
022-Rental Expense	-	-	417,220	(417,220)
023-Utilities	-	-	12,969	(12,969)
024-Telecommunications	-	-	39,112	(39,112)
025-Contractual and Professional	4,257,657	4,257,657	17,280	4,240,377
026-Travel	-	-	29,610	(29,610)
027-Computer Services	-	-	52,000	(52,000)
042-Hospitality	-	-	139	(139)
054-Computer Supplies	-	-	103,643	(103,643)
058-Miscellaneous Equipment Purchases	-	-	2,012	(2,012)
124-Cost Allocation Adjustment/Settlement	-	-	245,341	(245,341)
Total Charges To Appropriations	<u>4,257,657</u>	<u>4,257,657</u>	<u>1,300,239</u>	<u>2,957,418</u>
Budgetary Fund Balance, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,144,782</u>	<u>\$ 1,144,782</u>

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 3451 Interest on Employers Delinquent Contributions Fund
Year Ended June 30, 2007
(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 7/1/06	\$ -	\$ -	\$ 45,443	\$ 45,443
Estimated Revenue FY 2007	904,500	904,500	-	(904,500)
2007 FY Gross Revenue	-	-	252,425	252,425
Amounts Available For Appropriation	<u>904,500</u>	<u>904,500</u>	<u>297,868</u>	<u>(606,632)</u>
Charges To Appropriations (Outflows):				
020-Office Expenses	2,200	2,200	-	2,200
021-Printing and Binding	8,500	8,500	-	8,500
025-Contractual and Professional	11,500	11,500	-	11,500
026-Travel	6,300	6,300	-	6,300
027-Computer Services	10,000	10,000	-	10,000
029-Vehicle Rental	2,200	2,200	-	2,200
030-Rentals (Machine and Miscellaneous)	20,000	20,000	-	20,000
034-Clothing, Household and Recreational Supplies	3,500	3,500	-	3,500
035-Advertising and Promotional	1,000	1,000	-	1,000
042-Hospitality	4,200	4,200	-	4,200
043-Educational Training (Stipends)	25,000	25,000	-	25,000
051-Miscellaneous	19,000	19,000	-	19,000
061-Office & Communication Equipment Repairs	8,400	8,400	-	8,400
063-Building & Household Equipment Repairs	8,000	8,000	-	8,000
064-Routine Maintenance Of Buildings	8,400	8,400	-	8,400
065-Vehicle Repairs	4,200	4,200	-	4,200
068-Other Repairs and Alterations	8,400	8,400	-	8,400
070-Office and Communication Equipment	16,567	16,567	-	16,567
074-Building Equipment	18,000	18,000	-	18,000
075-Vehicles	9,567	9,567	-	9,567
078-Other Capital Equipment	9,566	9,566	-	9,566
100-Fund Transfers	700,000	700,000	259,877	440,123
Total Charges To Appropriations	<u>904,500</u>	<u>904,500</u>	<u>259,877</u>	<u>644,623</u>
Budgetary Fund Balance, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,991</u>	<u>\$ 37,991</u>

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 8888 Workforce Investment Act
Year Ended June 30, 2007
(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 7/1/06	\$ -	\$ -	\$ 969,606	\$ 969,606
2007 FY Gross Revenue			18,800,369	18,800,369
Estimated Revenue FY 2007	39,733,496	39,733,496	-	(39,733,496)
Amounts Available For Appropriation	39,733,496	39,733,496	19,769,975	(19,963,521)
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	1,758,496	1,758,496	1,237,050	521,446
004-Annual Increment	20,850	20,850	23,042	(2,192)
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	12,000	12,000	20,554	(8,554)
011-Social Security Matching	120,000	120,000	91,720	28,280
012-Public Employees' Insurance	150,000	150,000	174,167	(24,167)
014-Workers Compensation	21,000	21,000	3,707	17,293
015-Unemployment Compensation	-	-	831	(831)
016-Pension & Retirement	160,000	160,000	128,450	31,550
Current Expenses:				
020-Office Expenses	26,247	26,247	39,179	(12,932)
021-Printing and Binding	18,748	18,748	9,286	9,462
022-Rental Expense	119,734	119,734	84,415	35,319
023-Utilities	3,750	3,750	529	3,221
024-Telecommunications	22,497	22,497	39,518	(17,021)
025-Contractual and Professional	142,482	142,482	275,843	(133,361)
026-Travel	157,480	157,480	56,007	101,473
027-Computer Services	799,347	799,347	139,886	659,461
029-Vehicle Rental	-	-	1,086	(1,086)
030-Rentals (Machine and Miscellaneous)	7,499	7,499	12,390	(4,891)
031-Association Dues and Professional Memberships	25,546	25,546	2,048	23,498
032-Fire, Auto, Bond, and Other Insurance	63,742	63,742	38,507	25,235
034-Clothing, Household and Recreational Supplies	-	-	389	(389)
035-Advertising and Promotional	3,750	3,750	43,291	(39,541)
036-Vehicle Operating Expense	3,750	3,750	2,057	1,693
038-Routine Maintenance Contracts	14,998	14,998	7,520	7,478
041-Cellular Charges	3,750	3,750	3,331	419
042-Hospitality	63,742	63,742	35,380	28,362
043-Educational Training (Stipends)	-	-	641	(641)
051-Miscellaneous	-	-	(105,672)	105,672
052-Training and Development	7,499	7,499	2,724	4,775
053-Postal and Freight	11,249	11,249	4,836	6,413
054-Computer Supplies	52,493	52,493	59,413	(6,920)
056-Attorney Legal Service Payments	3,750	3,750	1,047	2,703
058-Miscellaneous Equipment Purchases	-	-	2,924	(2,924)
061-Office & Communication Equipment Repairs	14,998	14,998	688	14,310
064-Routine Maintenance Of Buildings	3,750	3,750	519	3,231
083-Grants, Awards, Scholarships, and Loans	78,740	78,740	6,198	72,543
089-Bank Costs	-	-	542	(542)
096-Other Interest and Penalties	-	-	14	(14)
100-Governors Workforce Investment Act	11,249	11,249	-	11,249
124-Cost Allocation Adjustment/Settlement	-	-	(164,720)	164,720
128-Federal Subrecipient Disbursement	35,800,363	35,800,363	16,003,827	19,796,536
170-Computer Equipment	11,249	11,249	1,053	10,196
171-Computer Software	18,748	18,748	9,170	9,578
Total Charges To Appropriations	39,733,496	39,733,496	18,293,384	21,440,112
Budgetary Fund Balance, June 30, 2007	\$ -	\$ -	\$ 1,476,591	\$ 1,476,591

WORKFORCE WEST VIRGINIA
 OTHER FINANCIAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 Fund 0608 Governor's Workforce Investment Office
 Year Ended June 30, 2007
 (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 7/1/06	\$ -	\$ -	\$ 1,831,527	\$ 1,831,527
2007 FY Appropriation	-	-	(1,831,527)	(1,831,527)
Estimated Appropriation FY 2007	-	-	-	-
Amounts Available For Appropriation	-	-	-	-
Total Charges To Appropriations	-	-	-	-
Appropriation Balance, June 30, 2007	\$ -	\$ -	\$ -	\$ -

WORKFORCE WEST VIRGINIA
 OTHER FINANCIAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 Fund 3459 Katrina Evacuation September 2005
 Year Ended June 30, 2007
 (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 7/1/06	\$ -	\$ -	\$ 2,898	\$ 2,898
2007 FY Gross Revenue	-	-	-	-
Estimated Revenue FY 2007	20,000	20,000	-	(20,000)
Amounts Available for Appropriation	<u>20,000</u>	<u>20,000</u>	<u>2,898</u>	<u>(17,102)</u>
Charges to Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	5,000	5,000	429	4,571
Employee Benefits:				
011-Social Security Matching	-	-	84	(84)
Current Expenses:				
026-Travel	15,000	15,000	2,385	12,615
Total Charges to Appropriations	<u>20,000</u>	<u>20,000</u>	<u>2,898</u>	<u>17,102</u>
Budgetary Fund Balance, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE AND INTERNAL CONTROL 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 GOVERNMENT AUDITING STANDARDS**

The Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of WORKFORCE West Virginia as of and for the year ended June 30, 2007, and have issued our report thereon dated March 10, 2008, which contained a matter of emphasis paragraph regarding a contingent liability with the federal government and an unrestricted net asset deficit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WORKFORCE West Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WORKFORCE West Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WORKFORCE West Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-01 and 2007-02 to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WORKFORCE West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2007-01.

WORKFORCE West Virginia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit WORKFORCE West Virginia's response and, accordingly, we express no opinion on it.

We noted other matters involving the internal control over financial reporting that we have reported to management of WORKFORCE West Virginia in a separate letter dated March 10, 2008.

This report is intended solely for the information and use of management, the State of West Virginia, grantor agencies, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Buttle I Stalmaker, PLLC

Charleston, West Virginia
March 10, 2008

2007-01 FINANCIAL ERRORS AND FUNDING DEFICIT (Prior Year Finding)

Criteria: Grantee agencies are required to develop procedures, including internal control and financial and programmatic monitoring procedures, to ensure that the grantee complies with the provisions of the federal award programs. Furthermore, management of the Division is required by OMB Circular A-102 to have a "grantee financial management system, which shall provide accurate, current, and complete disclosure of the financial results of each grant program." 29 CFR 97.20(a)(1) and (2), July 1, 2005, provides in part, that States must have financial management systems in place to account for the expenditure of grant funds, prepare accurate financial reports and be able to trace funds to a level of expenditures adequate to establish that such funds have not been used in violation of applicable laws and regulations. In addition, 20 CFR 667.410 (b)(2)(iii) and (4) requires that the State's monitoring system must enable the Governor to determine if subrecipients have demonstrated substantial compliance with WIA requirements and the Governor must require that prompt corrective action be taken if any substantial violation of identified standards is found. Also 29 CFR 97.40(a), July 1, 2005, states in part, "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements..."

Criteria: Grantee agencies are required to develop procedures, including internal control and financial and programmatic monitoring procedures, to ensure that the grantee complies with the provisions of the federal award programs. Furthermore, management of the Division is required by OMB Circular A-102 to have a "grantee financial management system, which shall provide accurate, current, and complete disclosure of the financial results of each grant program." In addition, 20 CFR 667.410 (b)(2)(iii) and (4) requires that the State's monitoring system must enable the Governor to determine if subrecipients have demonstrated substantial compliance with WIA requirements and the Governor must require that prompt corrective action be taken if any substantial violation of identified standards is found.

Condition: During the 2006 audit, we became aware of certain errors and issues regarding a potential liability to the Federal government. This matter was investigated and is currently being resolved with the U.S. Department of Labor (USDOL). As of June 30, 2007 in accordance with their agreement with the USDOL, management had replenished federal grant funds from State general revenues in the amount of approximately \$3.3 million. Subsequent to year end, through the date of our report, management had replenished or provided for repayment of an additional \$2.5 million.

In addition to these amounts, the Division is currently negotiating a settlement with the USDOL regarding certain issues identified at the seven subrecipient Workforce Investment Boards during 2006. The issues identified relate to the over expenditure of federal grant funds, insufficient supporting documentation for qualifying expenditures charged to federal grants, improper charging of federal grant funds and certain state programs for non-allowable costs, violation of the Federal cash management act, and a lack of an approved indirect cost rate or cost allocation plan. Further, as a result of internal monitorings, the Division has also identified numerous issues during 2007 with the Workforce Investment Boards that may result in questioned costs.

Furthermore, the Division's unrestricted net assets continue to be in a deficit position which has been the result of the over expenditure of various grant awards.

2007-01 FINANCIAL ERRORS AND FUNDING DEFICIT (Prior Year Finding) (Continued)

Context: As disclosed in the notes to the financial statements, the Division has settled \$5.8 million of the original \$6.5 million liability recorded in 2006. The Division is still negotiating the liability regarding the Workforce Investment Boards for 2006 and is unable to determine a range of liability for the 2007 fiscal year. The range of the 2006 liability is between \$400 thousand and \$4.4 million and the 2007 range has not been estimated but could be similar in nature. As such, the Division has not recorded an additional liability other than the original \$700 thousand recorded. The estimate recorded has been based upon information currently known by management. The amount that may ultimately be required to be repaid may be more or less than the amount recorded and the difference may be significant.

The unrestricted net asset deficit decreased to \$19 million as of June 30, 2007. Total assets of the general fund are approximately \$3.6 million and total revenues are approximately \$55 million.

Cause: Adequate controls were not in place at the Division or at the subrecipient level to ensure expenditures and commitments were only made for allowable costs and do not exceed the available funds.

Effect: Federal funds were used for potentially unallowable activities and the Division will need alternative funding sources to satisfy its obligations.

Recommendation: We recommend that management finalize their review and negotiations with the USDOL. Any disallowances should be repaid in a timely manner to the USDOL. In addition, management should ensure that policies and procedures are implemented to address all identified internal control issues. Management should ensure that subrecipient monitorings are performed in a timely manner covering all aspects of the WIA program. Issues identified during these monitorings should be investigated and resolved in a timely manner. Also, follow-up monitorings should be conducted when issues have been identified to verify that corrective action plans submitted have been followed. Furthermore, management should ensure that alternative funding sources are available and that expenditures and commitments do not exceed budgeted revenues.

Management's Response: As of December 11, 2007, WORKFORCE West Virginia has settled \$5,825,607 of the \$6.5 million in audit findings. These funds were provided by the State Legislature to resolve the findings as needed. Out of the total \$5.8 million, only \$238,374 needed repaid to the USDOL, the remaining amount was replenished into WORKFORCE West Virginia's funds for continued use. WORKFORCE West Virginia is currently working with USDOL and the Local WIBs to resolve the second Agreed Upon Procedures Report.

2007-02 INTERNAL CONTROL

Criteria: Management of the Division is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. Furthermore, management is responsible for preparation of the financial statements and related footnote disclosures. Specifically, 29 CFR 97.20(a)(1) and (2), July 1, 2005, provides in part, that States must have financial management systems in place to account for the expenditure of grant funds, prepare accurate financial reports and be able to trace funds to a level of expenditures adequate to establish that such funds have not been used in violation of applicable laws and regulations.

Condition: We reviewed the original trial balance and draft financial statement note disclosures and noted the following errors:

- The original trial balance did not have the audit adjustments posted from the 2006 audit. The 2006 audit adjustments required an audit adjustment in the amount of \$6.5 million.
- The original trial balance had an error in the general fund accounts payable accrual which required adjustment. The accounts payable audit adjustment reduced accounts payable by approximately \$500 thousand.
- The original draft notes to the financial statements did not disclose the Division's contingent liability or provide explanation for how the Division would address the deficit fund balance. Furthermore, several of the amounts in the note disclosures were not updated from the 2006 numbers to reflect the 2007 activity.

Context: The 2006 audit adjustments required an audit adjustment in the amount of \$6.5 million. The accounts payable audit adjustment reduced accounts payable by approximately \$500 thousand.

Cause: Management did not have adequate internal control to ensure that the financial statements and related note disclosures are not materially misstated.

Effect: The financial statements required audit adjustments and additional note disclosures and revisions to accurately reflect the financial position of the Division.

Recommendation: We recommend that management develop internal control policies and procedures to ensure that the financial statements and related note disclosures are accurate and reflective of the actual results of the financial position of the Division.

2007-02

INTERNAL CONTROL (Continued)

**Management's
Response/Views
of Responsible
Officials:**

WORKFORCE West Virginia has spent in excess of a year resolving audit findings that spanned from FY2000 to FY2006. This took time away from all current assignments including the Financial Statements and Single Audit preparation. In addition to resolving these audit findings, the Division has created internal controls to ensure these findings do not occur in the future.

Also, 5 of the Division's top Finance members left for other employment, these were the individuals who had taken care of the Single Audit and Financial Statements in the past. The files and back-up documentation from past completion of the financial statements was not concise or easy to find. The Division is working to ensure files are more concise and located centrally.

The Division is currently putting policies and procedures in place to ensure that the completion of the Financial Statements and preparation for the Single Audit will be more timely and process smoothly for the upcoming and future years.



WORKFORCE WEST VIRGINIA
(A Division of the State of West Virginia)
Management's Discussion and Analysis (MD & A),
Basic Financial Statements,
Required Supplementary Information, and
Other Financial Information

June 30, 2008

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

The Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of WORKFORCE West Virginia (formerly the West Virginia Bureau of Employment Programs), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of WORKFORCE West Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WORKFORCE West Virginia's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of WORKFORCE West Virginia are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, and each major fund 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, 2008 and the changes in their financial position and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of WORKFORCE West Virginia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, during the year ended June 30, 2008, WORKFORCE West Virginia adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*.

The management's discussion and analysis on pages 5 through 13 and the budgetary comparison information on pages 35 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2008 on our consideration of WORKFORCE West Virginia'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WORKFORCE West Virginia's basic financial statements. The budget versus actual schedules on pages 38 through 41 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Seattle & Stalnakov, PLLC".

Charleston, West Virginia
October 23, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

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, 2008, 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, 2008. 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, 2008 by \$251 million as compared to \$262 million for the fiscal year ended June 30, 2007.

Fund Level Highlights:

At the close of the fiscal year, the governmental activities of the Division reported a net fund balance deficit of \$2.9 million as compared to \$5.4 million for the fiscal year ended June 30, 2007. The reduction of this deficit is mainly due to reducing compensated absences to zero as a component of the cumulative effect adjustment of implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 and the resolution of a contingent liability that was due to the USDOL.

The business-type activities reported net assets of \$254 million for the Unemployment Compensation Trust Fund at June 30, 2008.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Division as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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 assets* and how they have changed. Net assets - the difference between the Division's assets and liabilities - are one way to measure the Division's financial health or *position*.

- Over time, increases or decreases in the Division's net assets 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.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

FUND FINANCIAL STATEMENTS

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

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

The Division has two kinds of funds:

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

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

FINANCIAL ANALYSIS OF THE DIVISION AS A WHOLE

Net Assets

The Division's *combined* net assets (governmental and business-type) totaled \$251 million at the end of 2008, compared to \$262 million at the end of the previous year. (See table below).

**Statements of Net Assets
(Expressed in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007-2008</u>
Current and other assets	\$ 3,624	\$ 1,596	\$ 293,402	\$ 286,120	\$ 297,026	287,716	(3.13%)
Capital assets	376	292	-	-	376	292	(22.34%)
Total assets	4,000	1,888	293,402	286,120	297,402	288,008	(3.16%)
Long-term debt outstanding	4,042	411	-	-	4,042	411	(89.83%)
Other liabilities	9,062	4,484	22,499	31,788	31,561	36,272	(14.93%)
Total liabilities	13,104	4,895	22,499	31,788	35,603	36,683	(3.03%)
Net Assets (Deficit):							
Invested in capital assets, net of debt	376	292	-	-	376	292	(22.34%)
Restricted	13,842	3,850	270,903	254,332	284,745	258,182	(9.33%)
Unrestricted (deficit)	(23,322)	(7,149)	-	-	(23,322)	(7,149)	69.35%
Total net assets (deficit)	\$ (9,104)	\$ (3,007)	\$ 270,903	\$ 254,332	\$ 261,799	\$ 251,325	(4.00%)

The total net assets deficit of the Division's governmental activities decreased 66% to \$3.0 million. This is primarily due to utilizing Reed Act carryover, the reduction of compensated absences with the implementation of GASB Statement No. 45, and through the resolution of a contingent liability with the USDOL.

The total net assets' of the Division's business-type activities decreased 6.1% to \$254 million. This is primarily due to the increased cost of unemployment payments.

WORKFORCE WEST VIRGINIA
I. MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

Changes in net assets

The Division's total revenues decreased by 1.72% to \$216 million. (See table below.) 26.0% of the Division's revenues come from federal grant programs aimed at workforce analysis and development. Other revenue comes from fees charged for services to employers by the Unemployment Compensation programs and investment earnings.

The total cost of all programs and services was \$233 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 76% of the total expenses of the Division for the fiscal year ended June 30, 2008.

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

	Governmental Activities		Business-type Activities		Total Primary Government		% of Change Primary Government
	2007	2008	2007	2008	2007	2008	
Revenues							
Program revenues:							
Charges for services	\$ -	\$ -	\$ 153,020	\$ 147,742	\$ 153,020	\$ 147,742	(3.45%)
Federal grants	55,296	56,319	-	-	55,296	56,319	1.85%
General revenues:							
Investment earnings	-	-	11,511	11,984	11,511	11,984	4.11%
Total revenues	55,296	56,319	164,531	159,726	219,827	216,045	(1.72%)
Expenses							
Program expenses:							
General government	58,001	58,464	-	-	58,001	58,464	(0.80%)
Unemployment Compensation Trust	-	-	153,663	175,107	153,663	175,107	13.96%
Total expenses	58,001	58,464	153,663	175,107	211,664	233,571	10.35%
Increase (decrease) in net assets before transfers	(2,705)	(2,145)	10,868	(15,381)	8,163	(17,526)	(314.70%)
Transfers and other revenues	5,338	4,171	(2,000)	(1,190)	3,338	2,981	(10.70%)
Increase (decrease) in net assets	2,633	2,026	8,868	(16,571)	11,501	(14,545)	(226.47%)
Beginning net assets (deficit)	(11,737)	(9,104)	262,035	270,903	250,298	261,799	4.59%
Cumulative effect of adoption of accounting principles	-	4,071	-	-	-	4,071	100.00%
Ending net assets (deficit)	\$ (9,104)	\$ (3,007)	\$ 270,903	\$ 254,332	\$ 261,799	\$ 251,325	4.00%

Business-type Activities

For the Unemployment Compensation Trust Program, the Regular Unemployment Benefits expenditures increased \$21.44 million as compared with last year. As for revenue, the Regular Unemployment revenue categories decreased by \$5.3 million.

FINANCIAL ANALYSIS OF THE DIVISION'S FUNDS

Governmental Funds

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

The general fund is the chief operating fund of the Division's federal program activities. At the end of the current fiscal year, the Division's governmental fund reported an ending fund balance of \$(2,888), an increase of \$2,550 from prior year.

Proprietary Funds

The Unemployment Compensation (UC) Program has a total of 82 measurements. West Virginia met the eighteen Federal standards for measurement year ending March, 2008 and has met all established Federal standards over the past nine years with the exception of 2004. These performance measurements cover timeliness, quality, and accuracy of each state's Benefit and Tax operations.

West Virginia's operational proper payment rate for unemployment benefits was 95.7% during Calendar Year 2008 which is substantially above the National Average Rate of 90.9%.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget of the Division was not amended during the year ending June 30, 2008. The most significant budget versus actual variances includes:

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

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the Division had invested \$292 in capital assets that consist entirely of office furniture and equipment. (See table below). This amount represents a net decrease of \$84 or (22.34%) from last year.

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

	Governmental Activities		Total Percentage Change
	2007	2008	2007-2008
Governmental Activities	\$ 376	\$ 292	(22.34%)

The 22.34% decline in total assets from 2007 to 2008 is due to the normal disposal of equipment which is antiquated or no longer of use to the Division and due to depreciation expense. More detailed information is presented in Note 1 to the financial statements.

Long-term Debt

At year end, the Division had \$411 in the long-term portion of compensated absences, a decrease of 89.83% as shown in the table below. This decrease is due to the implement of GASB Statement No. 45. More detailed information is presented in Notes 1 and 4 to the financial statements.

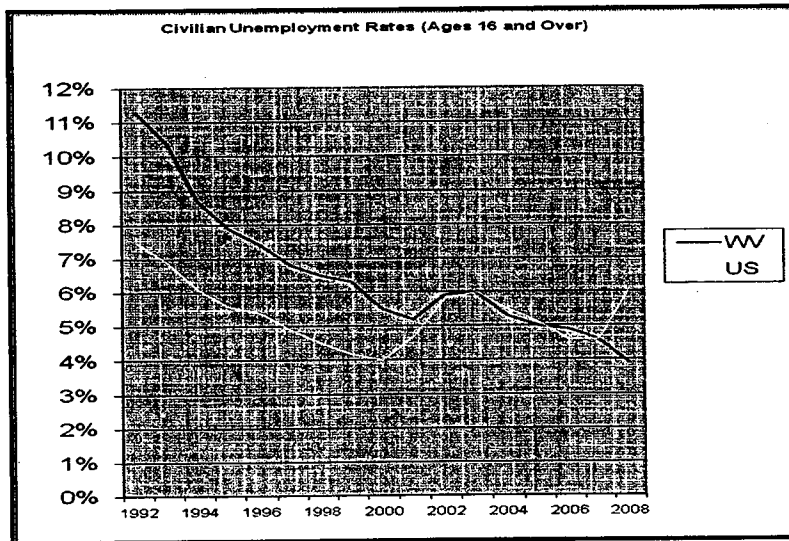
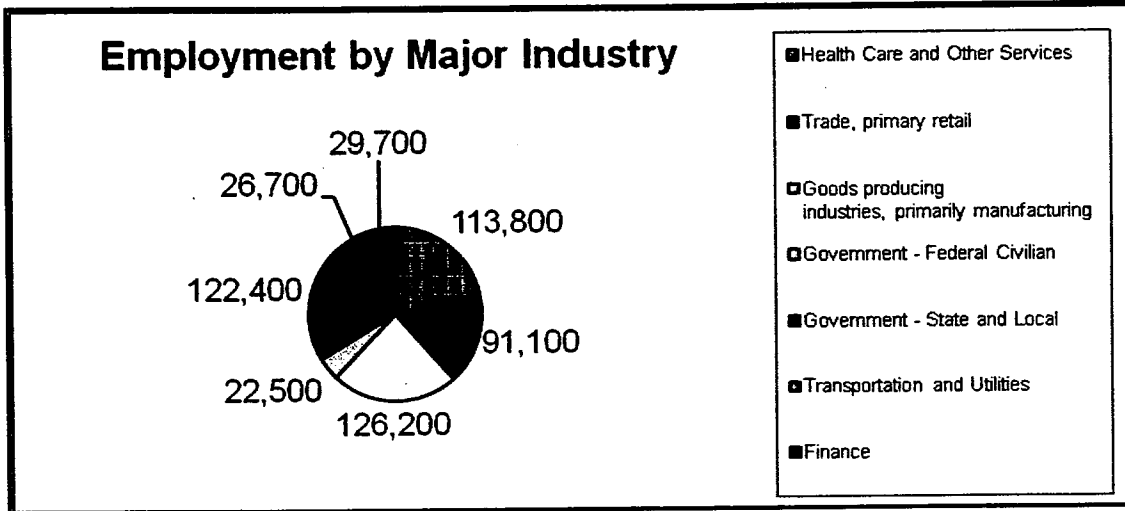
Outstanding Long-Term Debt at Year-end
(Expressed in Thousands)

	Governmental Activities		Total Percentage Change
	2007	2008	2007-2008
Compensated absences	\$ 4,042	\$ 411	(89.83%)

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands Unless Otherwise Noted)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

These indicators were taken into account when adopting the Division's budget for 2008.



CONTACTING THE DIVISION'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

WORKFORCE WEST VIRGINIA
STATEMENT OF NET ASSETS (DEFICIT)
JUNE 30, 2008
(In Thousands)

15

	Primary Government		
	Governmental	Business - type	
	Activities	Activities	
	General Fund	Unemployment Compensation Trust	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,266	\$ 251,830	\$ 253,096
Receivables, net:			
Unemployment taxes	-	32,418	32,418
Other	266	-	266
Due from other governments	-	1,599	1,599
Due from other funds - primary government	7	273	280
Inventories	57	-	57
Total current assets	1,596	286,120	287,716
Noncurrent assets:			
Capital assets, net	292	-	292
Total noncurrent assets	292	-	292
Total assets	1,888	286,120	288,008
Liabilities			
Current liabilities:			
Accounts payable	659	-	659
WV Retiree Health Benefit Trust (RHBT) payable (OPEB)	387	-	387
Accrued expenses and other liabilities	532	1,031	1,563
Due to other governments	1,990	7,014	9,004
Unemployment Compensation benefits payable	-	23,743	23,743
Compensated absences due within one year	916	-	916
Total current liabilities	4,484	31,788	36,272
Noncurrent liabilities:			
Compensated absences due in more than one year	411	-	411
Total noncurrent liabilities	411	-	411
Total liabilities	4,895	31,788	36,683
Net assets (deficit)			
Net assets (deficit):			
Invested in capital assets, net of related debt	292	-	292
Restricted for:			
Encumbrances	3,837	-	3,837
Reed Act	13	-	13
Benefit payments	-	254,332	254,332
Unrestricted net assets (deficit)	(7,149)	-	(7,149)
Total net assets (deficit)	\$ (3,007)	\$ 254,332	\$ 251,325

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008
(In Thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary government:						
Governmental activities:						
General government	\$ 58,318	\$ -	\$ 56,319	\$ (1,999)	\$ -	\$ (1,999)
Unallocated depreciation	146	-	-	(146)	-	(146)
Total governmental activities	58,464	-	56,319	(2,145)	-	(2,145)
Business-type activities:						
Unemployment Compensation Trust	175,107	147,742	-	-	(27,365)	(27,365)
Total business-type activities	175,107	147,742	-	-	(27,365)	(27,365)
Total primary government	\$ 233,571	\$ 147,742	\$ 56,319	(2,145)	(27,365)	(29,510)

General Revenues:

Investment earnings	-	11,984	11,984
On-behalf payment	493	-	493
Fund balance transfers	1,190	(1,190)	-
Transfers in from the State of West Virginia	2,488	-	2,488
Change in net assets (deficit)	2,026	(16,571)	(14,545)
Net assets (deficit) - beginning	(9,104)	270,903	261,799
Cumulative effect of adoption of accounting principle	4,071	-	4,071
Net assets (deficit) - beginning as adjusted	(5,033)	270,903	265,870
Net assets (deficit) - ending	\$ (3,007)	\$ 254,332	\$ 251,325

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2008
(In Thousands)

	Governmental Activities
	General Fund
Assets:	
Cash and cash equivalents	\$ 1,266
Due from other funds - primary government	7
Accounts Receivable - other	266
Inventories	57
Total assets	\$ 1,596
Liabilities and Fund Balance (Deficiency):	
Liabilities:	
Accounts payable	\$ 659
RHBT Payable (OPEB)	387
Due to other government	1,990
Accrued expenditures and other liabilities	1,448
Total liabilities	4,484
Fund balance (Deficiency):	
Reserved for Encumbrances	3,837
Reserved for Reed Act	13
Unreserved deficiency	(6,738)
Total fund balance (deficiency)	(2,888)
Total liabilities and fund balance (deficiency)	\$ 1,596
Total fund balance (deficiency)	\$ (2,888)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	292
Long term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	(411)
Net assets (deficit) of governmental activities	\$ (3,007)

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIENCY)
 GOVERNMENTAL FUND
 YEAR ENDED JUNE 30, 2008
 (In Thousands)

	Governmental Activities General Fund
Revenues:	
Grants	\$ 56,319
On behalf payment	493
	56,812
Expenditures:	
Employment training, statistics, and support	58,317
Excess (deficiency) of revenues over expenditures	(1,505)
Other financing sources and uses, including transfers	
Transfer in from the Unemployment Compensation Trust Fund	1,190
Transfer in from the State of West Virginia	2,488
Net change in fund balance	2,173
Fund balance (deficiency) - beginning	(5,438)
Cumulative effect of adoption of accounting principle	377
Fund balance (deficiency) - beginning as adjusted	(5,061)
Fund balance (deficiency) - ending	\$ (2,888)
Net change in fund balance (deficiency) - total governmental funds	\$ 2,173
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.	(84)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which expenditures exceeded expense for long term compensated absences.	(63)
Change in Net Assets of Governmental Activities	\$ 2,026

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
BALANCE SHEET
PROPRIETARY FUND
JUNE 30, 2008
(In Thousands)

	Business-type Activities - Enterprise Fund Unemployment Compensation Trust
Assets:	
Current assets:	
Cash and cash equivalents	\$ 251,830
Receivables, net:	
Unemployment Compensation premiums	32,418
Due from other governments	1,599
Due from other funds - primary government	273
Total current assets	286,120
Total assets	\$ 286,120
 Liabilities and Fund Balance:	
Current liabilities:	
Accrued expenses and other liabilities	\$ 1,031
Due to other governments	7,014
Unemployment Compensation benefits payable	23,743
Total current liabilities	31,788
Total liabilities	31,788
 Fund Balance:	
Restricted for:	
Benefit payments	254,332
Total Fund Balance	254,332
Total liabilities and fund balance	\$ 286,120

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

WORKFORCE WEST VIRGINIA
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2008
 (In Thousands)

	Business-type Activities - <u>Enterprise Fund</u> <u>Unemployment</u> <u>Compensation</u> <u>Trust</u>
Operating revenues:	
Unemployment Compensation premiums	\$ 141,909
Other operating revenues, net	<u>5,833</u>
Total operating revenues	<u>147,742</u>
Operating expenses:	
Unemployment insurance benefits	<u>175,107</u>
Total operating expenses	<u>175,107</u>
Operating income (loss)	<u>(27,365)</u>
Nonoperating revenues:	
Investment earnings	<u>11,984</u>
Total nonoperating revenues (expenses)	<u>11,984</u>
Income before transfers	(15,381)
Transfer out to general fund	<u>(1,190)</u>
Increase in net assets	(16,571)
Total net assets - beginning	<u>270,903</u>
Total net assets - ending	<u>\$ 254,332</u>

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

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WORKFORCE WEST VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008
(In Thousands)

	<u>Business-type</u> <u>Activities -</u> <u>Enterprise Fund</u> <u>Unemployment</u> <u>Compensation</u> <u>Trust</u>
Cash flows from operating activities:	
Received from employers	\$ 146,811
Received from federal and local agencies	2,922
Payments to claimants and providers	<u>(165,818)</u>
Net cash provided (used) by operating activities	<u>(16,085)</u>
Cash flows from non-capital financing activities:	
Transfers to other funds	<u>(1,190)</u>
Net cash provided (used) by non-capital financing activities	<u>(1,190)</u>
Cash flows from investing activities:	
Investment earnings	<u>11,984</u>
Net cash provided (used) by investing activities	<u>11,984</u>
Net increase (decrease) in cash and cash equivalents	(5,291)
Cash and cash equivalents - beginning	<u>257,121</u>
Cash and cash equivalents - ending	<u>\$ 251,830</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (27,365)
Net change in assets and liabilities:	
Unemployment compensation premiums receivable	1,896
Due from other funds - primary government	95
Accrued expenses and other liabilities	(102)
Due to other governments	(5)
Unemployment Compensation benefits payable	<u>9,396</u>
Net cash provided (used) by operating activities	<u>\$ (16,085)</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

(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, 2008, 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, 2008 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.

(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 assets 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 assets.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

(c) Budgetary Data

All financial operations of the Division, except for benefits and direct claims costs of the UC Division are subject to a non-appropriated budget review and approval process in which the Division submits a financial plan for approval in a manner authorized by statute. Pursuant to West Virginia Code §5A-2-12, the Division submits a detailed budgetary schedule of general administrative expenses to the Secretary of the Department of Administration prior to the beginning of each fiscal year. The budgetary schedule is prepared on the cash basis. The cash basis is modified at year-end to allow for payment of invoices up to 31 days after 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.

(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 are 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 \$2,021.

WORKFORCE WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2008
 (In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

(g) Capital Assets

Capital assets, which consist primarily of office furniture and equipment of the Division, are reported in the applicable governmental or business-type activities columns in the statement of net assets of the government-wide financial statements. In accordance with the capitalization policy adopted by the Division for financial reporting, assets costing in excess of five thousand dollars are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Depreciation is computed for these assets using the straight-line method over the estimated economic useful lives ranging from 3-20 years. Total depreciation expense relating to the Division approximated \$146 for the fiscal year ended June 30, 2008. Accumulated depreciation relating to the capital assets approximated \$697 at June 30, 2008. 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, 2008, was as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets:				
Governmental activities				
Office furniture and equipment	\$ 1,048	\$ 62	\$ (121)	\$ 989
Accumulated depreciation	<u>(672)</u>	<u>(146)</u>	<u>121</u>	<u>(697)</u>
Governmental activities capital assets, net	<u>\$ 376</u>	<u>\$ (84)</u>	<u>\$ -</u>	<u>\$ 292</u>

(h) Other Operating Revenue

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

(i) Retirement Benefits

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

(1) Summary of Significant Accounting Policies (Continued)

(j) Net Assets and Fund Balance

NET ASSETS - As required by GASB 34, the Division displays net assets 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 assets 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 NET ASSETS - Restricted net assets 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 NET ASSETS - Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". In the governmental environment, net assets are often 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 assets.

FUND BALANCE - General fund balance reservations principally represent encumbrances for outstanding purchase orders and commitments at June 30, 2008. The UC expendable trust fund balance is fully reserved for benefit payments to claimants.

(k) Compensated absences

Effective July 1, 2007, the Division adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement provided standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, 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 Public Employees Insurance Agency ("PEIA"), 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.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

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

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

Legislation requires the RHBT to determine through an actuarial study, the ARC (Annual Required Contribution) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC is allocated to respective cost-sharing employers including the Division who are required by law to fund at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residue funds held in trust for future OPEB costs. Based on the actuarial study completed, the annual required contribution rates were determined for the fiscal year ended June 30, 2008. The OPEB expense for fiscal year 2008 based upon actuarial determined amounts is \$461.06 per current employee per month which was the annual required contribution. The total OPEB expense for fiscal year 2008 was \$1,885. Of that amount the Division received a one-time PEIA over reserve transfer of \$493. The amount accrued as the RHBT liability is \$387 at June 30, 2008.

The Division recorded a cumulative effect of the adoption of this accounting principle of \$377 thousand to the governmental fund and \$4,071 to the government wide financial statements, an amount equal to the June 30, 2007, liability for the extended health insurance benefit previously recorded in accordance with GASB Statement No. 16. These amounts were recorded as a beginning fund balance adjustment. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$1,885,274 and \$203,425, respectively, during 2008. As of the year ended June 30, 2008, there were 36 retirees receiving these benefits.

(I) Recent Statements Issued By GASB

The GASB has issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, effective for fiscal years beginning after December 15, 2007. This statement addresses whether an exchange of an interest in expected cash flows for collecting specific receivables of specific future revenues for an immediate lump sum should be regarded as a sale or as a collateralized borrowing resulting in a liability. It establishes criteria to determine whether proceeds should be reported as revenue or a liability. The Division has not yet determined the effect that the adoption of GASB Statement No. 48 may have on the financial statements.

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for fiscal years beginning after December 15, 2008. This statement addresses the obligations of existing pollution events. It provides guidance on whether any components of a remediation should be recognized as a liability. The Division has not yet determined the effect that the adoption of GASB Statement No. 49 may have on the financial statements.

WORKFORCE WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2008
 (In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

The GASB has issued Statement No. 50, *Pensions Disclosures* (an amendment of GASB Statements No. 25 and No. 27), effective for fiscal years beginning after June 15, 2008. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits, thus enhancing the information disclosed on the notes to the financial statements or presented as required supplementary information. The Division has not yet determined the effect that the adoption of GASB Statement No. 50 may have on the financial statements.

The GASB has issued Statement No. 51, *Accounting and Financial Reporting*, effective for fiscal years beginning after June 15, 2009. This statement provides guidance regarding whether and when intangible assets should be considered capital assets for financial reporting purposes. The Division has not yet determined the effect that the adoption of GASB Statement No. 51 may have on the financial statements.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal years beginning after June 15, 2009. This statement requires governmental entities to measure most derivative instruments at fair value as assets or liabilities. It also improves disclosure requirements surrounding the entity's derivative instrument activity, its objectives for entering into the derivative instrument, and the instrument's significant terms and risks. The Division has not yet determined the effect that the adoption of GASB Statement No. 53 may have on its financial statements.

(2) Deposits

The composition of cash and cash equivalents were as follows at June 30, 2008:

	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
Cash on deposit with State Treasurer / State Auditor's Office	\$ 1,110	\$ 1,110
Cash in bank	21	21
Cash in U.S. Treasury	<u>251,965</u>	<u>251,965</u>
	<u>\$ 253,096</u>	<u>\$ 253,096</u>

At June 30, 2008, the carrying value of amounts on deposit with the U.S. Treasury in the Federal Unemployment Insurance Trust Fund approximated \$251,965 while \$21 of deposits were held in commercial bank accounts that are utilized for collection of unemployment taxes and benefit payments. Substantially all of the Division's deposits in commercial bank accounts are collateralized by securities held by the pledging financial institution, but not in the Division's name.

(3) Leases

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.

WORKFORCE WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2008
 (In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

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WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(In Thousands, Unless Otherwise Noted)

(3) Leases (Continued)

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, 2008 are as follows:

Rentals due in fiscal year:

2009		\$	1,313
2010			577
2011			569
2012			385
Thereafter			961
Total minimum lease payments			\$ 3,805

Rental expense for the minimum rentals under operating leases for the year ended June 30, 2008 was \$1,668.

(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	\$ 5,204	\$ (3,877)	\$ 1,327	\$ 916
RHBT payable (OPEB)	-	387	387	387
	\$ 5,204	\$ (3,490)	\$ 1,714	\$ 1,303

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, 2008
 (In Thousands, Unless Otherwise Noted)

(5) Pension Plan

(a) Plan Description

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

(b) Funding Policy

The PERS funding policy has been established by action of the State Legislature. State statute requires plan members to contribute 4.5% of their annual covered salary. Effective July 1, 2004, the employer contribution rate from the Division increased from 9.5% to 10.5% of the covered employee's salaries. 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, 2008, 2007, and 2006 were \$1,587, \$1,532, and \$1,610 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	\$ -	\$ 1,738
Employee benefits and other costs paid to other State agencies	\$ 6,511	\$ -

WORKFORCE WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2008
 (In Thousands, Unless Otherwise Noted)

(6) **Related Party Transactions (Continued)**

Due from other State Agencies:

	<u>General Fund</u>	<u>Unemployment Compensation Trust</u>
West Virginia Human Rights Commission	\$ 1	\$ 1
West Virginia Department of Health and Human Resources, Bureau of Child Support	6	-
Supreme Court of Appeals	-	11
Rehabilitation Services	-	1
Motor Vehicles	-	5
WV Department of Highways	-	21
Health & Human Resources	-	19
Natural Resources	-	23
Lakin State Hospital	-	3
William R. Sharpe Jr. Hospital	-	4
Bluefield State College	-	2
Marshall Division	-	11
West Virginia Division	-	42
Attorney General's Office	-	11
Environmental Protection	-	4
Regional Jail	-	18
Mt. Olive	-	7
Division of Juvenile Services	-	6
Others	-	84
	<hr/>	<hr/>
Total	<u>\$ 7</u>	<u>\$ 273</u>

(7) **Commitments and Contingencies**

(a) **Risk Management**

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

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

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

(7) Commitments and Contingencies (Continued)

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

(b) Other Risks

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

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

(c) Federal Funding Liability

During the year ended June 30, 2008, management of the Division resolved all issues regarding a potential liability to the Federal government. The Division replenished certain Federal grant funds from State general revenues in the amount of approximately \$2.5 million. Included in this amount was a refund in the amount of \$238 to the USDOL. The Division has a remaining \$50 thousand accrued liability for issues related to the Workforce Investment Boards.

(8) Deficit Funding Plan

Since becoming aware of the issues discussed above, the Division has taken significant steps to strengthen internal controls within the organization and 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.

In order to improve the fiscal condition, the Division has requested and received non-federal funds from the Legislature of the State of West Virginia. These funds have been/will be utilized to repay liabilities due to the Federal government as a result of the review. In addition, funding will be sought to eliminate future anticipated deficits as estimated by the management of the Division.

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

WORKFORCE WEST VIRGINIA
 STATE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
 YEAR ENDED JUNE 30, 2008
 (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 7/1/07	\$ -	\$ -	\$ 2,894,249	\$ 2,894,249
Estimated Revenue FY 2008	75,188,996	75,188,996	1,428,240	(73,760,756)
2008 FY Gross Revenue and Appropriations	-	-	39,386,781	39,386,781
Amounts Available For Appropriation	<u>75,188,996</u>	<u>75,188,996</u>	<u>43,709,270</u>	<u>(31,479,726)</u>
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	16,284,414	16,284,414	13,967,901	2,316,513
002-Personal Services (Without Payroll Deductions)	-	-	-	-
003-Payroll Reimbursements	-	-	356,272	46,078
004-Annual Increment	402,350	402,350	-	-
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	117,750	117,750	139,184	(21,434)
011-Social Security Matching	1,276,538	1,276,538	1,055,737	220,801
012-Public Employees' Insurance	1,775,000	1,775,000	2,252,060	(477,060)
013-Other Health Insurance	66,891	66,891	-	66,891
014-Workers Compensation	305,368	305,368	91,152	214,216
015-Unemployment Compensation	49,892	49,892	5,171	44,721
016-Pension & Retirement	1,752,110	1,752,110	1,450,154	301,956
Current Expenses:				
020-Office Expenses	800,000	800,000	356,389	443,611
021-Printing and Binding	800,000	800,000	273,534	526,466
022-Rental Expense	2,100,150	2,100,150	1,629,584	470,566
023-Utilities	470,000	470,000	88,107	381,893
024-Telecommunications	830,000	830,000	422,632	407,368
025-Contractual and Professional	1,062,657	1,062,657	490,829	571,828
026-Travel	1,650,000	1,650,000	585,046	1,064,954
027-Computer Services	3,139,534	3,139,534	1,224,407	1,915,127
029-Vehicle Rental	50,000	50,000	4,543	45,457
030-Rentals (Machine and Miscellaneous)	370,000	370,000	149,219	220,781
031-Association Dues and Professional Memberships	37,125	37,125	24,669	12,456
032-Fire, Auto, Bond, and Other Insurance	275,000	275,000	187,847	87,153
034-Clothing, Household and Recreational Supplies	30,000	30,000	9,666	20,334
035-Advertising and Promotional	275,000	275,000	22,237	252,763
036-Vehicle Operating Expense	40,000	40,000	18,684	21,316
037-Research, Educational and Medical Supplies	-	-	-	-
038-Routine Maintenance Contracts	830,000	830,000	349,399	480,601
041-Cellular Charges	35,000	35,000	7,113	27,887
042-Hospitality	225,000	225,000	52,004	172,996
043-Educational Training (Stipends)	35,000	35,000	30,762	4,238
045-Farm Expense	-	-	-	-
051-Miscellaneous	50,000	50,000	20,982	29,018
052-Training and Development	350,000	350,000	32,167	317,833
053-Postal and Freight	125,000	125,000	640,158	(515,158)
054-Computer Supplies	550,000	550,000	55,850	494,150
056-Attorney Legal Service Payments	110,000	110,000	-	110,000
057-Attorney Reimbursable Expenses	-	-	-	-
058-Miscellaneous Equipment Purchases	180,000	180,000	25,551	154,449
061-Office & Communication Equipment Repairs	200,000	200,000	55,677	144,323
062-Research, Educational, & Medical Equipment Repairs	25,000	25,000	99	24,901
063-Building & Household Equipment Repairs	-	-	-	-
064-Routine Maintenance Of Buildings	10,000	10,000	6,345	3,655
065-Vehicle Repairs	17,500	17,500	711	16,789
068-Other Repairs and Alterations	-	-	-	-
070-Office and Communication Equipment	-	-	-	-
071-Medical Equipment	-	-	-	-
073-Household Equipment and Furnishings	-	-	-	-
074-Building Equipment	-	-	-	-
075-Vehicles	-	-	-	-
077-Books and Periodicals	-	-	-	-
078-Other Capital Equipment	-	-	-	-
080-Payment of Taxes	-	-	12,500	(12,500)
081-Payment Of Claims	-	-	-	-
083-Grants, Awards, Scholarships, and Loans	-	-	546	6,954
089-Bank Costs	7,500	7,500	1,020	186,793
092-Building Construction	187,813	187,813	3,940	1,060
096-Other Interest and Penalties	5,000	5,000	-	-
099-Natural Disaster Grants	-	-	-	-
100-Fund Transfers	904,500	904,500	644,520	259,980
124-Cost Allocation Adjustment/Settlement	500,000	500,000	(85,968)	585,968
128-Federal Subrecipient Disbursement	2,024,061	2,024,061	150,678	1,873,383
143-Building Improvements	-	-	87,753	(87,753)
157-Leasehold Improvements	36,000,000	36,000,000	15,034,459	20,965,541
160-OPEB Expense	-	-	14,901	(14,901)
170-Computer Equipment	225,000	225,000	465,434	(240,434)
171-Computer Software	50,000	50,000	187,620	(137,620)
Total Charges To Appropriations	<u>76,606,153</u>	<u>76,606,153</u>	<u>42,599,245</u>	<u>34,006,908</u>
Budgetary Fund Balance, June 30, 2008	\$ (1,417,157)	\$ (1,417,157)	\$ 1,110,025	\$ 2,527,182

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, 2008
 (in thousands)

(1) Budget and Actual Comparison

The Division's General Fund has a legislatively approved budget. However, certain monies reported within the General Fund in accordance with accounting principles generally accepted in the United States of America (GAAP), are not considered appropriated funds in accordance with the Division's budgetary reporting policy. Accordingly, these amounts have not been reported in the Division's Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund. A reconciliation of the net change in fund balance for the year ended June 30, 2008, on the budgetary basis to the GAAP basis for the General Fund follows:

Net change in fund balance - budgetary basis	\$	(2,527)
Basis of accounting differences (budgetary to GAAP)		3,346
Unbudgeted funds		164
Transfers		<u>1,190</u>
Net change in fund balance - GAAP basis	\$	<u>2,173</u>

OTHER FINANCIAL INFORMATION

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 3450 Administration and Service
Year Ended June 30, 2008
(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 7/1/07	\$ -	\$ -	\$ 234,882	\$ 234,882
Estimated Revenue FY 2008	35,300,000	35,300,000	-	(35,300,000)
2008 FY Gross Revenue	-	-	21,933,177	21,933,177
Amounts Available For Appropriation	<u>35,300,000</u>	<u>35,300,000</u>	<u>22,168,059</u>	<u>(13,131,941)</u>
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	15,000,000	15,000,000	12,057,306	2,942,694
002-Personal Services (Without Payroll Deductions)	-	-	-	-
003-Payroll Reimbursements	-	-	333,748	41,252
004-Annual Increment	375,000	375,000	-	-
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	110,750	110,750	96,598	14,152
011-Social Security Matching	1,176,188	1,176,188	911,998	264,190
012-Public Employees' Insurance	1,600,000	1,600,000	2,008,802	(408,802)
013-Other Health Insurance	66,891	66,891	-	66,891
014-Workers Compensation	281,363	281,363	70,363	211,000
015-Unemployment Compensation	49,892	49,892	4,221	45,671
016-Pension & Retirement	1,614,375	1,614,375	1,258,688	355,687
Current Expenses:				
020-Office Expenses	750,000	750,000	273,157	476,843
021-Printing and Binding	750,000	750,000	224,389	525,611
022-Rental Expense	2,000,150	2,000,150	582,292	1,417,858
023-Utilities	450,000	450,000	62,593	387,407
024-Telecommunications	800,000	800,000	307,277	492,723
025-Contractual and Professional	800,000	800,000	429,721	(29,721)
026-Travel	400,000	400,000	398,284	1,101,716
027-Computer Services	1,500,000	1,500,000	739,963	1,760,037
029-Vehicle Rental	2,500,000	2,500,000	3,747	46,253
030-Rentals (Machine and Miscellaneous)	50,000	50,000	138,282	211,718
031-Association Dues and Professional Memberships	350,000	350,000	22,833	13,497
032-Fire, Auto, Bond, and Other Insurance	36,330	36,330	174,839	75,161
034-Clothing, Household and Recreational Supplies	250,000	250,000	9,552	20,448
035-Advertising and Promotional	30,000	30,000	17,533	232,467
036-Vehicle Operating Expense	30,000	30,000	17,214	12,786
037-Research, Educational and Medical Supplies	-	-	-	-
038-Routine Maintenance Contracts	800,000	800,000	286,859	513,141
041-Cellular Charges	25,000	25,000	5,576	19,424
042-Hospitality	150,000	150,000	14,630	135,370
043-Educational Training (Stipends)	25,000	25,000	29,746	(4,746)
045-Farm Expense	-	-	-	-
051-Miscellaneous	50,000	50,000	19,223	30,777
052-Training and Development	300,000	300,000	28,454	271,546
053-Postal and Freight	100,000	100,000	631,766	(531,766)
054-Computer Supplies	100,000	100,000	-	400,000
056-Attorney Legal Service Payments	100,000	100,000	-	100,000
057-Attorney Reimbursable Expenses	-	-	-	-
058-Miscellaneous Equipment Purchases	30,000	30,000	8,901	21,099
061-Office & Communication Equipment Repairs	200,000	200,000	6,689	193,311
062-Research, Educational, & Medical Equipment Repairs	-	-	-	-
063-Building & Household Equipment Repairs	-	-	-	-
064-Routine Maintenance Of Buildings	10,000	10,000	6,345	3,655
065-Vehicle Repairs	10,000	10,000	77	9,923
068-Other Repairs and Alterations	-	-	-	-
070-Office and Communication Equipment	-	-	-	-
071-Medical Equipment	-	-	-	-
073-Household Equipment and Furnishings	-	-	-	-
074-Building Equipment	-	-	-	-
075-Vehicles	-	-	-	-
077-Books and Periodicals	-	-	-	-
078-Other Capital Equipment	-	-	-	-
080-Payment Of Taxes	-	-	12,500	(12,500)
081-Payment Of Claims	-	-	-	-
083-Grants, Awards, Scholarships, and Loans	-	-	541	(541)
089-Bank Costs	-	-	1,020	(1,020)
092-Building Construction	5,000	5,000	3,215	1,785
096-Other Interest and Penalties	-	-	-	-
099-Natural Disaster Grants	-	-	-	-
100-Fund Transfers	-	-	(85,968)	585,968
124-Cost Allocation Adjustment/Settlement	500,000	500,000	150,678	1,873,383
128-Federal Subrecipient Disbursement	2,024,061	2,024,061	1,785	(1,785)
143-Building Improvements	-	-	510	(510)
157-Leasehold Improvements	-	-	14,901	(14,901)
160-OPEB Expense	125,000	125,000	282,834	(157,834)
170-Computer Equipment	25,000	25,000	164,216	(139,216)
171-Computer Software	-	-	-	-
Total Charges To Appropriations	<u>35,300,000</u>	<u>35,300,000</u>	<u>21,727,898</u>	<u>13,572,102</u>
Budgetary Fund Balance, June 30, 2008	\$ -	\$ -	\$ 440,161	\$ 440,161

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 8835 Consolidated Federal Funds
Year Ended June 30, 2008
(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 7/1/07	\$ -	\$ -	\$ 1,144,785	\$ 1,144,785
Estimated Revenue FY 2008	512,657	512,657	-	(512,657)
2008 FY Gross Revenue	-	-	1,190,481	1,190,481
Amounts Available for Appropriation	<u>512,657</u>	<u>512,657</u>	<u>2,335,266</u>	<u>1,822,609</u>
Charges to Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	-	-	521,142	(521,142)
002-Personal Services (Without Payroll Deductions)	-	-	-	-
003-Payroll Reimbursements	-	-	-	-
004-Annual Increment	-	-	-	-
Employee Benefits				
010-Personnel Division & Public Employees Insurance	-	-	21,916	(21,916)
011-Social Security Matching	-	-	39,867	(39,867)
012-Public Employees' Insurance	-	-	73,509	(73,509)
013-Other Health Insurance	-	-	-	-
014-Workers Compensation	-	-	12,723	(12,723)
015-Unemployment Compensation	-	-	-	-
016-Pension & Retirement	-	-	54,720	(54,720)
Current Expenses				
020-Office Expenses	-	-	41,717	(41,717)
021-Printing and Binding	-	-	983,043	(983,043)
022-Rental Expense	-	-	25,469	(25,469)
023-Utilities	-	-	74,671	(74,671)
024-Telecommunications	512,657	512,657	-	512,657
025-Contractual and Professional	-	-	101,740	(101,740)
026-Travel	-	-	165,000	(165,000)
027-Computer Services	-	-	-	-
029-Vehicle Rental	-	-	-	-
030-Rentals (Machine and Miscellaneous)	-	-	-	-
031-Association Dues and Professional Memberships	-	-	-	-
032-Fire, Auto, Bond, and Other Insurance	-	-	-	-
034-Clothing, Household and Recreational Supplies	-	-	-	-
035-Advertising and Promotional	-	-	-	-
036-Vehicle Operating Expense	-	-	-	-
037-Research, Educational and Medical Supplies	-	-	59,166	(59,166)
038-Routine Maintenance Contracts	-	-	-	-
041-Cellular Charges	-	-	3,519	(3,519)
042-Hospitality	-	-	-	-
043-Educational Training (Stipends)	-	-	-	-
045-Farm Expense	-	-	-	-
051-Miscellaneous	-	-	-	-
052-Training and Development	-	-	-	-
053-Postal and Freight	-	-	55,850	(55,850)
054-Computer Supplies	-	-	-	-
056-Attorney Legal Service Payments	-	-	-	-
057-Attorney Reimbursable Expenses	-	-	13,734	(13,734)
058-Miscellaneous Equipment Purchases	-	-	-	-
061-Office & Communication Equipment Repairs	-	-	-	-
062-Research, Educational, & Medical Equipment Repairs	-	-	-	-
063-Building & Household Equipment Repairs	-	-	-	-
064-Routine Maintenance Of Buildings	-	-	-	-
065-Vehicle Repairs	-	-	-	-
068-Other Repairs and Alterations	-	-	-	-
070-Office and Communication Equipment	-	-	-	-
071-Medical Equipment	-	-	-	-
073-Household Equipment and Furnishings	-	-	-	-
074-Building Equipment	-	-	-	-
075-Vehicles	-	-	-	-
077-Books and Periodicals	-	-	-	-
078-Other Capital Equipment	-	-	-	-
080-Payment of Taxes	-	-	-	-
081-Payment Of Claims	-	-	-	-
083-Grants, Awards, Scholarships, and Loans	-	-	-	-
089-Bank Costs	-	-	-	-
092-Building Construction	-	-	-	-
096-Other Interest and Penalties	-	-	-	-
099-Natural Disaster Grants	-	-	-	-
100-Fund Transfers	-	-	-	-
124-Cost Allocation Adjustment/Settlement	-	-	-	-
128-Federal Subrecipient Disbursement	-	-	-	-
143-Building Improvements	-	-	-	-
157-Leasehold Improvements	-	-	-	-
160-OPEB Expense	-	-	58,171	(58,171)
170-Computer Equipment	-	-	15,850	(15,850)
171-Computer Software	-	-	-	-
Total Charges To Appropriations	<u>512,657</u>	<u>512,657</u>	<u>2,321,807</u>	<u>(1,809,150)</u>
Budgetary Fund Balance, June 30, 2008	\$ -	\$ -	\$ 13,459	\$ 13,459

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 3451 Interest on Employers Delinquent Contributions Fund
Year Ended June 30, 2008
(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 7/1/07	\$ -	\$ -	\$ 37,991	\$ 37,991
Estimated Revenue FY 2008	904,500	904,500	-	(904,500)
2008 FY Gross Revenue	-	-	237,759	237,759
Amounts Available For Appropriation	<u>904,500</u>	<u>904,500</u>	<u>275,750</u>	<u>(628,750)</u>
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	-	-	-	-
002-Personal Services (Without Payroll Deductions)	-	-	-	-
003-Payroll Reimbursements	-	-	-	-
004-Annual Increment	-	-	-	-
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	-	-	-	-
011-Social Security Matching	-	-	-	-
012-Public Employees' Insurance	-	-	-	-
013-Other Health Insurance	-	-	-	-
014-Workers Compensation	-	-	-	-
015-Unemployment Compensation	-	-	-	-
016-Pension & Retirement	-	-	-	-
Charges To Appropriations (Outflows):				
020-Office Expenses	-	-	-	-
021-Printing and Binding	-	-	-	-
022-Rental Expense	-	-	-	-
023-Utilities	-	-	-	-
024-Telecommunications	-	-	-	-
025-Contractual and Professional	-	-	-	-
026-Travel	-	-	-	-
027-Computer Services	-	-	-	-
029-Vehicle Rental	-	-	-	-
030-Rentals (Machine and Miscellaneous)	-	-	-	-
031-Association Dues and Professional Memberships	-	-	-	-
032-Fire, Auto, Bond, and Other Insurance	-	-	-	-
034-Clothing, Household and Recreational Supplies	-	-	-	-
035-Advertising and Promotional	-	-	-	-
036-Vehicle Operating Expense	-	-	-	-
037-Research, Educational and Medical Supplies	-	-	-	-
038-Routine Maintenance Contracts	-	-	-	-
041-Cellular Charges	-	-	-	-
042-Hospitality	-	-	-	-
043-Educational Training (Stipends)	-	-	-	-
045-Farm Expense	-	-	-	-
051-Miscellaneous	-	-	-	-
052-Training and Development	-	-	-	-
053-Postal and Freight	-	-	-	-
054-Computer Supplies	-	-	-	-
056-Attorney Legal Service Payments	-	-	-	-
057-Attorney Reimbursable Expenses	-	-	-	-
058-Miscellaneous Equipment Purchases	-	-	-	-
061-Office & Communication Equipment Repairs	-	-	-	-
062-Research, Educational, & Medical Equipment Repair	-	-	-	-
063-Building & Household Equipment Repairs	-	-	-	-
064-Routine Maintenance Of Buildings	-	-	-	-
065-Vehicle Repairs	-	-	-	-
068-Other Repairs and Alterations	-	-	-	-
070-Office and Communication Equipment	-	-	-	-
071-Medical Equipment	-	-	-	-
073-Household Equipment and Furnishings	-	-	-	-
074-Building Equipment	-	-	-	-
075-Vehicles	-	-	-	-
077-Books and Periodicals	-	-	-	-
078-Other Capital Equipment	-	-	-	-
080-Payment of Taxes	-	-	-	-
081-Payment Of Claims	-	-	-	-
083-Grants, Awards, Scholarships, and Loans	-	-	-	-
089-Bank Costs	-	-	-	-
092-Building Construction	-	-	-	-
096-Other Interest and Penalties	-	-	-	-
099-Natural Disaster Grants	-	-	-	-
100-Fund Transfers	904,500	904,500	148,863	755,637
124-Cost Allocation Adjustment/Settlement	-	-	-	-
128-Federal Subrecipient Disbursement	-	-	-	-
143-Building Improvements	-	-	-	-
157-Leasehold Improvements	-	-	-	-
160-OPEB Expense	-	-	-	-
170-Computer Equipment	-	-	-	-
171-Computer Software	-	-	-	-
Total Charges To Appropriations	<u>904,500</u>	<u>904,500</u>	<u>148,863</u>	<u>755,637</u>
Budgetary Fund Balance, June 30, 2008	\$ -	\$ -	\$ 126,887	\$ 126,887

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Fund 8888 Workforce Investment Act
Year Ended June 30, 2008
(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 7/1/07	\$ -	\$ -	\$ 1,476,591	\$ 1,476,591
Estimated Revenue FY 2008	39,888,996	39,888,996	-	(39,888,996)
2008 FY Gross Revenue	-	-	17,453,604	17,453,604
Amounts Available For Appropriation	<u>39,888,996</u>	<u>39,888,996</u>	<u>18,930,195</u>	<u>(20,958,801)</u>
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	1,284,414	1,284,414	1,389,453	(105,039)
002-Personal Services (Without Payroll Deductions)	-	-	-	-
003-Payroll Reimbursements	-	-	22,524	4,826
004-Annual Increment	27,350	27,350	-	-
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	7,000	7,000	20,670	(13,670)
011-Social Security Matching	100,350	100,350	103,872	(3,522)
012-Public Employees' Insurance	175,000	175,000	169,749	5,251
013-Other Health Insurance	-	-	-	-
014-Workers Compensation	24,005	24,005	8,066	15,939
015-Unemployment Compensation	-	-	950	(950)
016-Pension & Retirement	137,735	137,735	136,746	989
Current Expenses:				
020-Office Expenses	50,000	50,000	83,232	(33,232)
021-Printing and Binding	50,000	50,000	7,428	42,572
022-Rental Expense	100,000	100,000	64,249	35,751
023-Utilities	20,000	20,000	45	19,955
024-Telecommunications	30,000	30,000	40,684	(10,684)
025-Contractual and Professional	150,000	150,000	61,108	88,892
026-Travel	150,000	150,000	85,022	64,978
027-Computer Services	639,534	639,534	319,444	320,090
029-Vehicle Rental	-	-	796	(796)
030-Rentals (Machine and Miscellaneous)	20,000	20,000	10,937	9,063
031-Association Dues and Professional Memberships	795	795	1,836	(1,041)
032-Fire, Auto, Bond, and Other Insurance	25,000	25,000	13,008	11,992
034-Clothing, Household and Recreational Supplies	-	-	114	(114)
035-Advertising and Promotional	25,000	25,000	4,704	20,296
036-Vehicle Operating Expense	10,000	10,000	1,470	8,530
037-Research, Educational and Medical Supplies	-	-	-	-
038-Routine Maintenance Contracts	30,000	30,000	3,374	26,626
041-Cellular Charges	10,000	10,000	1,537	8,463
042-Hospitality	75,000	75,000	33,855	41,145
043-Educational Training (Stipends)	10,000	10,000	1,016	8,984
045-Farm Expense	-	-	-	-
051-Miscellaneous	-	-	1,759	(1,759)
052-Training and Development	50,000	50,000	3,713	46,287
053-Postal and Freight	25,000	25,000	8,392	16,608
054-Computer Supplies	150,000	150,000	-	150,000
056-Attorney Legal Service Payments	10,000	10,000	-	10,000
057-Attorney Reimbursable Expenses	-	-	-	-
058-Miscellaneous Equipment Purchases	150,000	150,000	2,916	147,084
059-Student Activities	-	-	48,988	(48,988)
061-Office & Communication Equipment Repairs	25,000	25,000	99	24,901
062-Research, Educational, & Medical Equipment Repairs	-	-	-	-
063-Building & Household Equipment Repairs	-	-	-	-
064-Routine Maintenance Of Buildings	7,500	7,500	634	6,866
065-Vehicle Repairs	-	-	-	-
068-Other Repairs and Alterations	-	-	-	-
070-Office and Communication Equipment	-	-	-	-
071-Medical Equipment	-	-	-	-
073-Household Equipment and Furnishings	-	-	-	-
074-Building Equipment	-	-	-	-
075-Vehicles	-	-	-	-
077-Books and Periodicals	-	-	-	-
078-Other Capital Equipment	-	-	-	-
080-Payment Of Taxes	-	-	-	-
081-Payment Of Claims	-	-	5	7,495
065-Vehicle Repairs	7,500	7,500	-	187,813
083-Grants, Awards, Scholarships, and Loans	187,813	187,813	-	(725)
089-Bank Costs	-	-	725	-
092-Building Construction	-	-	495,657	(495,657)
096-Other Interest and Penalties	-	-	-	-
099-Natural Disaster Grants	-	-	-	-
100-Governors Workforce Investment Act	-	-	85,968	(85,968)
124-Cost Allocation Adjustment/Settlement	-	-	15,033,949	20,966,051
128-Federal Subrecipient Disbursement	36,000,000	36,000,000	-	-
143-Building Improvements	-	-	124,429	(24,429)
170-Computer Equipment	100,000	100,000	7,554	17,446
171-Computer Software	25,000	25,000	-	-
Total Charges To Appropriations	<u>39,888,996</u>	<u>39,888,996</u>	<u>18,400,677</u>	<u>21,488,319</u>
Budgetary Fund Balance, June 30, 2008	\$ -	\$ -	\$ 529,518	\$ 529,518

COMPLIANCE AND INTERNAL CONTROL 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 GOVERNMENT AUDITING STANDARDS**

The Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of WORKFORCE West Virginia as of and for the year ended June 30, 2008, and have issued our report thereon dated October 23, 2008, which contained a matter of emphasis paragraph that WORKFORCE West Virginia adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions* for the year ended June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WORKFORCE West Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WORKFORCE West Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WORKFORCE West Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2008-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WORKFORCE West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

WORKFORCE West Virginia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit WORKFORCE West Virginia's response and, accordingly, we express no opinion on it.

We noted other matters involving the internal control over financial reporting that we have reported to management of WORKFORCE West Virginia in a separate letter dated October 23, 2008.

This report is intended solely for the information and use of management, the State of West Virginia, grantor agencies, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Charleston, West Virginia
October 23, 2008

WORKFORCE WEST VIRGINIA
 SCHEDULE OF FINDINGS AND RESPONSES
 YEAR ENDED JUNE 30, 2008

2008-01

INTERNAL CONTROL

- Criteria:** Management of the Division is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. Furthermore, management is responsible for preparation of the financial statements and related footnote disclosures. Specifically, 29 CFR 97.20(a)(1) and (2), July 1, 2005, provides in part, that States must have financial management systems in place to account for the expenditure of grant funds, prepare accurate financial reports and be able to trace funds to a level of expenditures adequate to establish that such funds have not been used in violation of applicable laws and regulations.
- Condition:** Management of the Division has made substantial progress in the timeliness of financial reporting and should be given credit for their efforts to achieve the State of West Virginia's required issuance dates. However, as noted in the prior year, the financial statements and original trial balance required several adjustments to be made as a result of the audit to ensure the financial statements were presented in accordance with accounting principles generally accepted in the United States of America.
- Context:** Adjustments were proposed as a result of our audit procedures for the following areas:
- General fund cash and revenue were overstated by \$1.8 million.
 - General fund accounts payable and expenses were understated by \$584 thousand.
 - General fund due to other governments and revenue were understated by \$3.0 million.
 - Unemployment insurance fund liability for unemployment compensation and related expenses were understated by \$11.5 million.
 - Unemployment insurance fund cash and revenue were overstated by \$1.2 million.
- Cause:** Management did not have adequate internal control to ensure that the financial statements and related note disclosures are not materially misstated.
- Effect:** The financial statements required audit adjustments and additional note disclosures and revisions to accurately reflect the financial position of the Division.
- Recommendation:** We recommend that management develop internal control policies and procedures to ensure that the financial statements and related note disclosures are accurate and reflective of the actual results of the financial position of the Division.
- Management's Response:** WORKFORCE West Virginia has implemented internal controls and made huge improvements from last year to this year. However, some areas still need improvements. Management has noted these areas and has already initiated steps to insure that these internal controls are in place for future years so these errors will not occur.
- In addition, the State is in the process of procuring a new accounting system (Hackett ERP) that, once in place, will eliminate these errors.

DOC Environmental Checklist

1. **SECTION 1-** To be completed for those projects historically shown not to create significant environmental impacts to the human or natural environment. Any answer of "No" or "Not Applicable" may require additional documentation or review.

a. Is the proposed action solely a procurement action for materials intended to be installed, stored or operated in an existing building or structure?

Yes

No

Not Applicable

b. If the proposed action involves procurement of electronic equipment, will the equipment be disposed of in an environmentally sound manner at the end of its useful life?

Yes

No

Not Applicable

c. Does the proposed action involve only minor interior renovations to a structure, facility, or installation?

Yes

No

Not Applicable

d. Is the proposed action solely for the production and/or distribution of informational materials, brochures, or newsletters?

Yes

No

Not Applicable

e. Does the proposed action consist solely of training, teaching, or meeting facilitation at an existing facility or structure?

Yes

No

Not Applicable

Application for Federal Assistance SF-424

Version 02

*1. Type of Submission:

- Preapplication
 Application
 Changed/Corrected Application

*2. Type of Application

- New
 Continuation
 Revision

* If Revision, select appropriate letter(s)

*Other (Specify)

3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

*5b. Federal Award Identifier:

55-6000932

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*a. Legal Name: WorkForce West Virginia

*b. Employer/Taxpayer Identification Number (EIN/TIN):

55-6000932

*c. Organizational DUNS:

168560410

d. Address:

*Street 1: 112 California Avenue

Street 2: _____

*City: CharlestonCounty: Kanawha*State: WV

Province: _____

*Country: USA*Zip / Postal Code 25305-0112

e. Organizational Unit:

Department Name:
Department of CommerceDivision Name:
WorkForce West Virginia

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr. *First Name: RussellMiddle Name: L.*Last Name: Fry

Suffix: _____

Title:

Organizational Affiliation:
WorkForce West Virginia

*Telephone Number: 304-558-7024

Fax Number: 304-558-9151

*Email: rfry@workforcewv.org

Application for Federal Assistance SF-424

Version 02

***9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

***10 Name of Federal Agency:**

U.S. Department of Commerce

11. Catalog of Federal Domestic Assistance Number:

11.557

CFDA Title:

BTOP

***12 Funding Opportunity Number:**

0660-ZA28

*Title:

ARRA OF 2009

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

WV

***15. Descriptive Title of Applicant's Project:**

Broadband Technology Opportunities Program (BTOP)

Application for Federal Assistance SF-424

16. Congressional Districts Of:

*a. Applicant: WV DISTRICT 1,2,3

*b. Program/Project: WV DISTRICT 1,2,3

17. Proposed Project:

*a. Start Date: 01/01/2010

*b. End Date: 12/31/2012

18. Estimated Funding (\$):

*a. Federal	\$ 2,105,992
*b. Applicant	\$ 668,000
*c. State	
*d. Local	
*e. Other	
*f. Program Income	
*g. TOTAL	\$ 2,773,992

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on _____
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

- Yes
- No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: Mr. _____ *First Name: Russell _____
 Middle Name: _____
 *Last Name: Fry _____
 Suffix: _____

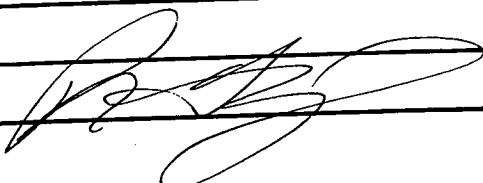
*Title: Acting Executive Director

*Telephone Number: 304-558-7024

Fax Number: 304-558-9157

* Email: rfry@workforcewv.org

*Signature of Authorized Representative:



*Date Signed: 8-20-09

Application for Federal Assistance SF-424

***Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

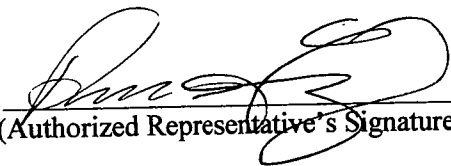
Certification Requirements for BTOP

U.S. Department of Commerce
Broadband Technology Opportunities Program

I certify that I am the duly authorized representative of the applicant organization, and that I have been authorized to submit the attached application on its behalf. A copy of the applicant organization's authorization for me to submit this application as its official representative is on file in the applicant's office, and I am identified as the applicant organization's Authorized Organization Representative (AOR) in the Central Contractor Registration database. By signing this certification, I certify that the statements contained in the application are true, complete, and accurate to the best of my knowledge, and that if an award is made, the applicant organization will comply with all applicable award terms and conditions.

8-20-09

(Date)


(Authorized Representative's Signature)

Russell L. Fry

Name:

Acting Executive Director

Title:



July 31, 2009

Mr. Stephen P. Dailey
Director, One-Stop Field Operations
WorkForce West Virginia
112 California Avenue
Charleston, West Virginia 25305

Dear Mr. Dailey:

Thank you for the opportunity to support WorkForce West Virginia's application for the State Broadband Data and Development Grant sponsored by the United States Department of Commerce. As you know, broadband access in West Virginia is fair, at best, for many West Virginians, particularly our older residents. Broadband provides access to endless resources vital to employment and training, and it can greatly enhance the service delivery of the One-Stops.

The AARP Foundation, West Virginia Programs, shares your commitment to helping unemployed and underemployed West Virginians gain access to important training and employment options that access to broadband can provide.

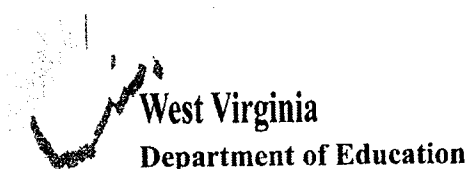
The AARP Foundation, through its partnership with WorkForce West Virginia in integrating our WorkSearch program into the One-Stops, is providing more than \$1.1 million dollars in in-kind match. Our in-kind match includes volunteer services, AARP staff time, use of the WorkSearch software system, training seminars and other tools that will assist in citizens obtaining skills assessments, training and meaningful work.

Our organization focuses on issues that are important to 50+ Americans. The issue of broadband access is a current and relevant one in West Virginia. We believe by expanding broadband access in the One-Stops, more people will take advantage of the opportunity to access vital training and employment options they would not have without broadband access.

Respectfully,

A handwritten signature in black ink that reads "Scott Adkins". The signature is written in a cursive style and is enclosed in a thin black rectangular box.

Scott Adkins
Senior Manager
AARP Foundation
West Virginia Programs



Dr. Steven L. Paine, State Superintendent of School
1900 Kanawha Boulevard, East, Building 6
Charleston, West Virginia 25305-0330
Phone: 304-957-9833
Fax: 304-558-0048

August 12, 2009

Mr. Russell Fry, Executive Director
WorkForce West Virginia
112 California Avenue
Charleston, West Virginia 25305

Dear Mr. Fry:

The West Virginia Department of Education's Office of Adult Education and Workforce Development is pleased to support your planned activities of the Broadband Data and Development grant through the Department of Commerce. This broadband initiative will increase the capacity in resource centers and benefit all customers as well as the state of West Virginia by providing improved access to information needed by jobseekers, employers, Adult Basic Education, and WIA partners in the delivery of services.

The West Virginia Department of Education's Office of Adult Education and Workforce Development proposes in-kind support for this grant initiative the collaborative efforts of our Regional Coordinators of Adult Education. These coordinators devote approximately 12% of their time working with WIA staff and coordinating services. The estimated in-kind support we offer for this project is staff time valued at \$86,200 annually.

If we can be of further assistance or if you need additional information, feel free to contact me at 304-558-0280. Best wishes on a successful grant application.

Sincerely,

A handwritten signature in black ink that reads "W. A. Wilcox". The signature is fluid and cursive.

W. A. Wilcox, Executive Director
Office of Adult Education and Workforce Development

BW/dkc

WEST VIRGINIA BOARD OF EDUCATION
2009-2010

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STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Joe Manchin III
Governor

Martha Yeager Walker
Secretary

August 13, 2009

Robert Fernatt
Information Systems Manager
WorkForce West Virginia
112 California Avenue
Charleston, WV 25305

Mr. Fernatt,

The West Virginia Statewide Immunization Information System (WVSIIS) program recently learned of WorkForce West Virginia's proposed plan to equip the existing computer centers with additional machines and to modernize the centers with current hardware and faster, broadband capable connections. Especially in rural areas of the state, it is difficult to locate computer centers with enough capacity and speed to support the needs of WVSIIS trainings. Even in more populated areas, the few centers that exist are sometimes unavailable due to high demand. WVSIIS staff currently use computer centers throughout the state to provide on-going training to medical facility personnel on the proper use of the WVSIIS application.

As you may know, childhood immunizations against disease are a critical component of public health not only for children, but for all West Virginia citizens. A specific schedule of vaccinations are mandated by state law and required before children can enter school or daycare settings.

Because of the importance of childhood immunization, the frequent need for on-line training facilities, and the lack of available and capable computer centers, we are very interested in the availability of the proposed WorkForce computer centers and are supportive of your efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Neely".

Tim Neely
WVSIIS Registry Manager

Office of Epidemiology and Prevention Services
Division of Immunization Services
350 Capitol Street, Room 125
Charleston, West Virginia 25301-3715
(304) 558-6451

**WorkForce West Virginia
Fiscal and Administrative Management
State Fiscal Year 2010 Budget**

Divisions	Budget
Executive Director	360,000.00
Board of Review	990,000.00
Perf/Mgmt Analys	1,065,000.00
FAM	2,400,000.00
GGWF	195,000.00
Admin. Sppt/HR	650,000.00
Federal Program	1,150,000.00
One Stop	12,550,000.00
DW/ES Programs	2,150,000.00
UC/Legal	5,800,000.00
RIA	1,300,000.00
IS&C	1,850,000.00
MACC	850,000.00
Total	31,310,000.00
Projected Available Funds SFY 2010	31,289,177.00