



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

Header @ 2

Procurement Folder: 697195

SO Doc Code: CRFQ

Procurement Type: Central Contract - Fixed Amt

SO Dept: 0203

Vendor ID:

SO Doc ID: CPR2000000003

Legal Name: SUTTLE & STALNAKER PLLC

Published Date: 4/29/20

Alias/DBA:

Close Date: 5/4/20

Total Bid: \$1,156,000.00

Close Time: 13:30

Response Date:

Status: Closed

Response Time:

Solicitation Description:

Total of Header Attachments: 2

Total of All Attachments: 2



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

**State of West Virginia
 Solicitation Response**

Proc Folder : 697195

Solicitation Description : Addendum No. 2 Assurance/Audit Services & CAFR Technical

Proc Type : Central Contract - Fixed Amt

Date issued	Solicitation Closes	Solicitation Response	Version
	2020-05-04 13:30:00	SR 0203 ESR05042000000006390	1

VENDOR
000000202390 SUTTLE & STALNAKER PLLC

Solicitation Number: CRFQ 0203 CPR2000000003

Total Bid : \$1,156,000.00 **Response Date:** 2020-05-04 **Response Time:** 11:18:33

Comments:

FOR INFORMATION CONTACT THE BUYER
 Melissa Pettrey
 (304) 558-0094
 melissa.k.pettrey@wv.gov

Signature on File	FEIN #	DATE
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All offers subject to all terms and conditions contained in this solicitation

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Government Auditing Services - 1st Year				\$264,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description : Auditing Services & Technical Assistance. Year 1

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	Government Auditing Services - 2nd Year Optional Renewal				\$284,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description : Optional Renewal. Year 2
Auditing Services & Technical Assistance.

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	Government Auditing Services - 3rd Year Optional Renewal				\$299,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description : Optional Renewal. Year 3
Auditing Services & Technical Assistance.

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	Government Auditing Services - 4th Year Optional Renewal				\$309,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description : optional Renewal. Year 4.
Auditing Services & Technical Assistance.

COMMITMENT TO SERVE

**The West Virginia
Consolidated Public Retirement Board**

The West Virginia Consolidated Public Retirement Board

Assurance/Audit Services & CAFR Technical Assistance

Response to Request for Quotation
CRFQ 0203 CPR2000000003

Suttle & Stalnaker, PLLC
The Virginia Center, Suite 100
1411 Virginia Street East
Charleston, West Virginia 25301
(304) 343-4126
(800) 788-3844

Contact Person:



Chris Deweese, CPA, CGMA, Member
CDeweese@suttlecpas.com

May 4, 2020

TRANSMITTAL LETTER

May 4, 2020

The West Virginia Consolidated Public Retirement Board
4101 MacCorkle Avenue South East
Charleston, West Virginia 25304

We are pleased to submit our proposal to audit the general purpose financial statements, Comprehensive Annual Financial Report, and the allocation schedules of the West Virginia Consolidated Public Retirement Board (the CPRB). We demonstrate in the attached proposal that we exceed your mandatory qualifications, understand your Request for Quotation and service needs, and commit to meeting all of your requirements within the specified time periods.

Suttle & Stalnaker, PLLC, has served on the single audit team for the State of West Virginia since 1986, and is extremely knowledgeable of State government operations. Suttle & Stalnaker, PLLC is excited about assisting the CPRB, and will manage all services from our Charleston office.

The team which we have assembled to serve CPRB has a long-standing relationship with the State of West Virginia, which means that we know and understand the difficult issues and how to address them. Our primary team members are located in Charleston, West Virginia, providing CPRB with **local access** to their professional accounting firm and team members when management advisory services are needed.

Our client service team's professional knowledge and understanding of West Virginia State government, along with the cost effective total client service plan we have developed distinguishes us from the competition.

Selecting the Suttle & Stalnaker, PLLC team to serve CPRB provides you with a number of important advantages:

➤ **Experience.** Suttle & Stalnaker, PLLC is committed to serving CPRB. To demonstrate this commitment, we have organized a team to serve you that has experience serving the State of West Virginia in prior years as follows:

- West Virginia Consolidated Public Retirement Board
- The West Virginia Offices of the Insurance Commission
- West Virginia Workers' Compensation Division
- West Virginia Bureau of Employment Programs

The Virginia Center
1411 Virginia Street, East | Suite 100
Charleston, WV 25301

MAIN (304) 343-4126
FAX (304) 343-8008

Towne Square | 201 Third Street
PO Box 149
Parkersburg, WV 26102

MAIN (304) 485-6584
FAX (304) 485-0971

Wharf District
68 Clay Street | Suite C
Morgantown, WV 26501

MAIN (304) 554-3371
FAX (304) 554-3410

suttlecpas.com
cpa@suttlecpas.com

- West Virginia Department of Transportation
- West Virginia Division of Corrections and Rehabilitation
- West Virginia Parkways Authority
- West Virginia Public Employees Insurance Agency
- West Virginia Division of Highways
- State of West Virginia - Single Audit
- West Virginia Lottery

In addition, our team members have provided extensive services for the State of West Virginia, including but not limited to the following:

- West Virginia Workers' Compensation Division employer field audits
- Service on the GASB 34 Implementation task force
- Single Audit for State of West Virginia
- Cost Allocation Services
- Provider Audits for the Department of Health
- Consulting Services for Consolidated Public Employees Retirement
- Audit/Consulting Services for PEIA
- Audit/Consulting Services for the West Virginia Board of Risk & Insurance Management
- Audit/Consulting Services for other Departments, Division, and Component Units of the State of West Virginia

- **Understanding significant issues** - As an example of Suttle & Stalnaker, PLLC's commitment to helping resolve significant issues before they become problems, Suttle & Stalnaker, PLLC served in an advisory capacity on the State of West Virginia GASB 34 implementation task force.
- **Training** - Our commitment to training our staff to effectively serve the governmental market is demonstrated by the fact that virtually all of our audit staff are trained in governmental auditing and accounting.
- **Membership in Allinial Global (Allinial)** - Allinial Global includes over 100 member firms throughout the United States, Canada, and Mexico. Allinial offers a network of experience and expertise covering a wide range of industries and client services on a regional, national and international basis. Allinial is considered the premier professional association for independent CPA firms.
- **Membership in AICPA Audit Quality Centers** - The Firm belongs to both the Governmental Audit Quality Center and the Employee Benefit Plans Audit Quality Center established by the American Institute of Certified Public Accountants. Membership in the audit quality centers requires specific rigorous policies and procedures regarding quality control, education and training, and provides the Firm with additional resources from the Centers in the form of webcasts, email blasts and technical support from the Centers' websites or telephone access to Center personnel.
- **Technology** - Suttle & Stalnaker, PLLC uses extensive automated techniques in their client service plans and will work with CPRB to provide electronic copies of needed files in the format designated by CPRB.

- **Continuous communication** about new ideas, opportunities, vulnerabilities, and management issues with key management personnel to invigorate thinking and action, and giving you access to the professional and regulatory information and intelligence you need year-round.
- **Competitive fees.** Our record is one of providing high quality services for a fair fee. Our audit approach, our use of technology, and our people all work together for this goal.
- **Unmatched commitment to the State of West Virginia.** Suttle & Stalnaker, PLLC has demonstrated their commitment to the State of West Virginia being part of the State's business community for over 43 years.

We will serve CPRB in a dedicated manner and you will be a high priority client of our office. We would appreciate the opportunity to meet personally to further discuss this written proposal. We possess all of the technical and professional qualifications to serve CPRB in the most effective manner. Please feel free to contact Chris Deweese in respect to any questions you may have concerning this proposal. This proposal is a firm and irrevocable offer for ninety (90) days.

Very truly yours,

A handwritten signature in cursive script that reads "Suttle & Stalnaker, PLLC".

Suttle & Stalnaker, PLLC

QUALIFICATIONS PER SPECIFICATIONS SECTION 3
OF THE RFQ

SPECIFICATIONS

3. QUALIFICATIONS: *Vendor, or Vendor's staff if requirements are inherently limited to individuals rather than corporate entities, shall have the following minimum qualifications:*

3.1 *The proposing firm must be independent of the CPRB and the State of West Virginia. The proposing firm must be licensed to practice in West Virginia before commencement of work under the resulting contract.*

Vendor Response:

LICENSE TO PRACTICE IN WEST VIRGINIA

Suttle & Stalnaker, PLLC and all assigned key professional staff are properly licensed by the West Virginia Board of Accountancy to practice in West Virginia. All assigned key professional staff are properly licensed by the West Virginia Board of Accountancy to practice in the State of West Virginia. We are in good standing with BrickStreet Insurance and the Unemployment Compensation Division of the Workforce West Virginia as required by law.

In addition, all assigned personnel have received adequate continuing professional education within the preceding two years to comply with AICPA and *Government Auditing Standards (GAS)*. Suttle & Stalnaker, PLLC is a member in good standing with the American Institute of Certified Public Accountants (AICPA), the AICPA's Private Companies Practice Section, and the West Virginia Society of Certified Public Accountants (CPAs).

Suttle & Stalnaker, PLLC meets all requirements imposed by the State of West Virginia and other local laws, rules and regulations, and are registered resident vendors authorized to transact business with the State of West Virginia.



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The entity listed below was issued a
FIRM PERMIT
for the period beginning
July 1, 2019 through June 30, 2020

F0090A
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086



Board President



Executive Director



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The entity listed below was issued an
Authorization to Perform
Attest and/or Compilation Services
for the period beginning
July 1, 2019 through June 30, 2020

F0090A
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086


Board President


Executive Director

- 3.2 All directors, principals or partner equivalents on the engagement must be licensed CPAs with at least five (5) years of audit experience with governmental entities and multi-employer defined benefit retirement plans/systems. All manager level employees on this engagement must be CPAs with three (3) years of experience on governmental engagements and multi-employer defined benefit retirement plans/systems. The firm should provide, in its proposal, resumes for each proposed engagement team member. Vendor must provide any documentation requested by the State to assist in confirmation of compliance with this provision. References, documentation, or other information to confirm compliance with this experience requirement are preferred with the bid submission but may be requested after bid opening and prior to contract award. The CPRB retains the right to approve or reject replacements engagement team members based upon their qualifications, experience or performance throughout the life of the contract.**

Vendor Response:

PERSONNEL QUALIFICATIONS AND EXPERIENCE

We firmly believe that the true quality of service can be linked directly to competent people dedicated to excellence. The professionals selected to serve the CPRB all have extensive governmental experience and prior CPRB experience. We will provide for an organizational structure that ensures ongoing and knowledgeable supervision by management already familiar with the CPRB to ensure maximum efficiency.

The following individuals will have responsibility to ensure that our services meet your requirements and have the experience over the last four years with the CPRB financial audits. Their CPA licenses and their resumes are included below.

Chris Deweese, CPA, CGMA

Chris Deweese will continue to serve as Engagement Member. He will be responsible for the direct supervision of the engagement, including ensuring that all professional standards are met. He will act as a direct liaison between Suttle & Stalnaker, PLLC and your personnel during the engagement and throughout the year. He has served as Suttle & Stalnaker, PLLC member responsible for ensuring the execution of the financial audit of the West Virginia Consolidated Public Retirement Board and of Suttle & Stalnaker's portions of the State of West Virginia's Single Audit, including participating in planning, entrance and exit conferences, addressing issues, and review of workpapers and findings. He has over 25 years experience in auditing with over 25 years experience auditing governmental entities and programs. Chris has been the engagement partner on the last four years of the CPRB engagement. Chris also has over five years experience with government entities and multi-employer defined benefit retirement plans/systems. Chris served on the State of West Virginia GASB 34 implementation task force on both the entity wide financial statement committee and the oversight committee.

Name: Chris Deweese, CPA, CGMA, Member
Address: Suttle & Stalnaker, PLLC
The Virginia Center, Suite 100
1411 Virginia Street East
Charleston, West Virginia 25301
Telephone: (304) 720-3107 direct
(304) 343-4126 main
Fax: (304) 343-8008
Email: CDeweese@suttlecpas.com

Chris Lambert, CPA, CGMA, CCIFP

Chris Lambert will serve as Independent Review Member, performing a cold review of the financial statements to provide additional assurance that the financial statements are free of material error and that disclosures are adequate. He has served as engagement member for numerous governmental and not-for-profit organizations. He has over 30 years experience in auditing governmental entities, nonprofit organizations, and programs, including serving as engagement member for West Virginia Division of Highways from 2017 to 2019. Chris also have over five years experience with governmental entities and multi-employer defined benefit retirement plans/systems. He has also served as engagement member for the audits of the seventeen West Virginia Public Defender Services Judicial Circuits, the West Virginia Racing Commission, the West Virginia Parkways Authority, and the West Virginia Regional Jail and Correctional Facility Authority.

Horace Emery, CPA

Horace Emery will serve as the technical consultant and be available to assist the engagement team when technical issues arise. Horace has over 35 years experience including over five years of experience with governmental entities and multi-employer defined benefit retirement plans/systems.

Ryan Mink, CPA

Ryan Mink, CPA, Manager, will be responsible for carrying out the audit plan and supervising staff accountants assigned to the project. He has over 12 years of experience, and has served as the manager for the last four CPRB audits.

Evan Shamblin, CPA

Evan Shamblin, Supervisor, will be responsible for supervising staff assigned during the course of the engagement, and executing the engagement plan. Evan has over 5 years of experience in public accounting, and audits of governmental entities, including the 2016 through 2019 CPRB audits.

CPA Licenses

<p>State of West Virginia West Virginia Board of Accountancy 405 Capitol Street, Suite 908 Charleston, WV 25301-1744 (304) 558-3557</p> <p><i>The person indicated below is licensed as a</i> Certified Public Accountant <i>for the period beginning</i> <i>July 1, 2019 through June 30, 2020</i></p> <p>CHRISTOPHER D DEWEESE SUTTLE & STALNAKER PLLC 1411 VIRGINIA ST E STE 100 CHARLESTON WV 25301-3086</p> <p> Board President  Executive Director</p>	<p>State of West Virginia West Virginia Board of Accountancy 405 Capitol Street, Suite 908 Charleston, WV 25301-1744 (304) 558-3557</p> <p><i>The person indicated below is licensed as a</i> Certified Public Accountant <i>for the period beginning</i> <i>July 1, 2019 through June 30, 2020</i></p> <p>CHRISTOPHER S LAMBERT SUTTLE & STALNAKER PLLC 1411 VIRGINIA ST E STE 100 CHARLESTON WV 25301-3086</p> <p> Board President  Executive Director</p>
<p>State of West Virginia West Virginia Board of Accountancy 405 Capitol Street, Suite 908 Charleston, WV 25301-1744 (304) 558-3557</p> <p><i>The person indicated below is licensed as a</i> Certified Public Accountant <i>for the period beginning</i> <i>July 1, 2019 through June 30, 2020</i></p> <p>HORACE W. EMERY SUTTLE & STALNAKER PLLC 1411 VIRGINIA ST E STE 100 CHARLESTON WV 25301-3086</p> <p> Board President  Executive Director</p>	<p>State of West Virginia West Virginia Board of Accountancy 405 Capitol Street, Suite 908 Charleston, WV 25301-1744 (304) 558-3557</p> <p><i>The person indicated below is licensed as a</i> Certified Public Accountant <i>for the period beginning</i> <i>July 1, 2019 through June 30, 2020</i></p> <p>ERSKINE RYAN MINK SUTTLE & STALNAKER PLLC 68 CLAY STREET Suite C</p> <p> Board President  Executive Director</p>
<p>State of West Virginia West Virginia Board of Accountancy 405 Capitol Street, Suite 908 Charleston, WV 25301-1744 (304) 558-3557</p> <p><i>The person indicated below is licensed as a</i> Certified Public Accountant <i>for the period beginning</i> <i>July 1, 2019 through June 30, 2020</i></p> <p>EYAN MATTHEW SHAMBLIN 374 WILDLIFE WAY CLENDENIN WV 26045</p> <p> Board President  Executive Director</p>	

Suttle & Stalnaker, PLLC engages Cavanaugh Macdonald Consulting LLC to provide third party actuarial review of the assumptions and calculations used by the West Virginia Consolidated Public Retirement Board. Cavanaugh Macdonald Consulting LLC has provided the third party actuarial review for the 2016 - 2019 audits. The resumes of the actuaries involved in the review of the plans are included.

3.3 The proposing firm must have experience auditing/consulting with three (3) different state (does not have to be West Virginia) government entities (agencies) over the past five (5) years. In its proposal, the proposing firm must submit a list of those state audits/consulting engagements.

Vendor Response:

FIRM QUALIFICATIONS AND EXPERIENCE

Suttle & Stalnaker, PLLC, Certified Public Accountants, has offices located at 1411 Virginia Street East, The Virginia Center, Suite 100, Charleston, West Virginia 25301; at Towne Square, PO Box 149, Parkersburg, West Virginia 26102; and at Wharf District, 68 Clay Street, Suite C, Morgantown, WV 26501. **The Firm currently consists of the following personnel: members/partners - 14, managers, seniors and staff accountants - 51, support staff - 15. We have 39 accounting professionals on staff that hold a CPA certificate in West Virginia.** Currently there are approximately 12 individuals in our governmental audit staff. The work performed will be coordinated by our Charleston office. We anticipate 4 to 5 full-time personnel assigned to the engagement. Various members and employees of the Firm are members of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, Government Finance Officers' Association, and other professional organizations. **Suttle & Stalnaker, PLLC has been in business since 1973 and has performed governmental audits for over 46 years.**

We are experienced in and perform a full range of activities. Our professionals are organized according to their functional discipline: accounting and auditing, tax and tax consulting, and management consulting. We consider ourselves business advisors who not only solve problems but also prevent them.

STATE OF WEST VIRGINIA, AND CPRB

Suttle & Stalnaker, PLLC audited the CPRB's financial statements from 2016 through 2019. In addition, Suttle & Stalnaker, PLLC has a long history of serving the State of West Virginia having served virtually every major division and department in some capacity, including participating as a joint venturer/subcontractor in every Single Audit of the State of West Virginia.

Other engagements with the State of West Virginia have included auditing component units, divisions or programs to be incorporated into the State of West Virginia's Comprehensive Annual Financial Reports. These engagements have included the West Virginia Division of Highways, West Virginia Department of Transportation, several state colleges and the West Virginia Economic Development Authority. These engagements demonstrate our ability to meet the time parameters required by the Department of Administration's Financial and Reporting Section, as well as our ability to effectively and efficiently complete audits in complex State environments.

OUR GOVERNMENT AND NONPROFIT PRACTICE

Suttle & Stalnaker, PLLC has specialized in governmental and nonprofit agency auditing and accounting for over 46 years. This segment currently makes up the largest industry concentration of our audit practice, with our professional staff spending well over 25,000 hours per year on audits of governmental and nonprofit entities and programs. Virtually all of the governmental audits are for financial statements prepared in accordance with accounting standards promulgated by the Governmental Accounting Standards Board (GASB). Every member of our audit staff has both training and experience in governmental and nonprofit accounting and auditing.

The State of West Virginia and its departments, divisions, and component units are the cornerstone of our government practice. Through a joint venture, we participate in the audit of the State of West Virginia's financial statements, and perform extensive work related to the requirements of the Single Audit Act and Office of Management and Budget's Circular A-133. In addition, Suttle & Stalnaker, PLLC personnel provided assistance with the State's GAAP conversion project and initial Comprehensive Annual Financial Report. Our Firm has served numerous other governmentally and nonprofit funded clients and similar entities requiring audits in accordance with *Government Auditing Standards*, developing a strong reputation for providing quality services in the West Virginia market. This preeminence in governmental and nonprofit services is not the result of casual experience acquired through an on-going accounting practice. Rather, it results from the commitment of our Firm to the highest standards of service in the governmental and nonprofit sector.

GFOA CERTIFICATE OF EXCELLENCE EXPERIENCE

Only a few entities in West Virginia have applied for and obtained a GFOA Certificate of Excellence in Financial Reporting. We have worked with the City of Charleston, West Virginia Parkways Authority, West Virginia Division of Highways, the West Virginia Consolidated Retirement Board, the West Virginia Public Employee's Insurance Agency and the West Virginia Lottery, all of whom successfully obtained the GFOA Certificate of Excellence. In addition, the State of West Virginia, our client through joint ventures with Ernst & Young, LLP and Deloitte & Touche, LLP, obtained the GFOA Certificate of Excellence. Also, Chris Deweese of our firm has served as a GFOA reviewer in the GFOA Certificate of Excellence program. As stated in the Suttle & Stalnaker, PLLC mission statement, we are continually striving to "provide world class professional services to quality clients by utilizing a team of dynamic individuals and advanced technology to achieve success for our clients and ourselves." If the CPRB wishes to pursue a GFOA Certificate of Excellence in Financial Reporting, we will be pleased to assist.

CLIENTS SERVED

The following list illustrates Suttle & Stalnaker, PLLC's experience and diversity in serving governmental clients and similar entities:

- West Virginia Consolidated Public Retirement Board
- West Virginia Offices of the Insurance Commissioner
- West Virginia Workers' Compensation Division
- WORKFORCE West Virginia
- West Virginia Bureau of Employment Programs
- Division of Workers' Compensation - Employer Field Audits
- West Virginia Public Defender Corporations - total of 17 separate audits
- Single Audit of State of West Virginia, including the following:

- Bureau of Employment Programs
 - Unemployment Insurance Programs
 - Employment Services
 - JTPA Programs
 - WIA Programs
- West Virginia Development Office
 - Community Development Block Grant Program
- Department of Health and Human Resources
 - Temporary Assistance for Needy Families
 - Social Services Block Grant
 - Low Income Housing and Emergency Assistance
 - Women's, Infant's and Children's
 - Foster Care - Title IV
 - Child Care Development Fund
 - Substance Abuse
 - Child Support Enforcement
 - Medicaid
 - Food Stamp Cluster
- Department of Education
 - Child Nutrition Cluster
 - Office of Special Education
 - Vocational Education
 - Title I - Grants to Local Education Agencies
- Division of Environmental Protection
 - Office of Abandoned Mine Lands
 - Office of Surface Mining
 - Capitalization Grants for State Revolving Loan Funds
- West Virginia Lottery - Drawing Auditors
- West Virginia Lottery - Consultant regarding review of Video Lottery Licensees
- West Virginia Lottery - Financial Statements Audit
- West Virginia Water Pollution Control Revolving Fund
- Twelve County Boards of Education - Single Audits
- Three Regional Education Service Agencies - Single Audits
- Systems and Controls Consulting for West Virginia Treasurer's Office
- West Virginia PEIA
- West Virginia PERS
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Parkways Authority
- Southern West Virginia Community & Technical College
- Bluefield State College
- New River Community & Technical College
- Concord University
- West Virginia School of Osteopathic Medicine
- West Virginia University
- Marshall University
- Fairmont State College
- West Virginia State College
- BCKP Regional Intergovernmental Council - Single Audit



CHRIS DEWEESE, CPA, CGMA
Suttle & Stalnaker, PLLC Audit Engagement Member

Role

Chris will be responsible for performing review of all audit reports, financial statements, and reports issued on the engagement. He will also be available as a technical resource on the engagement.

Experience

Chris has over 25 years of experience in public accounting. He has worked on the following clients:

- West Virginia Consolidated Public Retirement Board
- West Virginia Division of Highways
- West Virginia Department of Transportation
- West Virginia State Rail Authority
- WORKFORCE West Virginia
- West Virginia Lottery
- West Virginia Public Employees Insurance Agency
- State of West Virginia, Single Audit, including the following:
 - 8 County Boards of Education - Single Audit
- Concord University
- Bluefield State College
- West Virginia School of Osteopathic Medicine
- Southern West Virginia Community & Technical College
- New River Community & Technical College
- GASB 68 experience

Education

Chris graduated with a Bachelor's degree with a major in accounting from the University of Charleston. He is a certified public accountant having received certificate number 3961 from the State of West Virginia. He has also achieved the designation of Chartered Global Management Accountant.

Professional Activities

Chris is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, the Government Finance Officers Association, the Association of School Business Officials, and the Charleston Chapter of the West Virginia Society of Certified Public Accountants. Chris is the current President and member of the Executive Committee of the West Virginia Society of Certified Public Accountants. In addition, he currently serves or has served on the Accounting Procedures Committee of the Association of School Business Officials, the Special Review Committee of the Government Finance Officers Association for the GFOA Certificate of Excellence in Financial Reporting and is an associate member of the Association of Certified Fraud Examiners. Chris is the 2004 recipient of the Young CPA of the Year Award from the West Virginia Society of Certified Public Accountants. Chris is also a frequent speaker and serves on several nonprofit boards in the community.

Continuing Professional Education Records for Chris Deweese:

SPONSOR	DATE	DESCRIPTION	HOURS
2017			
WV Society of CPAs	01/20/2017	Cabinet Meeting	4.5
Suttle & Stalnaker, PLLC	01/10/2017	Proposals Revisited: Content Creation and Customization	1
Charleston Chapter of the WVSCPA	05/16/2017	Reflections on a Half-Century in the Accounting Profession and a Look Ahead	1
WV Society of CPAs	05/12/2017	Committee Day	3
AICPA	05/02/2017	2017 GAQC Annual Update Webcast	2
Suttle & Stalnaker, PLLC	06/29/2017	Tax Presentation and Going into Business in WV Manual	9
AuditWatch	06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	8
State of WV - FARS	06/23/2017	FARS Closing Book Training	2
WV Society of CPAs	06/14-17/2017	Annual Meeting at The Greenbrier	3.5
WV Dept. of Education	07/18-20/2017	A Midsummer Night's Conference	4.5
Charleston Chapter of WVSCPA	07/26/2017	Charleston Area Economic Development Initiatives	1
WV Society of CPAs	08/30-09/01/2017	2017 WB Chamber of Commerce Annual Meeting & Business Summit	2
Suttle & Stalnaker, PLLC	08/07/2017	Revenue Recognition Mastering the New FASB Requirements	8
Suttle & Stalnaker, PLLC	10/24/2017	Standard Settings Update	1
Suttle & Stalnaker, PLLC	12/08/2017	Independence Standards, AICPA, SEC & Attest Engagements	1
			51.5
2018			
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
WV Society of CPAs	01/19/2018	Cabinet Meeting	4
WV Society of CPAs	01/29/2018	Legislative Seminar and Reception	4.5
WV Society of CPAs	05/11/2018	Committee Day	3
AICPA	05/08/2018	2018 GAQC Annual Update Webcast	2
Suttle & Stalnaker, PLLC	05/18/2018	Census Data Testing	1
WV Society of CPAs	06/20-23/2018	Annual Meeting at the Greenbrier	6.5
CAMICO	06/18/2018	Loss Prevention In-Firm Presentation, Accounting Ethics: A Risk Management Perspective	2
CT Corporation - Wolters Kluwer	06/05/2018	The Corporation vs. The LLC	1
WV Society of CPAs	06/20-23/2018	Annual Meeting at the Greenbrier	4.5
WV Dept. of Education	07/17-19/2018	The Greatest Finance Show On Earth Conference	6.5
Suttle & Stalnaker, PLLC	07/10/2018	Advanced Topics in a Single Audit	6.5
Suttle & Stalnaker, PLLC	07/17/2018	Auditing Accounting Estimates - SEC and AS Standards	2
WV Society of CPAs	08/29-31/2018	2018 WV Chamber of Commerce Annual Meeting & Business Summit	1.5
AGA Charleston Chapter	11/08/2018	Fall Conference	6.5
AGA Charleston Chapter	11/08/2018	Fall Conference	1.5
Suttle & Stalnaker, PLLC	11/12/2018	Not-for-Profit Accounting and Auditing Update	2.5
WVSCPA Charleston Chapter	12/05/2018	President WVSCPA	1
Surgent McCoy CPE, LLC	12/10/2018	Accounting & Auditing Update (ACAU)	8
			66.5

Continuing Professional Education Records for Chris Deweese:

SPONSOR	DATE	DESCRIPTION	HOURS
2019			
WV Society of CPAs	01/18/2019	Cabinet Meeting	4
Suttle & Stalnaker, PLLC	02/14/2019	IT Audit and Consulting Services	1
Suttle & Stalnaker, PLLC	02/21/2019	Understanding the Changes to Yellow Book Independence	1
Suttle & Stalnaker, PLLC	04/30/2019	GAQC Single Audit Update	2.5
WV Society of CPAs	05/03/2019	Committee Day	3
WV Society of CPAs	06/19-22-2019	Annual Meeting	5.5
State of WV - FARS	06/13/2019	FARS Closing Books Training for Audited Agencies	1
Suttle & Stalnaker, PLLC	06/06/2019	Governmental Pensions: Prepare for a Changing Landscape	4
WV Society of CPAs	06/19-22-2019	Annual Meeting	4.5
WV Society of CPAs	06/19-22-2019	Annual Meeting	4.5
Suttle & Stalnaker, PLLC	06/25/2019	The Ultimate Guide to Referral Source Development	1
WV Department of Education	07/16-18/2019	You Had Me at Aloha Conference	7.5
CAMICO	08/05/2019	Ethical Dilemmas and War Stories: What Would You Do?	2
Suttle & Stalnaker, PLLC	08/09/2019	Uniform Guidance Training Session	4
Charleston Chapter of WVSCPA's	08/08/2019	WV Development Office Update	1
AICPA	10/18-20/2019	AICPA & CPA/SEA Leadership Conference	6.5
AICPA	10/18-20/2019	AICPA & CPA/SEA Leadership Conference	3
Parkersburg Chapter of WVSCPA's	11/14/2019	WVSCPA's Update - Student Night	1
Suttle & Stalnaker, PLLC	11/15/2019	Guide and Update to Compilations and Reviews	2
Surgent CPE	12/16/2019	Annual Accounting & Auditing Update	8
Charleston Chapter of WVSCPA's	12/3/2019	WV Society President's Update	3
Suttle & Stalnaker, PLLC	12/17/2019	Audit Data Analytics in a Governmental Environment	4
			74
		Grand Total	192



CHRIS S. LAMBERT, CPA, CGMA
Suttle & Stalnaker, PLLC Audit Member

Engagement Responsibilities

Chris will serve as the independent review partner.

Experience

Chris has been engagement or reviewing partner for several state agencies. Chris has over 30 years of public accounting experience. He has extensive consulting and audit experience. His client service experience includes wholesale, pension, nonprofit and governmental entities. He also has experience in accounting systems, internal audit assistance, financial reporting consultation, audit preparation consulting, internal control systems, and operational improvement reviews. Chris has served as an auditor for the following clients:

- 15 Employee Benefit and Pension Plans
- West Virginia Parkways Authority
- West Virginia Lottery
- West Virginia Division of Highways
- West Virginia Regional Jail Authority
- West Virginia Racing Commission
- West Virginia Regional Technology Park
- State of West Virginia, Single Audit
- West Virginia Public Defender Corporations – 17 Judicial Circuits
- Cabell County Commission – Single Audit
- Kanawha County Commission – Single Audit
- City of Charleston – Single Audit
- BCKP Regional Intergovernmental Council – Single Audit
- GASB 68 experience

Education

Chris has a bachelor's degree with a major in accounting from Marshall University. He is a certified public accountant having received certificate number 3212 from the West Virginia Board of Accountancy.

Professional Activities

Chris is a member of the American Institute of Certified Public Accountants (AICPA), West Virginia Society of Certified Public Accountants (WVSCPA), Association of Governmental Accounts (AGA), the Charleston Chapter of AGA, and the Charleston Chapter of the WVSCPA. He has also achieved the designation of Chartered Global Management Accountant. Chris also serves on several nonprofit boards in the community.

Continuing Professional Education Records for Chris Lambert:

SPONSOR	DATE	DESCRIPTION	HOURS
2017			
Suttle & Stalnaker, PLLC	01/10/2017	Proposals Revisited: Content Creation and Customization	1
WV Society of CPAs	02/27/2017	Legislative Seminar and Reception	4.5
Charleston Chapter of the WVSCPA	05/16/2017	Reflections on a Half-Century in the Accounting Profession and a Look Ahead	1
Suttle & Stalnaker, PLLC	06/13/2017	Overview of Pension Recent Developments	1
State of WV - FARS	06/23/2017	FARS Closing Book Training	2
AuditWatch	06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	8
WV Society of CPAs	08/30-09/01/2017	2017 WB Chamber of Commerce Annual Meeting & Business Summit	3.5
Suttle & Stalnaker, PLLC	08/03/2017	Mandatory EBPAQC Designated Partners 2017 Audit Planning Rebroadcast	2
Suttle & Stalnaker, PLLC	08/07/2017	Revenue Recognition Mastering the New FASB Requirements	8
Charleston Chapter of the WVSCPA	09/06/2017	Department of Revenue	1
Suttle & Stalnaker, PLLC	10/24/2017	Standard Settings Update	1
Charleston Chapter of the WVSCPA	11/15/2017	WV Oil & Natural Gas Association	1
AICPA	12/07-08/2017	Construction and Real Estate Conference 2017	1
AICPA	12/07-08/2017	Construction and Real Estate Conference 2017	8
Suttle & Stalnaker, PLLC	12/08/2017	Independence Standards, AICPA, SEC & Attest Engagements	1
Suttle & Stalnaker, PLLC	12/21/2017	2017 Federal Tax Update: Tax Reform - The Elephant in the Room	8
			52
2018			
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalnaker, PLLC	01/09/2018	Growth Culture	1.5
Suttle & Stalnaker, PLLC	01/18/2018	Uniform Guidance Year 3: A Deeper Dive Into Challenging Audit Areas	2.5
AICPA	01/12/2018	Multiple Employer Plan Audits	1
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalnaker, PLLC	04/24/2018	2018 Mandatory EBPAQC Designated Partner Audit Planning Webinar by AICPA	2
Suttle & Stalnaker, PLLC	05/07/2018	Multiemployer Plan Payroll Audits	1
Suttle & Stalnaker, PLLC	05/03/2018	Checkpoint Research	1
State of West Virginia - Dept. of Administration - FARS	06/14/2018	FARS Closing Book Training	2
CAMICO	06/18/2018	Loss Prevention In-Firm Presentation, Accounting Ethics: A Risk Management Perspective	2
Suttle & Stalnaker, PLLC	07/10/2018	Advanced Topics in a Single Audit	6.5
WV Society of CPAs	08/29-31/2018	2018 WV Chamber of Commerce Annual Meeting & Business Summit	8
Suttle & Stalnaker, PLLC	10/16/2018	The New Section 199A Deduction	3
Suttle & Stalnaker, PLLC	11/08-09/2018	2018 Tax Update	16
Suttle & Stalnaker, PLLC	11/12/2018	Not-for-Profit Accounting and Auditing Update	8
Surgent McCoy CPE, LLC	12/10/2018	Accounting & Auditing Update (ACAU)	8
WVSCPA Charleston Chapter	12/05/2018	President WVSCPA	1
			65.5

Continuing Professional Education Records for Chris Lambert:

SPONSOR	DATE	DESCRIPTION	HOURS
2019			
Suttle & Stalnaker, PLLC	02/14/2019	IT Audit and Consulting Services	1
Suttle & Stalnaker, PLLC	02/21/2019	Understanding the Changes to Yellow Book Independence	2.5
Suttle & Stalnaker, PLLC	04/30/2019	GAQC Single Audit Update	2.5
Suttle & Stalnaker, PLLC	04/26/2019	Managers and Supervisors Audit Planning - EBPAQC	2
Suttle & Stalnaker, PLLC	06/28/2019	Revenue Recognition Practical Application including Nonprofit Application	3.5
AICPA	06/06/2019	Mandatory EBPAQC Designated Partners 2019 Audit Planning	2
AICPA	06/20/2019	Business Management and Organization	2
Suttle & Stalnaker, PLLC	06/25/2019	The Ultimate Guide to Referral Source Development	1
State of WV - FARS	06/13/2019	FARS Closing Books Training for Audited Agencies	1
Surgent CPE	07/25/2019	Revenue Recognition for Long-Term Construction and Similar Contracts: Topic 606 Implementation Challenges	4
Suttle & Stalnaker, PLLC	08/09/2019	Uniform Guidance Training Session	4
CAMICO	08/05/2019	Ethical Dilemmas and War Stories: What Would You Do?	2
Suttle & Stalnaker, PLLC	11/15/2019	Guide and Update to Compilations and Reviews	4
Suttle & Stalnaker, PLLC	12/02/2019	2019 Federal Tax Update: Navigating the 2017 TCJA Two Years Later - Part 1	8
Surgent CPE	12/16/2019	Annual Accounting & Auditing Update	8
Suttle & Stalnaker, PLLC	12/03/2019	2019 Tax Update - Day 2	8
Suttle & Stalnaker, PLLC	12/17/2019	Audit Data Analytics in a Governmental Environment	4
Suttle & Stalnaker, PLLC	12/06/2019	Proactive Career Development	6
			65.5
			Grand Total 183



HORACE W. EMERY, CPA
Suttle & Stalnaker, PLLC Audit Member

Firm Responsibilities

Horace Emery is an audit partner whose responsibilities include providing technical assistance on all accounting and audit engagements. Horace will serve as the technical

consultant on this engagement.

Experience

He has had over 35 years of diversified experience in public accounting with the firms of Suttle & Stalnaker, PLLC and Peat, Marwick, Main & Co. His extensive experience includes audits of nonprofit, governmental and healthcare entities as well as audits of retail wholesale, and manufacturing companies; reviews of accounting systems; and reviews of internal controls.

He has served as the engagement partner or independent partner during the past several years for numerous clients, including the following:

- West Virginia Consolidated Public Retirement Board
- West Virginia Offices of the Insurance Commissioner
- West Virginia Workers' Compensation Division
- West Virginia Bureau of Employment Programs
- West Virginia Division of Highways
- West Virginia Department of Transportation
- West Virginia Lottery
- West Virginia PEIA - Financial and Compliance Audit
- West Virginia PEIA - Plan Document Compliance Review
- Minnesota Lottery
- State of West Virginia - Single Audit
- Appalachian Community Health Center, Inc.
- West Virginia Department of Education - Agreed-upon Procedures
- State of West Virginia - Internal control project for the State Treasurer's Office
- Boone County Board of Education - Single Audit
- Kanawha County Board of Education - Single Audit
- Pendleton County Board of Education - Single Audit
- Tyler County Board of Education - Single Audit
- Gilmer County Board of Education - Single Audit
- Doddridge County Board of Education - Single Audit
- Roane County Board of Education - Single Audit
- State of West Virginia School Building Authority
- BCKP Regional Intergovernmental Council
- GASB 68 experience

Education

Horace graduated from West Virginia University with a master's of business administration degree with an emphasis in accounting, and from Oberlin College with a Bachelor of Arts degree. He is a certified public accountant having received certificate number 1144 from the State of West Virginia.

Professional Activities

He is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Government Finance Officers Association. He currently serves on the Board of Directors, the Peer Review Committee and the Accounting and Auditing Committee of the West Virginia Society of Certified Public Accountants, and is a past Chair of the West Virginia Society of Certified Public Accountants Peer Review Committee and the Committee on Cooperation with State and Local Governments. He also was a past president of the Charleston, West Virginia Chapter of the EDP Auditors Association. He has planned local office professional development training programs for several years and has instructed several technical seminars. Horace also served on the State of West Virginia GASB 34 implementation task force on both the entity wide financial statement committee and the oversight committee.

Continuing Professional Education Records for Horace Emery:

SPONSOR	DATE	DESCRIPTION	HOURS
2017			
Suttle & Stalnaker, PLLC	01/10/2017	Proposals Revisited: Content Creation and Customization	1
WV Society of CPAs	05/12/2017	Committee Day	3
Suttle & Stalnaker, PLLC	06/13/2017	Overview of Pension Recent Developments	1
WV Society of CPAs	06/14-17/2017	Annual Meeting at The Greenbrier	4.5
WV Society of CPAs	06/14-17/2017	Annual Meeting at The Greenbrier	4
WV Society of CPAs	06/14-17/2017	Annual Meeting at The Greenbrier	3.5
State of WV - FARS	06/23/2017	FARS Closing Book Training	2
AuditWatch	06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	5
Suttle & Stalnaker, PLLC	08/03/2017	Mandatory EBPAQC Designated Partners 2017 Audit Planning Rebroadcast	2
Suttle & Stalnaker, PLLC	08/07/2017	Revenue Recognition Mastering the New FASB Requirements	8
NASBA Center for the Public Trust	10/29/2017	Scared Straight: White Collar Crime and Beyond	2
WV Board of Accountancy	11/29/2017	Required Annual Seminar for WV State Licensing Boards	6.5
Suttle & Stalnaker, PLLC	11/10/2017	Banking	7
Charleston Chapter of the WVSCPA	11/15/2017	WV Oil & Natural Gas Association	1
Charleston Chapter of the WVSCPA	12/13/2017	President WVSCPA	1
Suttle & Stalnaker, PLLC	12/08/2017	Independence Standards, AICPA, SEC & Attest Engagements	1
			52.5
2018			
WV Society of CPAs	01/29/2018	Legislative Seminar and Reception	4.5
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalnaker, PLLC	01/18/2018	Uniform Guidance Year 3: A Deeper Dive Into Challenging Audit Areas	2.5
Suttle & Stalnaker, PLLC	01/09/2018	Growth Culture	1.5
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalnaker, PLLC	02/27/2018	Ask the Regulators - Practical Examples of How Small Less Complex Community Banks Can Implement CELL	2
Suttle & Stalnaker, PLLC	03/29/2018	Consulting vs AUPs	1
Suttle & Stalnaker, PLLC	04/02/2018	Commercial Lending Compliance	2
Suttle & Stalnaker, PLLC	05/03/2018	Checkpoint Research	0.5
The Greater Kanawha Valley Foundation	05/23/2018	Vehicles for Personal Philanthropy: Donor Advised Funds vs. Private Foundations	1.5
WV Society of CPAs	05/11/2018	Committee Day	3
State of West Virginia - Dept. of Administration - FARS	06/14/2018	FARS Closing Book Training	2
WV Society of CPAs	06/20-23/2018	Annual Meeting at the Greenbrier	4.5
CAMICO	06/18/2018	Loss Prevention In-Firm Presentation, Accounting Ethics: A Risk Management Perspective	2
Suttle & Stalnaker, PLLC	06/26/2018	Lessons Learned from Public Company Adoption of ASC 606	1.5
WV Society of CPAs	06/20-23/2018	Annual Meeting at the Greenbrier	2
Suttle & Stalnaker, PLLC	07/17/2018	Auditing Accounting Estimates - SEC and AS Standards	2
Suttle & Stalnaker, PLLC	07/10/2018	Advanced Topics in a Single Audit	5

Continuing Professional Education Records for Horace Emery:

SPONSOR	DATE	DESCRIPTION	HOURS
2018			
The Greater Kanawha Valley Foundation	11/05/2018	Legacies State Here: Nonprofit Accounting Update and Tax Cuts and Jobs Act	1
Suttle & Stalnaker, PLLC	11/12/2018	Not-for-Profit Accounting and Auditing Update	8
Surgent McCoy CPE, LLC	12/10/2018	Accounting & Auditing Update (ACAU)	8
			56.5
2019			
Suttle & Stalnaker, PLLC	02/14/2019	IT Audit and Consulting Services	1
Suttle & Stalnaker, PLLC	02/21/2019	Understanding the Changes to Yellow Book Independence	2.5
Suttle & Stalnaker, PLLC	04/30/2019	GAQC Single Audit Update	2.5
WV Society of CPAs	05/03/2019	Committee Day	3
WV Society of CPAs	06/19-22-2019	Annual Meeting	2
WV Society of CPAs	06/19-22-2019	Annual Meeting	2.5
WV Society of CPAs	06/19-22-2019	Annual Meeting	4.5
Suttle & Stalnaker, PLLC	06/28/2019	Revenue Recognition Practical Application including Nonprofit Application	3.5
Suttle & Stalnaker, PLLC	06/25/2019	The Ultimate Guide to Referral Source Development	0.5
WV Board of Accountancy	06/03/2019	NASBA's 2019 Anti-Trust Training	1
NASBA	06/11-13/2019	2019 Eastern Regional Meeting	4
Suttle & Stalnaker, PLLC	07/09/2019	Bank Internal Auditing	2
CAMICO	08/05/2019	Ethical Dilemmas and War Stories: What Would You Do?	2
Suttle & Stalnaker, PLLC	08/09/2019	Uniform Guidance Training Session	4
Charleston Chapter of WVSCPA	09/04/2019	WV Economic and Regulatory Update	1
Suttle & Stalnaker, PLLC	11/15/2019	Guide and Update to Compilations and Reviews	4
Suttle & Stalnaker, PLLC	12/17/2019	Audit Data Analytics in a Governmental Environment	4
Suttle & Stalnaker, PLLC	12/06/2019	Proactive Career Development	6
Surgent CPE	12/16/2019	Annual Accounting & Auditing Update	8
Charleston Chapter of WVSCPA	12/3/2019	WV Society President's Update	1
			59
			Grand Total 168



Ryan Mink, CPA
Suttle & Stalnaker, PLLC Manager

Firm Responsibilities

Ryan Mink is a manager who works primarily in the audit and accounting areas of Suttle & Stalnaker, PLLC. His responsibilities include, but are not limited to, carrying out engagement plans, communication with clients during the course of the fieldwork, completion of final reports.

Experience

Ryan has approximately 12 years of experience during which time he has worked on:

- West Virginia Consolidated Public Retirement Board
- City of Parkersburg, including pension plan
- City of Wheeling, including pension plan
- City of Charleston, including testing of the City's pension plans
- 25 Employee Benefit and Pension Plans
- Municipal Pension Oversight Board
- Randolph County Commission
- Kanawha County Commission
- West Virginia Division of Highways
- West Virginia School of Osteopathic Medicine
- Concord University
- Southern West Virginia Community & Technical College
- Mingo County Board of Education
- Roane County Board of Education
- Tyler County Board of Education
- Doddridge County Board of Education
- Boone County Board of Education
- Summers County Board of Education

Education

Ryan graduated from Lee University with Bachelors' degrees in accounting and business administration. He is a certified public accountant having received certificate number 4812 from the State of West Virginia.

Professional Activities

Ryan is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Central Chapter of the West Virginia Society of Certified Public Accountants. Ryan is a former chair of the Recruiting and Career Opportunities committee for the West Virginia Society of Certified Public Accountants and graduate of both Leadership Kanawha Valley and Leadership Monongalia. Ryan is also the Treasurer of the Coalfield Youth Soccer League in Chapmanville, WV and a member of the board of the Foundry Church.

Continuing Professional Education Record for Ryan Mink:

SPONSOR	DATE	DESCRIPTION	HOURS
2017			
Suttle & Stalaker, PLLC	01/10/2017	Proposals Revisited: Content Creation and Customization	1
WV Society of CPAs	01/20/2017	Cabinet Meeting	4.5
WV Society of CPAs	02/27/2017	Legislative Seminar and Reception	4.5
NCWV Estate Planning Council	03/16/2017	Investment Fiduciaries: Shifting Standards of Care	1
AICPA	05/07-10/2017	Employee Benefit Plans Conference 2017	7.5
AICPA	05/08-10/2017	2017 Advanced Auditing for Defined Contribution Retirement Plans	15
AICPA	05/07-10/2017	Employee Benefit Plans Conference 2017	4.5
Allinial Global	05/10/2017	Employee Benefits Plans Roundtable: Nashville, TN	4
AICPA	05/07-10/2017	Employee Benefit Plans Conference 2017	2.5
Suttle & Stalaker, PLLC	06/13/2017	Overview of Pension Recent Developments	3
AuditWatch	06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	8
Suttle & Stalaker, PLLC	06/29/2017	S Corporation Tax Secrets: How to Turn S Corporations Into Tax-saving machines	2
Suttle & Stalaker, PLLC	06/01/2017	EBPAQC 401(k) Audit Basics Webinar 4-Part Series	8
Suttle & Stalaker, PLLC	09/01/2017	Governmental Pensions: Prepare for a Changing Landscape	4
NCWV Estate Planning Council	09/21/2017	Estate Planning for the Non-Estate Tax Sensitive	1
Suttle & Stalaker, PLLC	10/24/2017	Standard Settings Update	1
Smith Elliott Kearns & Company LLC	10/19/2017	Allinial Global Regional Tax Update	8
WVU Extension Service and IRS	11/2/2017	2017 WVU Income Tax School	2
Suttle & Stalaker, PLLC	11/14/2017	Power User Tips for QuickBooks	1
WVU Bureau of Business and Economic Research	11/08/2017	WV Economic Outlook Conference	3.5
WVU Extension Service and IRS	11/2/2017	2017 WVU Income Tax School	14
Allinial Global	12/04-05/2017	TSD: LLC and Partnership Tax Boot Camp	16
Suttle & Stalaker, PLLC	12/19/2017	Actuarial Essentials in Governmental Audits	2
Suttle & Stalaker, PLLC	12/20/2017	Tax 2017 Update - Day 1	8
Suttle & Stalaker, PLLC	12/21/2017	2017 Federal Tax Update: Tax Reform - The Elephant in the Room	8
Suttle & Stalaker, PLLC	12/08/2017	Independence Standards, AICPA, SEC & Attest Engagements	1
NCWV Estate Planning Council	12/13/2017	Estate Planning for the Non-Estate Tax Sensitive	1
			136
2018			
Suttle & Stalaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalaker, PLLC	01/09/2018	Growth Culture	1.5
NCWV Estate Planning Council	02/22/2018	2017 Tax Reform What You Need to Know	1
Suttle & Stalaker, PLLC	04/24/2018	2018 Mandatory EBPAQC Designated Partner Audit Planning Webinar by AICPA	2
Suttle & Stalaker, PLLC	05/18/2018	Census Data Testing	1
Suttle & Stalaker, PLLC	05/07/2018	Multiemployer Plan Payroll Audits	1
Suttle & Stalaker, PLLC	05/14/2018	Employee Benefit Plan Training	8
CPA Academy	05/29/2018	Estate Planning Bootcamp: The Basics of Estate Planning for Non-Lawyers	1
WV Society of CPAs	05/11/2018	Committee Day	3
Broker Educational Sales & Training, Inc.	06/08/2018	401(k) Primer	1
CAMICO	06/18/2018	Loss Prevention In-Firm Presentation, Accounting Ethics: A Risk Management Perspective	2
Broker Educational Sales & Training, Inc.	06/08/2018	The Advisors Guide to 401(k) Plans	1
North Central WV Estate Planning Council	06/21/2018	2018 Tax Cut & New Jobs Act Seminar	4.5
Suttle & Stalaker, PLLC	06/26/2018	Lessons Learned from Public Company Adoption of ASC 606	1.5
CPA Academy	07/03/2018	New Systematic Approach to Pricing: Price Accounting Services with Confidence	1.5
CPA Academy	07/11/2018	Cryptocurrency: How does it impact your firm and your clients	1
Suttle & Stalaker, PLLC	07/18/2018	How to Ask Powerful Questions As An Advisor	1
Suttle & Stalaker, PLLC	07/10/2018	Advanced Topics in a Single Audit	6.5
Allinial Global	08/22-23/2018	Training LP3#1 ('18-'19 Mid-Atlantic Consortium)	16
Suttle & Stalaker, PLLC	08/29/2018	FASB's New Revenue Recognition Rules	4
Suttle & Stalaker, PLLC	10/16/2018	The New Section 199A Deduction	3

Continuing Professional Education Record for Ryan Mink:

SPONSOR	DATE	DESCRIPTION	HOURS
2018			
Suttle & Stalnaker, PLLC	11/08-09/2018	2018 Tax Update	16
Suttle & Stalnaker, PLLC	11/12/2018	Not-for-Profit Accounting and Auditing Update	7.5
Allinial Global	12/10-11/2018	Training: LP3 #2 ('18-'19 Mid-Atlantic Consortium)	17.5
			104.5
2019			
North Central WV Estate Planning Council	01/31/2019	Proposed Probate Reform	1.5
Suttle & Stalnaker, PLLC	01/25/2019	Partner/Shareholder Basis	1
Suttle & Stalnaker, PLLC	01/18/2019	Determining Material Participation	1
Suttle & Stalnaker, PLLC	04/26/2019	Managers and Supervisors Audit Planning - EBPAQC	2
Suttle & Stalnaker, PLLC	04/30/2019	GAQC Single Audit Update	2.5
Allinial Global	05/20-21/2019	LP3 #3 Leading Through Managing	17
Suttle & Stalnaker, PLLC	05/16/2019	Employee Benefit Plan Training	4.5
KBKG	05/07/2019	Research and Development Tax Credits	1
Suttle & Stalnaker, PLLC	06/06/2019	Governmental Pensions: Prepare for a Changing Landscape	4
Suttle & Stalnaker, PLLC	06/25/2019	The Ultimate Guide to Referral Source Development	1
Suttle & Stalnaker, PLLC	06/28/2019	Revenue Recognition Practical Application including Nonprofit Application	3.5
WV Department of Education	07/16-18/2019	You Had Me at Aloha Conference	7.5
Allinial Global	08/19/2019	AG-LP3 #4 (18'-19' Mid-Atlantic Consortium): Leading Through Managing	18
CAMICO	08/05/2019	Ethical Dilemmas and War Stories: What Would You Do?	2
Suttle & Stalnaker, PLLC	08/09/2019	Uniform Guidance Training Session	3
Tax Planning Forum LLC	11/11-12/2019	Fundamental of Flow Throughs XXIV	16
Suttle & Stalnaker, PLLC	11/15/2019	Guide and Update to Compilations and Reviews	4
Suttle & Stalnaker, PLLC	12/02/2019	2019 Federal Tax Update: Navigating the 2017 TCJA Two Years Later - Part 1	8
Surgent CPE	12/16/2019	Annual Accounting & Auditing Update	8
Suttle & Stalnaker, PLLC	12/06/2019	Proactive Career Development	6
Suttle & Stalnaker, PLLC	12/03/2019	2019 Tax Update - Day 2	8
Suttle & Stalnaker, PLLC	12/17/2019	Audit Data Analytics in a Governmental Environment	2
			121.5
			Grand Total 362



Evan Shamblin, CPA **Supervisor**

Firm Responsibilities

Evan is a supervisor who works primarily in the audit and accounting areas of Suttle & Stalnaker, PLLC. His responsibilities include, but are not limited to, carrying out audit plans, supervision of staff, communication with clients during the course of the fieldwork, and completion of final reports.

Experience

Evan has approximately 5 years of experience which time he has worked on several audit engagements that are similar to the client:

- West Virginia Offices of the Insurance Commissioner
- West Virginia Consolidated Public Retirement Board
- West Virginia Parkways Authority
- City of Charleston
- Doddridge County Board of Education
- Tyler County Board of Education
- Summers County Board of Education

Education

Evan graduated from Marshall University with bachelor of science degrees in accounting and finance along with a masters of business administration. He is a certified public accountant having received certificate number 5265 from the State of West Virginia.

Professional Activities

Evan is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Charleston Chapter of the West Virginia Society of Certified Public Accountants.

Continuing Professional Education Record for Evan Shamblin:

SPONSOR	DATE	DESCRIPTION	HOURS
2016			
Dixon Hughes Goodman LLP	01/06/2016	Audit Innovation: Engagement Management for Seniors and Staff 2016	1
Dixon Hughes Goodman LLP	01/14/2016	Professional Liability Risk Management	2
Dixon Hughes Goodman LLP	01/14/2016	Professional Liability Risk Management	2
Suttle & Stalnaker, PLLC	11/16-18/2016	2016 AICPA Healthcare Industry Conference	10.5
JPMorgan Chase & Co.	11/10/2016	Payments Fraud - From Paper to Electronic: Fraudsters Follow the Money	1
Suttle & Stalnaker, PLLC	11/16-18/2016	2016 AICPA Healthcare Industry Conference	7
Suttle & Stalnaker, PLLC	12/06/2016	GASB Pension Standards Part 1: Considerations for Cost-Sharing Plans and GASB Pensions: Are You ready for June 30, 2015 Audit Implementation	5
Suttle & Stalnaker, PLLC	12/28/2016	Internal Control, COSO, Green Book, and more	2

SPONSOR	DATE	DESCRIPTION	HOURS
2016			
Suttle & Stalnaker, PLLC	12/27/2016	Avoiding Common Deficiencies in Single Audit and The New Data Collection Form	4.5
Suttle & Stalnaker, PLLC	12/21/2016	Governmental Update, Fair Value Standards, and Pension Auditing	9.5
			44.5
2017			
Allinial Global	05/17-19/2017	Training ASD Module C - Mid-Atlantic Consortium	18
Allinial Global	05/17-19/2017	Training ASD Module C - Mid-Atlantic Consortium	1
Allinial Global	05/17-19/2017	Training ASD Module C - Mid-Atlantic Consortium	4
Suttle & Stalnaker, PLLC	06/19/2017	Single Audit PPC / Sampling	1.5
State of WV - FARS	06/23/2017	FARS Closing Book Training	2
AuditWatch	06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	8
Suttle & Stalnaker, PLLC	06/08/2017	S&S Level 2 Incremental Auditor Training	8
Suttle & Stalnaker, PLLC	08/03-04/2017	Applying the Uniform Guidance in Your Single Audits	10.5
Allinial Global	10/03/2017	Data Analytics Roundtable and Using Data Extraction in Audits	2
Suttle & Stalnaker, PLLC	10/24/2017	Standard Settings Update	1
Suttle & Stalnaker, PLLC	11/14/2017	Power User Tips for QuickBooks	1
CPA Academy	12/21/2017	Ethics for CPAs: AICPA Code Changes & New Business Challenges	2
Suttle & Stalnaker, PLLC	12/19/2017	Actuarial Essentials in Governmental Audits	1
Suttle & Stalnaker, PLLC	12/19-20/2017	CI101 IDEA Data Analysis - Level 1	16
Suttle & Stalnaker, PLLC	12/08/2017	Independence Standards, AICPA, SEC & Attest Engagements	1
			77
2018			
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Suttle & Stalnaker, PLLC	01/05/2018	Sampling Forms	1
Suttle & Stalnaker, PLLC	01/04/2018	Preparation Engagements and Peer Review Updates	1
Allinial Global	05/07-09/2018	LP1 Leading Engagements	23
Suttle & Stalnaker, PLLC	05/03/2018	Checkpoint Research	1
Suttle & Stalnaker, PLLC	05/18/2018	Census Data Testing	1.5
WV Society of CPAs	05/11/2018	Committee Day	3
Suttle & Stalnaker, PLLC	05/03/2018	S&S Incremental Audit Training - Level 3	7
Suttle & Stalnaker, PLLC	06/26/2018	Lessons Learned from Public Company Adoption of ASC 606	1.5
State of West Virginia - Dept. of Administration - FARS	06/14/2018	FARS Closing Book Training	2
CAMICO	06/18/2018	Loss Prevention In-Firm Presentation, Accounting Ethics: A Risk Management Perspective	2
WV Dept. of Education	07/17-19/2018	The Greatest Finance Show On Earth Conference	12
Suttle & Stalnaker, PLLC	11/12/2018	Not-for-Profit Accounting and Auditing Update	8
Surgent McCoy CPE, LLC	12/10/2018	Accounting & Auditing Update (ACAU)	8
			72
			Grand Total 193.5

Cavanagh Macdonald Consulting LLC
John Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

- **Role;**
Consulting Actuary
- **Date of Hire;**
January 2009
- **Areas of expertise;**
John's expertise covers such areas as public plan consulting, actuarial valuations, plan design, legislative impact analysis, experience studies, asset/liability models, early retirement incentive programs, expert testimony, Federal compliance and GASB issues, deferred retirement option plans (DROP), partial lump-sum options (PLOP), work after retirement (WAR), and retiree health care benefit plan design, valuations and funding strategies.
- **Relevant experience;**
John has dedicated his career entirely to consulting with public sector benefit programs since 1993. He currently serves as actuarial consultant to several clients including Connecticut Teachers Retirement Board, Connecticut State Employees Retirement System, Teachers Retirement System of Georgia, Public Employees Retirement Association of New Mexico, and Ohio School Employees Retirement System.
- **Education;**
 - Master of Actuarial Science from Georgia State University
- **Professional designations and memberships; and**
 - Associate of the Society of Actuaries
 - Member of the American Academy of Actuaries
 - Fellow of the Conference of Consulting Actuaries
 - Vice Chairman of the Associate Advisory Committee of the National Association of State Retirement Administrators
- **Relevant publications, studies or presentations.**
John has presented at several public pension conferences such as:
 - National Association of State Retirement Administrators
 - National Council on Teacher Retirement
 - National Conference on Public Employee Retirement Systems
 - Faculty member of International Foundation of Employee Benefit Plans for "Certification of Achievement in Public Plan Policy" (CAPPP) program

Prior to becoming an actuary, John served as an attack helicopter pilot in the U.S. Army.

Cavanagh Macdonald Consulting LLC
Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

- **Role;**
Co-Lead Actuary

- **Date of Hire;**
September, 2010

- **Current responsibilities;**
Patrice has a broad range of experience in proposed legislation analysis and testimony, actuarial audits, experience studies, valuations, and the design, administration and funding of public retirement plans and postretirement health plans. Pat is responsible for the preparation of annual pension and other post-employment benefit (OPEB) valuations, proposed legislative pricing, experience studies, and modeling.

- **Relevant experience;**
Patrice has been consulting to public pension systems since 1987. She has worked extensively with large statewide systems, including Colorado Public Employees Association, Iowa Public Employees Retirement System, Kansas Public Employees Retirement System, Minnesota Teachers, and Oklahoma Public Employees Retirement System, in preparing the annual valuation, developing projection models, and conducting legislative cost studies and experience studies. She also has a significant amount of experience with retirement systems for municipal system covering civilians, public safety members, and utilities.

- **Education;**
 - BS in Mathematics from University of Nebraska – Lincoln (magna cum laude)

- **Professional designations and memberships; and**
 - Fellow of the Society of Actuaries
 - Enrolled Actuary under ERISA
 - Fellow of the Conference of Consulting Actuaries
 - Member of the American Academy of Actuaries

- **Relevant publications, studies, or presentations.**
Pat has presented at several conferences and before many legislative bodies, including:
 - Conference of Consulting Actuaries
 - P2F2 Annual Conference
 - Midplains GFOA Conference
 - Missouri Association of Public Employees Retirement System
 - Mayor’s Task Force on Pension Reform, Omaha, Nebraska
 - Kansas Public Employees Retirement System Study Commission
 - Kansas House Committee on Pensions and Benefits
 - Minnesota Legislative Commission on Pension and Retirement
 - Colorado Legislative Audit Committee
 - Iowa Public Retirement Systems Committee
 - Nebraska Retirement Systems Committee
 - Citizens Task Force, Lincoln Nebraska

Cavanagh Macdonald Consulting LLC
Bryan Hoge, FSA, EA, FCA, MAAA
Senior Actuary

- **Role;**
Senior Actuary

- **Date of Hire;**
April, 2014

- **Current responsibilities;**
Bryan has a broad range of experience in data analysis, actuarial funding and GASB valuations, experience studies, and modeling.

- **Relevant experience;**
Bryan has been providing pension and OPEB consulting to clients since 2005. He has worked with a number of public clients including Iowa Public Employees Retirement System, Kansas Public Employees Retirement System, Minnesota Teachers Retirement Association, Nebraska Public Employees Retirement System, Missouri State Employees' Retirement System and Oklahoma Public Employees Retirement System, in preparing the annual funding valuations, annual GASB valuations, experience studies and developing projection models. He also has experience with municipal systems covering civilians, public safety members and utilities.

- **Education;**
 - B.S. in Actuarial Science from Drake University

- **Professional designations and memberships; and**
 - Fellow of the Society of Actuaries
 - Enrolled Actuary under ERISA
 - Fellow of the Conference of Consulting Actuaries
 - Member of the American Academy of Actuaries

- **Relevant publications, studies, or presentations.**
Bryan has presented before the following:
 - Missouri Association of Public Employees Retirement System
 - Lincoln, Nebraska City Council
 - Citizens Task Force, Lincoln Nebraska
 - Ralston, Nebraska Pension Committee

3.4 *The proposing firm shall submit a statement, in its proposal, that they have not failed their two (2) most recent reviews under the American Institute of Certified Public Accountants (AICPA) Peer Review Program over their audit/accounting practice and must furnish their most recent review report with their proposal.*

Vendor Response:

Suttle & Stalnaker, PLLC's two most recent peer reviews of our system of quality control performed by an independent CPA Firm in accordance with standards established by the American Institute of Certified Public Accountants was completed in 2017 and 2014, and **we received a pass rating with no deficiencies identified**. In accordance with peer review standards, the peer review included a review of selected specific governmental engagements. A copy of both of these reports are included on the following pages.



**Kelley Galloway
Smith Goolsby, PSC**

Certified Public Accountants and Advisors

1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105

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

• Web www.kgsgcpa.com Member of **Allina** GLOBAL

Report on the Firm's System of Quality Control

To the Members of Suttle & Stalnaker, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle and Stalnaker, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 6, 2017

Pikeville, KY

Cold Spring, KY

Cincinnati, OH



Kelley Galloway
Smith Goolsby, PSC

Certified Public Accountants and Advisors

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

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

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

SYSTEM REVIEW REPORT

To the Members of Suttle & Stalnaker, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 14, 2014

Pikeville, KY

Cold Spring, KY

Cincinnati, OH

- 3.5** *The proposing firm must have at least seven (7) licensed CPA's on staff within the audit firm that are strictly audit and not tax professionals. This insures we have a firm that has a breadth of experience that we are looking for and can substitute engagement members should turnover occur.*

Vendor Response:

Suttle & Stalnaker, PLLC has 39 licensed CPAs; 30 in our Charleston office of which 17 are audit professionals.

- 3.6** *The proposing firm must not have had a final audit report issued by the proposing firm that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia state agency two times or more.*

Vendor Response:

Suttle & Stalnaker, PLLC has not had to have an audit reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia state agency.

- 3.7** *The proposing firm must be a member in good standing of the AICPA's Governmental Audit Quality Center. The proposing firm must provide an affirmative statement regarding this requirement.*

Vendor Response:

Suttle & Stalnaker, PLLC belongs to both the Governmental Audit Quality Center and the Employee Benefit Plans Audit Quality Center established by the American Institute of Certified Public Accountants. Membership in the audit quality centers requires specific rigorous policies and procedures regarding quality control, education and training, and provides the Firm with additional resources from the Centers in the form of webcasts, email blasts and technical support from the Centers' websites or telephone access to Center personnel. The Firm is currently a member in good standing of the AICPA's Governmental Audit Quality Center.

MANDATORY REQUIREMENTS PER SECTION 4 OF
THE RFQ

4. MANDATORY REQUIREMENTS:

4.1 Mandatory Contract Services Requirements and Deliverables: Contract Services must meet or exceed the mandatory requirements listed below.

4.1.1 Financial Statement Auditing Services - Audit of the June 30 Financial Statements of the CPRB in accordance with:

4.1.1.1 Auditing standards generally accepted in the United States of America (GAAS) and,

4.1.1.2 Government Auditing Standards issued by the Comptroller General of the United States (GAGAS).

4.1.1.3 Final audited financial statements MUST be issued by October 15th of each year. The anticipated timeline will be:

<i>Interim Fieldwork</i>	<i>May and/or June</i>
<i>Cash Basis Trial Balance</i>	<i>Approximately July 15th</i>
<i>Accrual Basis Trial Balance</i>	<i>Approximately August 20th</i>
<i>Records Ready for Audit</i>	<i>Approximately August 20th</i>
<i>Draft financial statements</i>	<i>Approximately September 10th</i>
<i>Final audited financial statements issued</i>	<i>October 15th</i>

4.1.2 Audit Services - GASB Statement No. 68 Allocation Schedules (for participating employers financial reporting)

4.1.2.1 Annual audits of the Schedules of Employer Allocations and Pension Amounts for the 5 multi-employer defined benefit retirement systems; in accordance with GAAS. Those systems are: PERS, TRS; DSRS, EMSRS, & MPFRS.

4.1.2.2 Annual audits of the Schedules of Pension Amounts for the 3 single- employer retirement systems, in accordance with GAAS. Those systems are: SPDDRS, SPRS, JRS and (NRPORS effective for the fiscal year ending June 30, 2021).

4.1.2.3 The allocations schedules are prepared by management and are expected to be available for audit each year by January 15th. The audited schedules should be released by May 1st of each year.

4.1.3 Compilation of an "Annual Report of Total Contributions to the WV PERS". [Only a requirement for the fiscal years ended June 30, 2020 and 2021].

4.1.3.1 The report format is prescribed by U.S. Department of Health and Human Services. The compilation must be performed in accordance with the Statements on Standards for Accounting and Review Services issued by the AICPA. [Not a requirement after the fiscal year ended June 30, 2021].

4.1.3.2 It is expected that the auditor would perform this compilation during the year end audit fieldwork and issue the compilation report no later than December 1st, of each year.

4.1.4 Technical assistance in the preparation and submission of the annual Comprehensive Annual Financial Report (CAFR).

4.1.4.1 This technical assistance is expected to include a review of the draft CAFR, prepared by management, for compliance with the requirements for the Certificate of Excellence in Financial Reporting award program administered by the Government Finance Officers Association (GFOA) and the issuance of an updated Independent Auditors Report for the CAFR's financial section.

4.1.4.2 It is expected that the CAFR will be ready for this technical assistance by November 15th of each year. The CAFR must be issued and submitted to the GFOA no later than December 31st, of each year.

4.1.5 Printing and Publication of 35 bound copies of the audited financial statements and 50 bound copies of the CAFR, annually

4.1.6 All working papers and reports must be retained at the auditors' expense for a minimum of five (5) years unless the firm is notified in writing by the CPRB of the need to extend the retention period. The firm will be required to make working papers available, upon request at no additional cost, to the following parties or their designees:

- 1. Executive Director of CPRB**
- 2. Chief Financial Officer of CPRB**
- 3. Chairman of the Board of CPRB**
- 4. Director of the Financial Accounting and Reporting Section of the Department of Administration of the State of West Virginia.**
- 5. A Successor Auditor (in the event of a change in auditor)**

Vendor Response:

Suttle & Stalnaker, PLLC understands the above mandatory contract services requirements and deliverables. Suttle & Stalnaker, PLLC will meet the above deadlines provided that CPRB provides all of the client assistance package, internal schedules and financial statement drafts on a timely basis.

EXHIBIT A: PRICING PAGE

Exhibit A: Pricing Page

Note: Pricing assumes that CPRB management has prepared all internal schedules and related financial statements, including management's discussion and analysis, financial statements, required disclosures and required supplementary information.

REVISED 04/16/2020

Exhibit A
RFQ - Assurance Services & Technical Assistance
Pricing Page

Description	Quantity	Unit Cost	Extended Cost
1st Year Assurance Services & Technical Assistance	1	\$ 264,000.00	\$ 264,000.00
2nd Year Assurance Services & Technical Assistance (1st Optional Renewal)	1	\$ 284,000.00	\$ 284,000.00
3rd Year Assurance Services & Technical Assistance (2nd Optional Renewal)	1	\$ 299,000.00	\$ 299,000.00
4th Year Assurance Services & Technical Assistance (3rd Optional Renewal)	1	\$ 309,000.00	\$ 309,000.00
TOTAL BID AMOUNT			\$ 1,156,000.00

Vendor Information	
Name:	Suttle & Stalnaker, PLLC
Address:	1411 Virginia Street East, Suite 100 Charleston, WV 25301
Phone:	304-343-4126
Email:	Cdeweese@suttlecpas.com

Vendor should not alter pricing page and should fill out pricing page as is. The addition of alterations to the pricing page and/or addition of commodities other than those listed on the pricing page online or as an attachment will result in disqualification of bid submittal.

EXHIBIT B:
REQUEST FOR QUOTATION



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

State of West Virginia
 Request for Quotation
 34 — Service - Prof

Proc Folder: 697195

Doc Description: Addendum No. 2 Assurance/Audit Services & CAFR Technical

Proc Type: Central Contract - Fixed Amt

Date Issued	Solicitation Closes	Solicitation No	Version
2020-04-29	2020-05-04 13:30:00	CRFQ 0203 CPR2000000003	4

BID RECEIVING LOCATION

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

VENDOR

Vendor Name, Address and Telephone Number:

Suttle & Stalnaker, PLLC
 1411 Virginia Street East, Suite 100
 Charleston, WV 25301
 304-343-4126

FOR INFORMATION CONTACT THE BUYER

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

Signature X

FEIN # 55-0538163

DATE 05/04/2020

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

ADDITIONAL INFORMATION:

Addendum No. 3

Addendum No. 3 is issued to publish and distribute the attached information to the vendor community.

Request for Quotation

The West Virginia Purchasing Division is soliciting bids on behalf of the West Virginia Consolidated Public Retirement Board (the CPRB) to establish a contract for Assurance /Audit services and CAFR Technical Assistance per the bid requirements, specifications, and Terms and Conditions as attached hereto.

INVOICE TO		SHIP TO	
CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE		CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE	
CHARLESTON	WV25304	CHARLESTON	WV 25304
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Government Auditing Services - 1st Year				

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description :

Auditing Services & Technical Assistance. Year 1

INVOICE TO		SHIP TO	
CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE		CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE	
CHARLESTON	WV25304	CHARLESTON	WV 25304
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
2	Government Auditing Services - 2nd Year Optional Renewal				

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description :

Optional Renewal. Year 2
Auditing Services & Technical Assistance.

INVOICE TO		SHIP TO	
CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE		CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE	
CHARLESTON	WV25304	CHARLESTON	WV 25304
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
3	Government Auditing Services - 3rd Year Optional Renewal				

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description :

Optional Renewal. Year 3
Auditing Services & Technical Assistance.

INVOICE TO		SHIP TO	
CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE		CONSOLIDATED PUBLIC RETIREMENT 4101 MACCORKLE AVE SE	
CHARLESTON	WV25304	CHARLESTON	WV 25304
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
4	Government Auditing Services - 4th Year Optional Renewal				

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description :

optional Renewal. Year 4.
Auditing Services & Technical Assistance.

CPR2000000003	Document Phase Final	Document Description Addendum No. 2 Assurance/Audit Services & CAFR Technical	Page 4 of 4
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

INSTRUCTIONS TO VENDORS SUBMITTING BIDS

1. REVIEW DOCUMENTS THOROUGHLY: The attached documents contain a solicitation for bids. Please read these instructions and all documents attached in their entirety. These instructions provide critical information about requirements that if overlooked could lead to disqualification of a Vendor's bid. All bids must be submitted in accordance with the provisions contained in these instructions and the Solicitation. Failure to do so may result in disqualification of Vendor's bid.

2. MANDATORY TERMS: The Solicitation may contain mandatory provisions identified by the use of the words "must," "will," and "shall." Failure to comply with a mandatory term in the Solicitation will result in bid disqualification.

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

A pre-bid meeting will not be held prior to bid opening

A **MANDATORY PRE-BID** meeting will be held at the following place and time:

All Vendors submitting a bid must attend the mandatory pre-bid meeting. Failure to attend the mandatory pre-bid meeting shall result in disqualification of the Vendor's bid. No one individual is permitted to represent more than one vendor at the pre-bid meeting. Any individual that does attempt to represent two or more vendors will be required to select one vendor to which the individual's attendance will be attributed. The vendors not selected will be deemed to have not attended the pre-bid meeting unless another individual attended on their behalf.

An attendance sheet provided at the pre-bid meeting shall serve as the official document verifying attendance. Any person attending the pre-bid meeting on behalf of a Vendor must list on the attendance sheet his or her name and the name of the Vendor he or she is representing.

Additionally, the person attending the pre-bid meeting should include the Vendor's E-Mail address, phone number, and Fax number on the attendance sheet. It is the Vendor's responsibility to locate the attendance sheet and provide the required information. Failure to complete the attendance sheet as required may result in disqualification of Vendor's bid.

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

Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting
Revised 01/09/2020

are preliminary in nature and are non-binding. Official and binding answers to questions will be published in a written addendum to the Solicitation prior to bid opening.

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

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

Question Submission Deadline: 04/23/2020 @ 3:00 P.M.

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

5. VERBAL COMMUNICATION: Any verbal communication between the Vendor and any State personnel is not binding, including verbal communication at the mandatory pre-bid conference. Only information issued in writing and added to the Solicitation by an official written addendum by the Purchasing Division is binding.

6. BID SUBMISSION: All bids must be submitted electronically through wvOASIS or signed and delivered by the Vendor to the Purchasing Division at the address listed below on or before the date and time of the bid opening. Any bid received by the Purchasing Division staff is considered to be in the possession of the Purchasing Division and will not be returned for any reason. The Purchasing Division will not accept bids, modification of bids, or addendum acknowledgment forms via e-mail. Acceptable delivery methods include electronic submission via wvOASIS, hand delivery, delivery by courier, or facsimile.

The bid delivery address is:
Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130

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

SEALED BID: Assurance/Audit Services & CAFR Technical Assistance
BUYER: Melissa Pettrey, Senior Buyer
SOLICITATION NO.: **CRFQ CPR2000000003**
BID OPENING DATE: 05/04/2020
BID OPENING TIME: 1:30 P.M.
FAX NUMBER: 304-558-3970

Revised 01/09/2020

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

For Request For Proposal ("RFP") Responses Only: In the event that Vendor is responding to a request for proposal, the Vendor shall submit one original technical and one original cost proposal plus _____ N/A _____ convenience copies of each to the Purchasing Division at the address shown above. Additionally, the Vendor should identify the bid type as either a technical or cost proposal on the face of each bid envelope submitted in response to a request for proposal as follows:

BID TYPE: (This only applies to CRFP)

- Technical
 Cost

7. BID OPENING: Bids submitted in response to this Solicitation will be opened at the location identified below on the date and time listed below. Delivery of a bid after the bid opening date and time will result in bid disqualification. For purposes of this Solicitation, a bid is considered delivered when confirmation of delivery is provided by wvOASIS (in the case of electronic submission) or when the bid is time stamped by the official Purchasing Division time clock (in the case of hand delivery).

Bid Opening Date and Time: 05/04/2020 @ 1:30 P.M.

Bid Opening Location: Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130

8. ADDENDUM ACKNOWLEDGEMENT: Changes or revisions to this Solicitation will be made by an official written addendum issued by the Purchasing Division. Vendor should acknowledge receipt of all addenda issued with this Solicitation by completing an Addendum Acknowledgment Form, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

9. BID FORMATTING: Vendor should type or electronically enter the information onto its bid to prevent errors in the evaluation. Failure to type or electronically enter the information may result in bid disqualification.

10. ALTERNATE MODEL OR BRAND: Unless the box below is checked, any model, brand, or specification listed in this Solicitation establishes the acceptable level of quality only and is not intended to reflect a preference for, or in any way favor, a particular brand or vendor. Vendors may bid alternates to a listed model or brand provided that the alternate is at least equal to the model or brand and complies with the required specifications. The equality of any alternate being bid shall be determined by the State at its sole discretion. Any Vendor bidding an alternate model or brand should clearly identify the alternate items in its bid and should include manufacturer's specifications, industry literature, and/or any other relevant documentation demonstrating the

equality of the alternate items. Failure to provide information for alternate items may be grounds for rejection of a Vendor's bid.

This Solicitation is based upon a standardized commodity established under W. Va. Code § 5A-3-61. Vendors are expected to bid the standardized commodity identified. Failure to bid the standardized commodity will result in your firm's bid being rejected.

11. EXCEPTIONS AND CLARIFICATIONS: The Solicitation contains the specifications that shall form the basis of a contractual agreement. Vendor shall clearly mark any exceptions, clarifications, or other proposed modifications in its bid. Exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in bid disqualification.

12. COMMUNICATION LIMITATIONS: In accordance with West Virginia Code of State Rules §148-1-6.6, communication with the State of West Virginia or any of its employees regarding this Solicitation during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited without prior Purchasing Division approval. Purchasing Division approval for such communication is implied for all agency delegated and exempt purchases.

13. REGISTRATION: Prior to Contract award, the apparent successful Vendor must be properly registered with the West Virginia Purchasing Division and must have paid the \$125 fee, if applicable.

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

15. PREFERENCE: Vendor Preference may be requested in purchases of motor vehicles or construction and maintenance equipment and machinery used in highway and other infrastructure projects. Any request for preference must be submitted in writing with the bid, must specifically identify the preference requested with reference to the applicable subsection of West Virginia Code § 5A-3-37, and must include with the bid any information necessary to evaluate and confirm the applicability of the requested preference. A request form to help facilitate the request can be found at:

<http://www.state.wv.us/admin/purchase/vrc/Venpref.pdf>.

15A. RECIPROCAL PREFERENCE: The State of West Virginia applies a reciprocal preference to all solicitations for commodities and printing in accordance with W. Va. Code § 5A-3-37(b). In effect, non-resident vendors receiving a preference in their home states, will see that same preference granted to West Virginia resident vendors bidding against them in West Virginia. Any request for reciprocal preference must include with the bid any information necessary to evaluate and confirm the applicability of the preference. A request form to help facilitate the request can be found at: <http://www.state.wv.us/admin/purchase/vrc/Venpref.pdf>.

16. SMALL, WOMEN-OWNED, OR MINORITY-OWNED BUSINESSES: For any solicitations publicly advertised for bid, in accordance with West Virginia Code §5A-3-37(a)(7) and W. Va. CSR § 148-22-9, any non-resident vendor certified as a small, women-owned, or minority-owned business under W. Va. CSR § 148-22-9 shall be provided the same preference made available to any resident vendor. Any non-resident small, women-owned, or

minority-owned business must identify itself as such in writing, must submit that writing to the Purchasing Division with its bid, and must be properly certified under W. Va. CSR § 148-22-9 prior to contract award to receive the preferences made available to resident vendors. Preference for a non-resident small, women-owned, or minority owned business shall be applied in accordance with W. Va. CSR § 148-22-9.

17. WAIVER OF MINOR IRREGULARITIES: The Director reserves the right to waive minor irregularities in bids or specifications in accordance with West Virginia Code of State Rules § 148-1-4.6.

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

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

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

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

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

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

22. INTERESTED PARTY DISCLOSURE: West Virginia Code § 6D-1-2 requires that the vendor submit to the Purchasing Division a disclosure of interested parties to the contract for all contracts with an actual or estimated value of at least \$1 Million. That disclosure must occur on the form prescribed and approved by the WV Ethics Commission prior to contract award. A copy of that form is included with this solicitation or can be obtained from the WV Ethics Commission. This requirement does not apply to publicly traded companies listed on a national or international stock exchange. A more detailed definition of interested parties can be obtained from the form referenced above.

23. WITH THE BID REQUIREMENTS: In instances where these specifications require documentation or other information with the bid, and a vendor fails to provide it with the bid, the Director of the Purchasing Division reserves the right to request those items after bid opening and prior to contract award pursuant to the authority to waive minor irregularities in bids or specifications under W. Va. CSR § 148-1-4.6. This authority does not apply to instances where state law mandates receipt with the bid.

GENERAL TERMS AND CONDITIONS:

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

3. CONTRACT TERM; RENEWAL; EXTENSION: The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below:

Term Contract

Initial Contract Term: This Contract becomes effective on UPON AWARD and extends for a period of ONE (1) year(s).

Renewal Term: This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any request for renewal should be delivered to the Agency and then submitted to the Purchasing Division thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Unless otherwise specified below, renewal of this Contract is limited to THREE (3) successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed the total number of months available in all renewal years combined. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's office (Attorney General approval is as to form only)

Alternate Renewal Term – This contract may be renewed for _____ successive _____ year periods or shorter periods provided that they do not exceed the total number of months contained in all available renewals. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's office (Attorney General approval is as to form only)

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

Fixed Period Contract: This Contract becomes effective upon Vendor's receipt of the notice to proceed and must be completed within _____ days.

Fixed Period Contract with Renewals: This Contract becomes effective upon Vendor's receipt of the notice to proceed and part of the Contract more fully described in the attached specifications must be completed within _____ days. Upon completion of the work covered by the preceding sentence, the vendor agrees that maintenance, monitoring, or warranty services will be provided for _____ year(s) thereafter.

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

Other: See attached.

4. NOTICE TO PROCEED: Vendor shall begin performance of this Contract immediately upon receiving notice to proceed unless otherwise instructed by the Agency. Unless otherwise specified, the fully executed Award Document will be considered notice to proceed.

5. QUANTITIES: The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below.

Open End Contract: Quantities listed in this Solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.

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

Combined Service and Goods: The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.

One Time Purchase: This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.

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

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

BID BOND (Construction Only): Pursuant to the requirements contained in W. Va. Code § 5-22-1(c), All Vendors submitting a bid on a construction project shall furnish a valid bid bond in the amount of five percent (5%) of the total amount of the bid protecting the State of West Virginia. The bid bond must be submitted with the bid.

PERFORMANCE BOND: The apparent successful Vendor shall provide a performance bond in the amount of 100% of the contract. The performance bond must be received by the Purchasing Division prior to Contract award.

LABOR/MATERIAL PAYMENT BOND: The apparent successful Vendor shall provide a labor/material payment bond in the amount of 100% of the Contract value. The labor/material payment bond must be delivered to the Purchasing Division prior to Contract award.

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

MAINTENANCE BOND: The apparent successful Vendor shall provide a two (2) year maintenance bond covering the roofing system. The maintenance bond must be issued and delivered to the Purchasing Division prior to Contract award.

LICENSE(S) / CERTIFICATIONS / PERMITS: In addition to anything required under the Section of the General Terms and Conditions entitled Licensing, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits upon request and in a form acceptable to the State. The request may be prior to or after contract award at the State's sole discretion.

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

8. INSURANCE: The apparent successful Vendor shall furnish proof of the insurance identified by a checkmark below and must include the State as an additional insured on each policy prior to Contract award. The insurance coverages identified below must be maintained throughout the life of this contract. Thirty (30) days prior to the expiration of the insurance policies, Vendor shall provide the Agency with proof that the insurance mandated herein has been continued. Vendor must also provide Agency with immediate notice of any changes in its insurance policies, including but not limited to, policy cancelation, policy reduction, or change in insurers. The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed in this section.

Vendor must maintain:

Commercial General Liability Insurance in at least an amount of: \$1,000,000.00 per occurrence.

Automobile Liability Insurance in at least an amount of: _____ per occurrence.

Professional/Malpractice/Errors and Omission Insurance in at least an amount of: _____ per occurrence. Notwithstanding the forgoing, Vendor's are not required to list the State as an additional insured for this type of policy.

Commercial Crime and Third Party Fidelity Insurance in an amount of: _____ per occurrence.

Cyber Liability Insurance in an amount of: _____ per occurrence.

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

Pollution Insurance in an amount of: _____ per occurrence.

Aircraft Liability in an amount of: _____ per occurrence.

Notwithstanding anything contained in this section to the contrary, the Director of the Purchasing Division reserves the right to waive the requirement that the State be named as an additional insured on one or more of the Vendor's insurance policies if the Director finds that doing so is in the State's best interest.

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

10. [Reserved]

11. LIQUIDATED DAMAGES: This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy. Vendor shall pay liquidated damages in the amount specified below or as described in the specifications:

_____ for _____

Liquidated Damages Contained in the Specifications

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

13. PRICING: The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification. Notwithstanding the foregoing, Vendor must extend any publicly advertised sale price to the State and invoice at the lower of the contract price or the publicly advertised sale price.

14. PAYMENT IN ARREARS: Payment in advance is prohibited under this Contract. Payment may only be made after the delivery and acceptance of goods or services. The Vendor shall submit invoices, in arrears.

15. PAYMENT METHODS: Vendor must accept payment by electronic funds transfer and P-Card. (The State of West Virginia's Purchasing Card program, administered under contract by a banking institution, processes payment for goods and services through state designated credit cards.)

16. TAXES: The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.

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

18. FUNDING: This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available.

19. CANCELLATION: The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Purchasing Division Director may also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-5.2.b.

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

21. APPLICABLE LAW: This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code or West Virginia Code of State Rules is void and of no effect.

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

SUBCONTRACTOR COMPLIANCE: Vendor shall notify all subcontractors providing commodities or services related to this Contract that as subcontractors, they too are required to comply with all applicable laws, regulations, and ordinances. Notification under this provision must occur prior to the performance of any work under the contract by the subcontractor.

23. ARBITRATION: Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.

24. MODIFICATIONS: This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any change to existing contracts that adds work or changes contract cost, and were not included in the original contract, must be approved by the Purchasing Division and the Attorney General's Office (as to form) prior to the implementation of the change or commencement of work affected by the change.

25. WAIVER: The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.

26. SUBSEQUENT FORMS: The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.

27. ASSIGNMENT: Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency, the Purchasing Division, the Attorney General's office (as to form only), and any other government agency or office that may be required to approve such assignments.

28. WARRANTY: The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.

29. STATE EMPLOYEES: State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.

30. PRIVACY, SECURITY, AND CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>.

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

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

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

32. LICENSING: In accordance with West Virginia Code of State Rules § 148-1-6.1.e, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Obligations related to political subdivisions may include, but are not limited to, business licensing, business and occupation taxes, inspection compliance, permitting, etc. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.

SUBCONTRACTOR COMPLIANCE: Vendor shall notify all subcontractors providing commodities or services related to this Contract that as subcontractors, they too are required to be licensed, in good standing, and up-to-date on all state and local obligations as described in this section. Obligations related to political subdivisions may include, but are not limited to, business licensing, business and occupation taxes, inspection compliance, permitting, etc. Notification under this provision must occur prior to the performance of any work under the contract by the subcontractor.

33. ANTITRUST: In submitting a bid to, signing a contract with, or accepting a Award Document from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.

34. VENDOR CERTIFICATIONS: By signing its bid or entering into this Contract, Vendor certifies (1) that its bid or offer was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid or offer for the same material, supplies, equipment or services; (2) that its bid or offer is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this Solicitation in its entirety; understands the requirements, terms and conditions, and other information contained herein.

Vendor's signature on its bid or offer also affirms that neither it nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency. The individual signing this bid or offer on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or offer or any documents related thereto on Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.

35. VENDOR RELATIONSHIP: The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

36. INDEMNIFICATION: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

37. PURCHASING AFFIDAVIT: In accordance with West Virginia Code §§ 5A-3-10a and 5-22-1(i), the State is prohibited from awarding a contract to any bidder that owes a debt to the State or a political subdivision of the State, Vendors are required to sign, notarize, and submit the Purchasing Affidavit to the Purchasing Division affirming under oath that it is not in default on any monetary obligation owed to the state or a political subdivision of the state.

38. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE: This Contract may be utilized by other agencies, spending units, and political subdivisions of the State of West Virginia; county, municipal, and other local government bodies; and school districts (“Other Government Entities”), provided that both the Other Government Entity and the Vendor agree. Any extension of this Contract to the aforementioned Other Government Entities must be on the same prices, terms, and conditions as those offered and agreed to in this Contract, provided that such extension is in compliance with the applicable laws, rules, and ordinances of the Other Government Entity. A refusal to extend this Contract to the Other Government Entities shall not impact or influence the award of this Contract in any manner.

39. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire an interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

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

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

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

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

After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision. The State reserves the right to prohibit a service provider’s employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check.

Revised 01/09/2020

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

42. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS: Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.
- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open hearth, basic oxygen, electric furnace, Bessemer or other steel making process. The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:
- c. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
- d. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

43. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a

“substantial labor surplus area”, as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products. This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.


44. INTERESTED PARTY SUPPLEMENTAL DISCLOSURE: W. Va. Code § 6D-1-2 requires that for contracts with an actual or estimated value of at least \$1 million, the vendor must submit to the Agency a supplemental disclosure of interested parties reflecting any new or differing interested parties to the contract, which were not included in the original pre-award interested party disclosure, within 30 days following the completion or termination of the contract. A copy of that form is included with this solicitation or can be obtained from the WV Ethics Commission. This requirement does not apply to publicly traded companies listed on a national or international stock exchange. A more detailed definition of interested parties can be obtained from the form referenced above.

45. PROHIBITION AGAINST USED OR REFURBISHED: Unless expressly permitted in the solicitation published by the State, Vendor must provide new, unused commodities, and is prohibited from supplying used or refurbished commodities, in fulfilling its responsibilities under this Contract.

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

Chris Deweese, CPA, CGMA, Member
(Name, Title)
Chris Deweese, CPA, CGMA, Member
(Printed Name and Title)
1411 Virginia Street East, Suite 100, Charleston, WV 25301
(Address)
304-343-4126 / 304-343-8008
(Phone Number) / (Fax Number)
CDeweese@suttlecpas.com
(email address)

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

Suttle & Stalnaker, PLLC
(Company)

Chris Deweese, CPA, CGMA, Member
(Authorized Signature) (Representative Name, Title)

Chris Deweese, CPA, CGMA, Member
(Printed Name and Title of Authorized Representative)

05/04/2020
(Date)

304-343-4126 / 304-343-8008
(Phone Number) (Fax Number)

REQUEST FOR QUOTATION
Assurance/Audit Services & CAFR Technical Assistance
Independent Certified Public Accountants
West Virginia Consolidated Public Retirement Board

SPECIFICATIONS

- 1. PURPOSE AND SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of the West Virginia Consolidated Public Retirement Board (the CPRB) to establish a contract for assurance services and technical assistance related to the following for fiscal year ended June 30, 2020 and three (3) optional one year renewals.

The CPRB administers 9 of the State of West Virginia's retirement systems, including the:

Defined Benefit:

- PERS – W.V. Public Employees Retirement System
- TRS – W.V. Teachers Retirement System
- SPDDRS – W.V. State Police Death, Disability, and Retirement System
- SPRS – W.V. State Police Retirement System
- DSRS – W.V. Deputy Sheriffs Retirement System
- JRS – Judges' Retirement System
- EMSRS – Emergency Medical Services Retirement System
- MPFRS – Municipal Police & Firefighters Retirement System

Defined Contribution:

- TDCRS – W.V. Teachers Defined Contribution Retirement System

1.1 Scope of Services

- 1.1.1** Financial Statement Auditing Services – Audit of the June 30 Financial Statements of the CPRB
- 1.1.2** Audit Services – Annual GASB Statement No. 68 Allocation Schedules (for participating employers financial reporting)
- 1.1.3** Compilation of an “Annual Report of Total Contributions to the WV PERS”. The State of West Virginia entered into a settlement agreement with the U.S. Department of Health and Human Services (DHHS) to fund the PERS pension trust in the amount of \$180 million over a 9-year period. The report format is prescribed by DHHS.
- 1.1.4** Technical assistance in the preparation and submission of the annual Comprehensive Annual Financial Report (CAFR.)
- 1.1.5** Publication of the final bound audited financial statements and CAFR, annually.

REQUEST FOR QUOTATION
Assurance/Audit Services & CAFR Technical Assistance
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1.1.6 Additional Information:

1.1.6.1 The CPRB has an internal actuarial staff and has a contract with Buck Global, LLC (Buck) for actuarial services. Buck prepares the annual actuarial valuations for PERS, TRS, SPDDRS, SPRS, & JRS. CPRB's internal actuarial staff prepare the annual actuarial valuations for DSRS, EMSRS, & MPFRS.

1.1.6.2 Previously issued CAFRs and GASB 68 Allocations Schedules are located on the Agency's website at <http://www.wvretirement.com> under the "Publications" tab. The June 30, 2019 audited financial statements and the DHHS annual compilation are attached as Attachment A and B, respectively.

1.1.6.3 All records are maintained at 4110 MacCorkle Avenue, SE, Charleston, West Virginia.

1.2 NOTE: ALL FINANCIAL STATEMENTS, REPORTS AND/OR SCHEDULES ARE AND WILL BE PREPARED BY MANAGEMENT OF THE CPRB, EXCLUDING THE ANNUAL DHHS COMPILATION UNDER SECTION 1.1.3.

2. DEFINITIONS: The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions.

2.1 "Contract Services" means Assurance Services of an Independent Certified Public Accounting Firm as more fully described in these specifications.

2.2 "Pricing Page" means the pages contained in wvOASIS or attached hereto as Exhibit A, upon which Vendor should list its proposed price for the Contract Services.

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

3. QUALIFICATIONS: Vendor, or Vendor's staff if requirements are inherently limited to individuals rather than corporate entities, shall have the following minimum qualifications:

3.1 The proposing firm must be independent of the CPRB and the State of West Virginia. The proposing firm must be licensed to practice in West Virginia before commencement of work under the resulting contract.

REQUEST FOR QUOTATION
Assurance/Audit Services & CAFR Technical Assistance
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West Virginia Consolidated Public Retirement Board

- 3.2 All directors, principals or partner equivalents on the engagement must be licensed CPAs with at least five (5) years of audit experience with governmental entities and multi-employer defined benefit retirement plans/systems. All manager level employees on this engagement must be CPAs with three (3) years of experience on governmental engagements and multi-employer defined benefit retirement plans/systems. The firm should provide, in its proposal, resumes for each proposed engagement team member. Vendor must provide any documentation requested by the State to assist in confirmation of compliance with this provision. References, documentation, or other information to confirm compliance with this experience requirement are preferred with the bid submission but may be requested after bid opening and prior to contract award. The CPRB retains the right to approve or reject replacements engagement team members based upon their qualifications, experience or performance throughout the life of the contract.
- 3.3 The proposing firm must have experience auditing/consulting with three (3) different state (does not have to be West Virginia) government entities (agencies) over the past five (5) years. In its proposal, the proposing firm must submit a list of those state audits/consulting engagements.
- 3.4 The proposing firm shall submit a statement, in its proposal, that they have not failed their two (2) most recent reviews under the American Institute of Certified Public Accountants (AICPA) Peer Review Program over their audit/accounting practice and must furnish their most recent review report with their proposal.
- 3.5 The proposing firm must have at least seven (7) licensed CPA's on staff within the audit firm that are strictly audit and not tax professionals. This insures we have a firm that has a breadth of experience that we are looking for and can substitute engagement members should turnover occur.
- 3.6 The proposing firm must not have had a final audit report issued by the proposing firm that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia state agency two times or more.
- 3.7 The proposing firm must be a member in good standing of the AICPA's Governmental Audit Quality Center. The proposing firm must provide an affirmative statement regarding this requirement.

4. MANDATORY REQUIREMENTS:

- 4.1 Mandatory Contract Services Requirements and Deliverables:** Contract Services must meet or exceed the mandatory requirements listed below.

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Assurance/Audit Services & CAFR Technical Assistance
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4.1.1 Financial Statement Auditing Services – Audit of the June 30 Financial Statements of the CPRB in accordance with:

4.1.1.1 Auditing standards generally accepted in the United States of America (GAAS) and,

4.1.1.2 *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS).

4.1.1.3 Final audited financial statements **MUST** be issued by October 15th of each year. The anticipated timeline will be:

Interim Fieldwork	May and/or June
Cash Basis Trial Balance	Approximately July 15 th
Accrual Basis Trial Balance	Approximately August 20 th
Records Ready for Audit	Approximately August 20 th
Draft financial statements	Approximately September 10 th
Final audited financial statements issued	October 15 th

4.1.2 Audit Services - GASB Statement No. 68 Allocation Schedules (for participating employers financial reporting)

4.1.2.1 Annual audits of the *Schedules of Employer Allocations and Pension Amounts* for the 5 multi-employer defined benefit retirement systems, in accordance with GAAS. Those systems are: PERS, TRS, DSRS, EMSRS, & MPFRS.

4.1.2.2 Annual audits of the *Schedules of Pension Amounts* for the 3 single-employer retirement systems, in accordance with GAAS. Those systems are: SPDDRS, SPRS, and JRS.

4.1.2.3 The allocations schedules are prepared by management and are expected to be available for audit each year by January 15th. The audited schedules should be released by May 1st of each year.

4.1.3 Compilation of an “Annual Report of Total Contributions to the WV PERS”. [Only a requirement for the fiscal years ended June 30, 2020 and 2021].

4.1.3.1 The report format is prescribed by U.S. Department of Health and Human Services. The compilation must be performed in accordance with the Statements on Standards for Accounting and Review Services issued by the AICPA. [Not a requirement after the fiscal year ended June 30, 2021].

4.1.3.2 It is expected that the auditor would perform this compilation during the year end audit fieldwork and issue the compilation report no later than December 1st, of each year.

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Independent Certified Public Accountants
West Virginia Consolidated Public Retirement Board

4.1.4 Technical assistance in the preparation and submission of the annual Comprehensive Annual Financial Report (CAFR).

4.1.4.1 This technical assistance is expected to include a review of the draft CAFR, prepared by management, for compliance with the requirements for the Certificate of Excellence in Financial Reporting award program administered by the Government Finance Officers Association (GFOA) and the issuance of an updated Independent Auditors Report for the CAFR's financial section.

4.1.4.2 It is expected that the CAFR will be ready for this technical assistance by November 15th of each year. The CAFR must be issued and submitted to the GFOA no later than December 31st, of each year.

4.1.5 Printing and Publication of 35 bound copies of the audited financial statements and 50 bound copies of the CAFR, annually

4.1.6 All working papers and reports must be retained at the auditors' expense for a minimum of five (5) years unless the firm is notified in writing by the CPRB of the need to extend the retention period. The firm will be required to make working papers available, upon request at no additional cost, to the following parties or their designees:

1. Executive Director of CPRB
2. Chief Financial Officer of CPRB
3. Chairman of the Board of CPRB
4. Director of the Financial Accounting and Reporting Section of the Department of Administration of the State of West Virginia.
5. A Successor Auditor (in the event of a change in auditor)

5. CONTRACT AWARD:

5.1 Contract Award: The Contract is intended to provide the Agency with a purchase price for the Contract Services. The Contract shall be awarded to the Vendor that provides the Contract Services meeting the required specifications for the lowest overall total cost as shown on the Pricing Pages. Contract award will be for the 1st year (Fiscal year ending June 30, 2020) with three (3) successive one (1) year period renewals.

REQUEST FOR QUOTATION
Assurance/Audit Services & CAFR Technical Assistance
Independent Certified Public Accountants
West Virginia Consolidated Public Retirement Board

5.2 Pricing Page: Vendor should complete the Pricing Page as part of their response to this RFQ. Vendor should complete the Pricing Page in full as failure to complete the Pricing Page in its entirety may result in Vendor's bid being disqualified.

Vendor should type or electronically enter the information into the Pricing Pages through wvOASIS, if available, or as an electronic document.

- 6. PERFORMANCE:** Vendor and Agency shall agree upon a schedule for performance of Contract Services and Contract Services Deliverables, unless such a schedule is already included herein by Agency. In the event that this Contract is designated as an open-end contract, Vendor shall perform in accordance with the release orders that may be issued against this Contract.
- 7. PAYMENT:** Agency shall pay invoice from the vendor, as shown on the Pricing Pages, for all Contract Services performed and accepted under this Contract. Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia.
- 8. TRAVEL:** Vendor shall be responsible for all mileage and travel costs, including travel time, associated with performance of this Contract. Any anticipated mileage or travel costs may be included in the flat fee or hourly rate listed on Vendor's bid, but such costs will not be paid by the Agency separately.
- 9. FACILITIES ACCESS:** Performance of Contract Services may require access cards and/or keys to gain entrance to Agency's facilities. In the event that access cards and/or keys are required:
 - 9.1** Vendor must identify principal service personnel which will be issued access cards and/or keys to perform service.
 - 9.2** Vendor will be responsible for controlling cards and keys and will pay replacement fee, if the cards or keys become lost or stolen.
 - 9.3** Vendor shall notify Agency immediately of any lost, stolen, or missing card or key.
 - 9.4** Anyone performing under this Contract will be subject to Agency's security protocol and procedures.
 - 9.5** Vendor shall inform all staff of Agency's security protocol and procedures.

REQUEST FOR QUOTATION
Assurance/Audit Services & CAFR Technical Assistance
Independent Certified Public Accountants
West Virginia Consolidated Public Retirement Board

10. VENDOR DEFAULT:

10.1 The following shall be considered a vendor default under this Contract.

10.1.1 Failure to perform Contract Services in accordance with the requirements contained herein.

10.1.2 Failure to comply with other specifications and requirements contained herein.

10.1.3 Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.

10.1.4 Failure to remedy deficient performance upon request.

10.2 The following remedies shall be available to Agency upon default.

10.2.1 Immediate cancellation of the Contract.

10.2.2 Immediate cancellation of one or more release orders issued under this Contract.

10.2.3 Any other remedies available in law or equity.

11. MISCELLANEOUS:

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

11.1.1 The Vendor must notify the Agency if there is a change in the Contract Manager during the contract term.

Contract Manager: Chris Deweese, CPA, CGMA, Member
Telephone Number: 304-343-4126
Fax Number: 304-343-8008
Email Address: CDeweese@suttlecpas.com

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

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

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

DEFINITIONS:

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

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

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

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Suttle & Stalnaker, PLLC

Authorized Signature:  Date: 05/04/2020

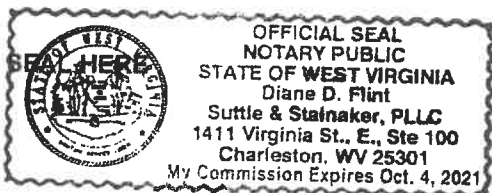
State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 4 day of May, 2020

My Commission expires Oct 4, 2021.

AFFIX SEAL



NOTARY PUBLIC 

Purchasing Affidavit (Revised 01/19/2018)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CPR2000000003

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

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

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input checked="" type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input checked="" type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Suttle & Stalnaker, PLLC

Company



Authorized Signature

05/04/2020

Date

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

**Annual Report of Total Annual Contributions to
the West Virginia Public Employees Retirement System**

Year Ended June 30, 2019

Prepared for: Director, Division of Cost Allocation
Financial Management Services
Program Support Center
U.S. Department of Health and Human Services
7700 Wisconsin Avenue, Suite 2300
Bethesda, MD 20814



**Suttle &
Stalnaker** | Certified
Public
Accountants

A Professional Limited Liability Company

Attachment A



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Management of the
West Virginia Consolidated Public Retirement Board
Charleston, West Virginia

Management is responsible for the Annual Report of Total Annual Contributions to the West Virginia Public Employees Retirement System (the Annual Report) for the year ended June 30, 2019 included in the accompanying prescribed format the requirements of U.S. Department of Health and Human Services. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the Annual Report included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the Annual Report included in the accompanying prescribed form.

The Annual Report included in the accompanying prescribed format is presented in accordance with the requirements of U.S. Department of Health and Human Services, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of management and the U.S. Department of Health and Human Services and is not intended to be and should not be used by anyone other than these specified parties.



Charleston, West Virginia
November 13, 2019

The Virginia Center
1411 Virginia Street, East | Suite 100
Charleston, WV 25301

MAIN (304) 343-4126
FAX (304) 343-8008

Towne Square | 201 Third Street
PO Box 149
Parkersburg, WV 26102

MAIN (304) 485-6584
FAX (304) 485-0971

Wharf District
68 Clay Street | Suite C
Morgantown, WV 26501

MAIN (304) 554-3371
FAX (304) 554-3410

suttlecpas.com
cpa@suttlecpas.com

**ANNUAL REPORT OF TOTAL ANNUAL CONTRIBUTIONS
TO THE WEST VIRGINIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**West Virginia
Public Employees Retirement System (PERS)
Statement of Changes in Plan Net Position - Pension Funds
Analysis of "Employer Contributions"
Fiscal Year ending: June 30, 2019**

Annual contribution rate required by statute for the year: 10%

<u>Department/Agency</u>	<u>Covered Salaries</u>	<u>"Employer Contributions"</u>
See Attachment A for list of Covered Salaries and Employer Contributions by State Agency		
Subtotal - State	<u>\$ 977,760,293</u>	<u>\$ 98,102,916</u>
	977,760,293	98,102,916
Settlement Agreement payments (A)	N/A	N/A
Other Revenue exceeding \$1,000,000 by specific category (list separately)	-0-	-0-
Other Revenue not exceeding \$1,000,000 by specific category	-0-	-0-
Total non-state organizations	<u>489,977,862</u>	<u>48,928,342</u>
Grand Total	<u>\$ 1,467,738,155</u>	<u>\$ 147,031,258</u>

Total "Employer Contributions" agrees to total for "Employer Contributions" in Statement of Changes in Fiduciary Net Position - Pension Fund for the Public Employees' Retirement System.

(A) - The Settlement Agreement contribution of \$180,000,000 by the State to the Public Employees Retirement System was reported as "Employer Contributions" and "Due from State of West Virginia" in the PERS financial statements for the year ended June 30, 2010. The quarterly payments of the State's contribution were paid as required during the fiscal year ending June 30, 2019, with four quarterly payments of \$5,000,000 each paid, reducing the "Due from State of West Virginia" balance to \$25,000,000 as of June 30, 2019.

See Independent Accountant's Compilation Report.

**ANNUAL REPORT OF TOTAL ANNUAL CONTRIBUTIONS
TO THE WEST VIRGINIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

ATTACHMENT A

**COVERED SALARIES AND EMPLOYER
CONTRIBUTIONS BY STATE AGENCY**

<u>Department/Agency</u>	<u>Covered Salaries</u>	<u>Employer Contributions</u>
GOVERNORS OFFICE	\$ 2,366,088	\$ 237,586
DOA SECRETARY OFFICE	399,857	40,175
DOA CONSOLIDATED PUBLIC RETIREMENT BOARD	4,090,773	410,522
DOA FINANCE	1,116,945	111,983
DOA INFORMATION SERVICES AND COMMUNICATIONS	10,714,231	1,075,502
DOA GENERAL SERVICES	4,013,574	402,778
DOA PURCHASING	1,715,517	172,187
DOA SURPLUS PROPERTY	423,866	42,525
DOA TRAVEL MANAGEMENT	368,213	36,950
FLEET MANAGEMENT	309,348	31,043
DOA BOARD OF RISK AND INSURANCE MANAGEMENT	1,455,351	146,076
DOA GRIEVANCE BOARD	689,686	69,225
DOA ETHICS COMMISSION	422,060	42,361
DOA PUBLIC DEFENDER SERVICES	1,065,043	106,877
DOA DIVISION OF PERSONNEL	2,981,205	299,163
DOA PUBLIC EMPLOYEES INSURANCE AGENCY	2,278,539	228,607
DOA PROSECUTING ATTORNEYS INSTITUTE	233,824	23,469
DOA OFFICE OF TECHNOLOGY	253,183	25,395
DOA RETIREE HEALTH BENEFIT TRUST FUND	75,441	7,569
DOA REAL ESTATE DIVISION	685,791	68,825
DIVISION OF FINANCIAL INSTITUTIONS	1,605,890	161,185
DIVISION OF TOURISM	1,165,563	116,972
DIVISION OF FORESTRY	3,698,243	371,110
GEOLOGICAL SURVEY	1,461,755	146,698
WEST VIRGINIA DEVELOPMENT OFFICE	4,933,435	495,189
DIVISION OF LABOR	2,534,251	254,357
DIVISION OF NATURAL RESOURCES	26,170,544	2,627,187
ENVIRONMENTAL QUALITY BOARD	102,906	10,324
SOLID WASTE MANAGEMENT BOARD	443,225	44,490
DEP	38,255,949	3,839,543
MINERS HEALTH SAFETY	6,717,705	674,264
OIL & GAS CONSERVATION COMMISSION	47,515	4,769
WATER DEVELOPMENT AUTHORITY	889,447	89,275
BOARD OF COAL MINE HEALTH AND SAFETY	37,355	3,749
WORKFORCE WV	11,216,493	1,125,680
OFFICE OF THE SECRETARY OF COMMERCE	547,134	54,759
DIVISION OF ENERGY	180,722	18,138
DEPARTMENT OF EDUCATION & THE ARTS	7,789	857
DIVISION OF CULTURE AND HISTORY	3,490,354	350,236
LIBRARY COMMISSION	1,272,210	127,682
EDUCATIONAL BROADCASTING AUT	2,567,110	257,650
WV HIGHER EDUCATION POLICY COMMISSION	81,701	8,200
DHHR - SECRETARY	320,789	32,204
BOARD OF BARBERS & COSMETOLOGISTS	232,789	23,360
DHHR - HEALTH RESOURCES MANAGEMENT	75,604,432	7,585,142
HEALTH CARE AUTHORITY	591,494	59,417

See Independent Accountant's Compilation Report.

**ANNUAL REPORT OF TOTAL ANNUAL CONTRIBUTIONS
TO THE WEST VIRGINIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

ATTACHMENT A

**COVERED SALARIES AND EMPLOYER
CONTRIBUTIONS BY STATE AGENCY (Continued)**

<u>Department/Agency</u>	<u>Covered Salaries</u>	<u>Employer Contributions</u>
BUREAU OF SENIOR SERVICES	1,482,905	148,848
HOSPITAL FINANCE AUTHORITY	59,715	5,993
HUMAN RIGHTS COMMISSION	608,807	61,073
DHHR - HUMAN SERVICES	109,551,010	10,993,194
OFFICE OF MILITARY AFFAIRS	694,856	69,927
ADJUTANT GENERAL	23,768,319	2,383,039
PAROLE BOARD	406,854	40,913
DIVISION OF HOMELAND SECURITY	1,475,732	148,248
DIVISION OF CORRECTIONS	132,435,800	13,285,338
WEST VIRGINIA STATE POLICE	12,662,610	1,270,707
DIVISION OF VETERANS AFFAIRS	6,517,794	654,104
VETERANS HOME	1,119,289	112,320
STATE FIRE COMMISSION	1,951,286	195,821
DIVISION OF CRIMINAL JUSTICE SERVICES	1,327,183	133,227
DIVISION OF PROTECTIVE SERVICES	1,577,977	158,337
STATE TAX DEPARTMENT	528,973	53,100
STATE TAX DEPARTMENT	14,920,999	1,497,289
STATE BUDGET OFFICE	388,070	38,962
INSURANCE COMMISSION	11,096,010	1,113,737
WV LOTTERY	7,802,340	783,098
MUNICIPAL BOND COMMISSION	161,362	16,194
RACING COMMISSION	1,470,846	147,670
ALCOHOL BEVERAGE CONTROL	2,676,034	268,567
OFFICE OF TAX APPEALS	207,663	20,841
DIVISION OF MOTOR VEHICLES	17,254,454	1,731,501
DIVISION OF HIGHWAYS	214,885,756	21,561,491
STATE RAIL AUTHORITY	398,269	39,978
DIVISION OF PUBLIC TRANSIT	464,161	46,604
PUBLIC PORT AUTHORITY	69,128	6,913
DOT - AERONAUTICS COMM	130,798	13,111
DOT OFFICE OF ADMINISTRATIVE	874,378	87,769
WV PARKWAYS AUTHORITY	15,613,460	1,566,493
REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD	133,892	13,432
BD OF FUNERAL SERV EXAMINERS	50,474	5,066
BD OF PROFESSIONAL SURVEYORS	48,708	4,906
BOARD OF COUNSELING	88,389	8,872
BD OF SOCIAL WORK EXAMINERS	70,831	7,105
BD OF EXAMINERS FOR LPN	252,414	25,355
BOARD OF REGISTERED NURSES	958,484	96,186
BOARD OF CHIROPRACTIC	49,587	4,981
BOARD OF DENTAL EXAMINERS	137,482	13,800
BOARD OF OCCUPATIONAL THERAPY	30,969	3,107
BOARD OF OPTOMETRY	52,935	5,313
BOARD OF PHARMACY	420,008	42,158
BOARD OF PSYCHOLOGIST	39,869	4,001
BOARD OF MEDICAL IMAGING TECHNICIANS	71,771	7,211

See Independent Accountant's Compilation Report.

**ANNUAL REPORT OF TOTAL ANNUAL CONTRIBUTIONS
TO THE WEST VIRGINIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

ATTACHMENT A

**COVERED SALARIES AND EMPLOYER
CONTRIBUTIONS BY STATE AGENCY (Continued)**

<u>Department/Agency</u>	<u>Covered Salaries</u>	<u>Employer Contributions</u>
BOARD OF PROFESSIONAL ENGINEERS	403,657	40,515
BOARD OF ACCOUNTANCY	163,088	16,368
BOARD OF ARCHITECTS	62,515	6,275
BOARD OF OSTEOPATHY	240,954	24,185
BOARD OF PHYSICAL THERAPY	112,617	11,301
BD OF VETERINARY MEDICINE	100,933	10,133
PUBLIC SERVICE COMMISSION	11,763,835	1,180,596
REAL ESTATE COMMISSION	286,759	28,779
BD OF EXAMINERS FOR SPEECH	52,139	5,233
DIVISION OF REHABILITATION SERVICES	18,858,619	1,892,949
BOARD OF RESPIRATORY CARE	47,583	4,775
BOARD OF MASSAGE THERAPY	74,830	7,510
WV COURTHOUSE FACILITIES IMPROVEMENT AUTHORITY	70,639	7,090
NATIONAL COAL HERITAGE AREA AUTHORITY	134,621	13,511
ECONOMIC DEVELOPMENT AUTHORITY	568,762	57,117
BOARD OF MEDICINE	854,227	85,733
WV MUNICIPAL PENSION OVERSIGHT	224,698	22,552
WV ENTERPRISE RESOURCE	1,882,199	188,935
AUDITOR'S OFFICE	9,026,327	905,932
TREASURERS OFFICE	6,932,548	695,743
DEPARTMENT OF AGRICULTURE	13,314,403	1,336,086
ATTORNEY GENERAL	10,155,768	1,019,448
SECRETARY OF STATE	2,392,867	240,192
WEST VIRGINIA SENATE	2,351,692	235,918
WEST VIRGINIA HOUSE OF DELEGATES	3,445,534	345,007
JOINT COMMITTEE ON GOVERNMENT AND FINANCE	4,661,673	467,697
WEST VIRGINIA SUPREME COURT OF APPEALS	75,097,527	7,530,578
WILLIAM R SHARPE JR HOSPITAL	720	86
JOBS INVESTMENT TRUST BOARD	285,250	28,525
MT OLIVE CORRECTIONAL CTR	1,680	227
HOUSING DEVELOPMENT FUND	5,653,663	565,367
SECONDARY SCHOOL ACTIVITIES COMMISSION	450,102	45,010
STATE BAR	1,263,878	126,388
	<u>\$ 977,760,293</u>	<u>\$ 98,102,916</u>

See Independent Accountant's Compilation Report.

Attachment B

**West Virginia Consolidated
Public Retirement Board**

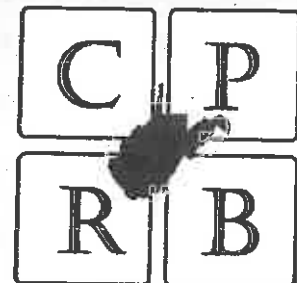
Pension Trust Funds of the State of West Virginia

(A Component Unit of the State of West Virginia)

2019

**Audited Financial
Statements**

Serving Those Who Serve West Virginia



Fiscal Years Ended June 30, 2019 and June 30, 2018

West Virginia Consolidated Public Retirement Board
Audited Financial Statements
Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
West Virginia Consolidated Public Retirement Board
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of each of the pension funds (pension trust funds of the State of West Virginia) and internal service fund of the West Virginia Consolidated Public Retirement Board (the Board), component unit of the State of West Virginia, as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the pension funds and the internal service fund of the Board, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the pension trust funds of the State of West Virginia and do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, the schedules of net pension liability and changes in net pension liability, schedules of contributions, schedules of investment returns, schedule of proportionate share of the net pension liability, schedule of contributions to the PERS, schedule of OPEB contributions, schedule of proportionate share of net OPEB liability, and the accompanying notes to the required supplementary information presented on pages 70 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Board's basic financial statements. The accompanying schedule of administrative expenses as listed in the table of contents on page 85 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Charleston, West Virginia
October 15, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The Management of the West Virginia Consolidated Public Retirement Board (WV CPRB) provides this discussion and analysis as an overview of the WV CPRB's financial activities for the fiscal years ended June 30, 2019 and June 30, 2018. This section should be read in conjunction with the Independent Auditor's Report, the audited financial statements, and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The net position restricted for pensions (total assets minus total liabilities) of the WV CPRB at June 30, 2019 was \$16.81 billion, increasing over \$423.74 million (2.59%) from the plan net position restricted for pensions at June 30, 2018. The net position restricted for pensions of the Board at June 30, 2018 was \$16.39 billion, increasing over \$968.80 million (6.28%) from the net position restricted for pensions at June 30, 2017. The net position restricted for pensions is held in trust to meet future benefit obligations.
- Contribution revenue for fiscal year 2019 totaled approximately \$853.31 million, an increase of 0.61% compared to fiscal year 2018. Contribution revenue for fiscal year 2018 totaled \$848.12 million, an increase of 1.85% compared to fiscal year 2017. The fluctuations from 2018 to 2019 were due to changes in the employer contribution rates and changes in the retirement systems' membership.
- Net investment income for fiscal years 2019 and 2018 were approximately \$953.33 million and \$1.46 billion, respectively.
- Total benefits, refunds, and forfeitures paid for fiscal year 2019 were approximately \$1.374 billion, an increase of 3.39% over fiscal year 2018 total benefits, refunds, and forfeitures paid of \$1.329 billion, which was an increase of 3.63% over fiscal year 2017.
- Total administrative expenses for fiscal year 2019 were \$14.297 million, as compared to \$14.301 million in 2018. This represented a -0.03% decrease over the prior year. From 2017 to 2018 administrative expenses increased 28.33%. The increase in administrative expense in fiscal year 2018 was primarily due to increased depreciation resulting from placing our new benefit administration software in service during April 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The WV CPRB financial statements consist of the *Statements of Fiduciary Net Position - Pension Funds*, *Statements of Changes in Fiduciary Net Position - Pension Funds*, *Statements of Net Position - Internal Service Funds*, *Statements of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Fund*, *Statement of Cash Flows - Internal Service Fund* and the *Notes to the Financial Statements*. In addition, *Required Supplementary Information* is presented, which includes this *Management's Discussion and Analysis*.

The *Statements of Fiduciary Net Position - Pension Funds* and the *Statements of Changes in Fiduciary Net Position - Pension Funds* report information about the fiduciary net position as of the end of the fiscal year and the changes in fiduciary net position during the fiscal year. These statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis of accounting, the current year's additions and deductions are included in the financial activity, regardless of when cash is received or paid. The difference between the total assets and total liabilities on the *Statements of Fiduciary Net Position - Pension Funds*, or net position restricted for pensions, provides a measurement of the financial position of the WV CPRB as of the end of the fiscal year. The *Statements of Changes in Fiduciary Net Position - Pension Funds* provide information on the activities that caused the financial position to change during the fiscal year. Over time, increases or decreases in the net position restricted for pensions of the WV CPRB are one indicator of the whether the systems' financial health is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The *Statements of Net Position - Internal Service Fund, Statements of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Fund, and Statement of Cash Flows - Internal Service Fund* report information about the net position as of the end of the fiscal year and the changes in net position during the fiscal year. These statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis of accounting, the current year's additions and deductions are included in the financial activity, regardless of when cash is received or paid. The difference between the total assets and total liabilities on the *Statements of Net Position - Internal Service Fund*, or net position, provides a measurement of the financial position of the WV CPRB's internal service fund as of the end of the fiscal year. The *Statements of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Fund, and Statement of Cash Flows - Internal Service Fund* provide information on the activities that caused the financial position to change during the fiscal year. Over time, increases or decreases in the net position of the WV CPRB's internal service fund are one indicator of the whether the systems' financial health is improving or deteriorating.

In addition to the basic financial statements, the reader should also review the Required Supplementary Information, which includes the *Schedules of Net Pension Liability and Changes in Net Pension Liability, Schedules of Contributions, Schedules of Investment Returns, Schedule of the Proportionate Share of the Net Pension Liability, Schedule of Contributions to the PERS, Schedule of OPEB Contributions, and Schedule of Proportionate Share of the Net OPEB Liability* to gain an understanding of the funded status of the WV CPRB over time. These schedules provide an indication of the WV CPRB's ability to meet both the current and future benefit payment obligations. The *Notes to the Financial Statements* are also essential to the reader's understanding of the financial statements and provide additional information regarding the WV CPRB, such as descriptions of the plans administered by the WV CPRB, including contribution and benefit provisions, and information about the accounting policies and investment activities.

ANALYSIS OF ASSETS, LIABILITIES AND NET POSITION RESTRICTED FOR PENSIONS

At June 30, 2019, the WV CPRB had net position restricted for pensions of approximately \$16.81 billion, an increase of over \$423.74 million (2.59%) from \$16.39 billion at June 30, 2018. This followed the fiscal year 2018 increase of approximately \$968.8 million (6.28%) from the approximately \$15.42 billion of net position restricted for pensions as of June 30, 2017. The assets of the WV CPRB consist primarily of investments. The increase in net position restricted for pensions is primarily the result of investment returns in equity markets. Condensed financial information comparing the WV CPRB plan assets for the past three fiscal years follows.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

CONDENSED FIDUCIARY NET POSITION (in thousands)

	June 30, 2019	June 30, 2018	FY19-18 Percentage Change	June 30, 2017	FY18-17 Percentage Change
<u>ASSETS</u>					
Cash	\$ 4,193	\$ 6,164	-31.98%	\$ 5,315	15.97%
Investments at fair value	16,719,710	16,308,116	2.52%	15,315,786	6.48%
Contributions receivable	33,420	34,258	-2.45%	40,711	-15.85%
Participant loans receivable	1,799	2,385	-24.57%	2,477	-3.71%
Appropriation receivable	35,000	-	100.00%	-	-
Miscellaneous revenue receivable	202	257	-21.40%	500	-48.60%
Due from State of West Virginia	25,000	45,000	-44.44%	65,000	-30.77%
	<u>16,819,324</u>	<u>16,396,180</u>	2.58%	<u>15,429,789</u>	6.26%
<u>LIABILITIES</u>					
Accrued expenses and other payables	4,428	5,026	-11.90%	7,432	-32.37%
Net position restricted for pensions	<u>\$ 16,814,896</u>	<u>\$ 16,391,154</u>	2.59%	<u>\$ 15,422,357</u>	6.28%

ANALYSIS OF ADDITIONS AND DEDUCTIONS TO NET POSITION RESTRICTED FOR PENSIONS

Contributions to WV CPRB increased approximately \$5.20 million (0.61%) compared to fiscal year 2018. With the decrease in investment income of approximately \$505 million for fiscal year 2019 compared to investment income for fiscal year 2018, the overall decrease in additions for 2019 was -21.63% compared to revenues for fiscal year 2018.

Contributions to the WV CPRB for fiscal year 2018 increased by approximately \$15.39 million (1.85%) over contributions for fiscal year 2017. With the decrease of net investment income of approximately \$635.1 million for fiscal year 2018 compared to investment income for fiscal year 2017, the overall decrease in revenues for 2018 was -21.15% compared to revenue for fiscal year 2017.

Total benefits, refunds, and forfeitures paid during the year ended June 30, 2019 were approximately \$1.37 billion, an increase of 3.39% over fiscal year 2018 total benefits, refunds, and forfeitures paid. Total benefits and refunds paid during the year ended June 30, 2018 were approximately \$1.33 billion, an increase of 3.63% over fiscal year 2017. The increase in benefit expenses for each year is attributed to more retirees receiving benefits during the fiscal years. Total refunds paid increased approximately \$4.41 million (11.92%) in fiscal year 2019 from fiscal year 2018. Total refunds paid had decreased approximately \$3.43 million (-8.49%) in fiscal year 2018 over fiscal year 2017.

Administrative expenses for the year ended June 30, 2019 were approximately \$14.30 million, a decrease of -0.03% from fiscal year 2018 administrative expenses. Administrative expenses for the year ended June 30, 2018 were approximately \$14.30 million, an increase of 28.33% over fiscal year 2017 administrative expenses. The increase each year was primarily due to budgetary increases deemed necessary for several expense areas, namely staff across the board pay raises in 2019 and the new Line of Business software implemented during 2018 and 2017.

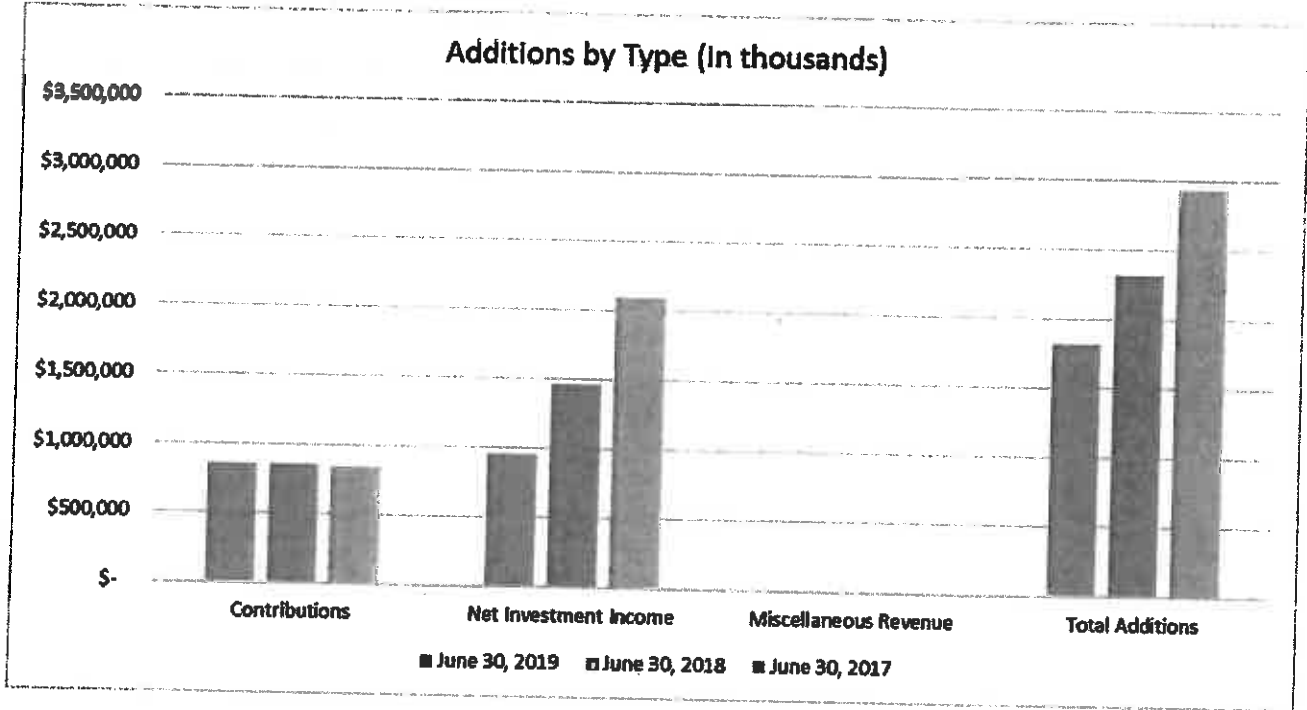
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CONDENSED CHANGES IN FIDUCIARY NET POSITION (in thousands)

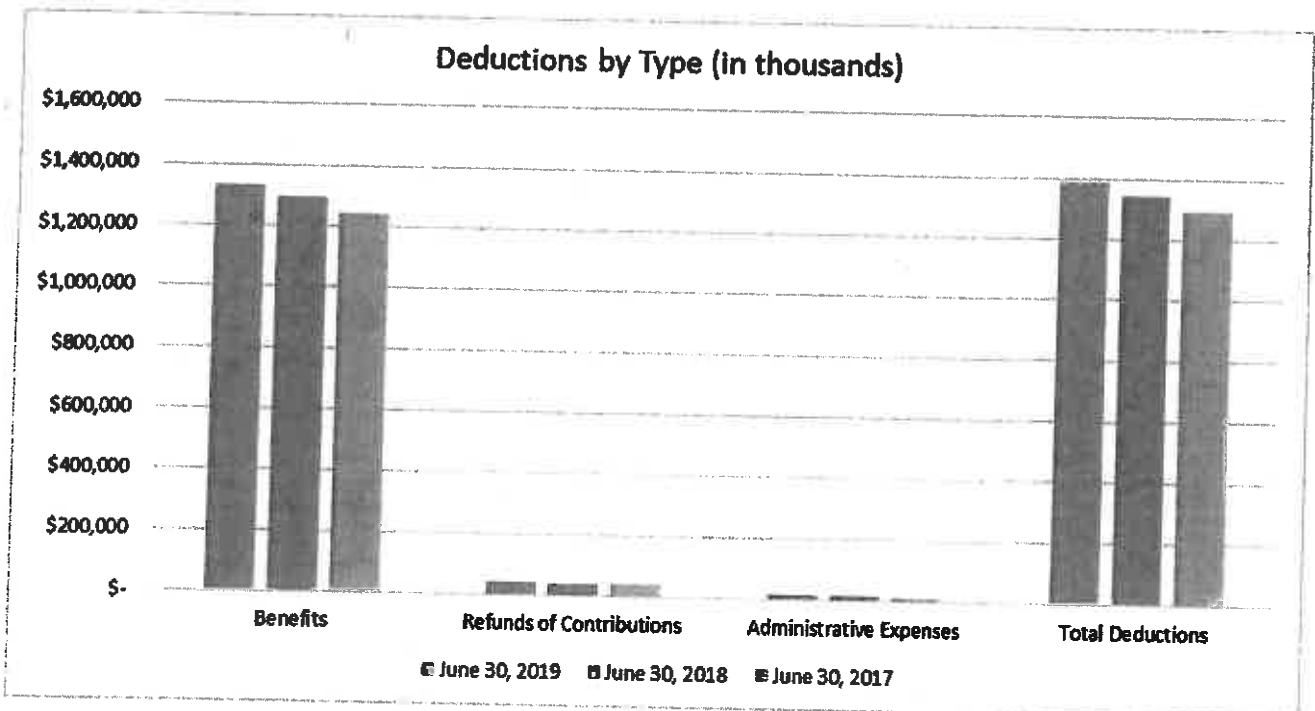
	2019	2018	FY19-18 Percentage Change	2017	FY18-17 Percentage Change
Additions:					
Contributions:					
Member contributions	\$ 182,634	\$ 172,258	6.02%	\$ 173,746	-0.86%
Employer contributions	670,677	675,859	-0.77%	658,978	2.56%
Total contributions	853,311	848,117	0.61%	832,724	1.85%
Investment income:					
Net increase (decrease) in fair value of investments	936,035	1,375,774	-31.96%	1,954,392	-29.61%
Investment income	17,299	82,639	-79.07%	139,167	-40.62%
Net investment income	953,334	1,458,413	-34.63%	2,093,559	-30.34%
Other income	5,573	5,739	-2.89%	6,113	-6.12%
Total additions	1,812,218	2,312,269	-21.63%	2,932,396	-21.15%
Deductions and transfers:					
Benefit expense	1,332,737	1,292,143	3.14%	1,242,193	4.02%
Refunds of contributions/withdrawals	41,442	37,028	11.92%	40,462	-8.49%
Administrative expense	14,297	14,301	-0.03%	11,144	28.33%
Total deductions and transfers	1,388,476	1,343,472	3.35%	1,293,799	3.84%
Net increase (decrease) in net position	423,742	968,797	-56.26%	1,638,597	-40.88%
Net position restricted for pensions:					
Beginning of year	16,391,154	15,422,357	6.28%	13,783,760	11.89%
End of year	\$ 16,814,896	\$ 16,391,154	2.59%	\$ 15,422,357	6.28%

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

ADDITIONS BY TYPE (in thousands)



DEDUCTIONS BY TYPE (in thousands)



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

ANALYSIS OF INTERNAL SERVICE FUND ASSETS, LIABILITIES AND NET POSITION

At June 30, 2019, the WV CPRB internal service fund had net position of approximately \$32.7 million, an increase of \$1.47 million (4.71%) from approximately \$31.2 million at June 30, 2018. This followed the fiscal year 2018 increase of approximately \$2.38 million (8.26%) from the approximately \$28.8 million of net position as of June 30, 2017. The increase in net position is primarily due to the excess of fees collected over administrative costs incurred and investments in capital assets. Cash with the State Treasurer increased approximately \$716 thousand and net position unrestricted increase by approximately \$5.3 million to a net position of approximately \$964 thousand. This increase in cash at year end was primarily the result of the timing of vendor payments. Condensed financial information comparing the WV CPRB internal service fund assets for the past three fiscal years follows.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CONDENSED NET POSITION (in thousands)

<u>ASSETS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>FY19-18 Percentage Change</u>	<u>June 30, 2017</u>	<u>FY18-17 Percentage Change</u>
Cash with State Treasurer	\$ 4,466	\$ 3,750	19.09%	\$ 2,743	36.71%
Miscellaneous receivable	664	656	1.22%	802	-18.20%
Capital assets, net of depreciation	<u>31,737</u>	<u>35,584</u>	-10.81%	<u>34,167</u>	4.15%
Total assets	<u>36,867</u>	<u>39,990</u>	-7.81%	<u>37,712</u>	6.04%
Deferred outflows of resources related to pension	933	1,336	-30.16%	2,411	-44.59%
Deferred outflows of resources related to OPEB	<u>303</u>	<u>162</u>	87.04%	-	100.00%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 38,103</u>	<u>\$ 41,488</u>	-8.16%	<u>\$ 40,123</u>	3.40%
<u>LIABILITIES</u>					
Accrued expenses and other payables	<u>\$ 1,382</u>	<u>\$ 5,589</u>	-75.27%	<u>\$ 5,045</u>	10.78%
Compensated absences	295	269	9.67%	259	3.86%
Net pension liability	672	1,076	-37.55%	2,152	-50.00%
Other post-employment benefits liability	<u>1,808</u>	<u>1,910</u>	-5.34%	<u>2,524</u>	-24.33%
Total liabilities	<u>4,157</u>	<u>8,844</u>	-53.00%	<u>9,980</u>	-11.38%
Deferred inflows of resources related to pension	821	1,126	-27.09%	1,296	-13.12%
Deferred inflows of resources related to OPEB	424	288	47.22%	-	100.00%
NET POSITION					
Net position (deficit), unrestricted	964	(4,354)	122.14%	(5,320)	18.16%
Investment in capital assets	<u>31,737</u>	<u>35,584</u>	10.81%	<u>34,167</u>	4.15%
Total net position	<u>32,701</u>	<u>31,230</u>	4.71%	<u>28,847</u>	8.26%
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 38,103</u>	<u>\$ 41,488</u>	-8.16%	<u>\$ 40,123</u>	3.40%

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

ANALYSIS OF INTERNAL SERVICE FUND ADDITIONS AND DEDUCTIONS TO NET POSITION

Fees received for administrative services by the WV CPRB internal service fund for fiscal year 2019 decreased approximately \$11 thousand (-0.08%) compared to fiscal year 2018. Fees received for administrative services by the WV CPRB internal service fund for fiscal year 2018 increased approximately \$3.3 million (29.62%) compared to fiscal year 2017. The increase in operating revenues in fiscal year 2018 compared to fiscal year 2017 was the result of the increase in the annual administrative service fee from \$60 per plan member in 2017 to \$80 per plan member in 2018 and increases in total membership on which these fees are collected.

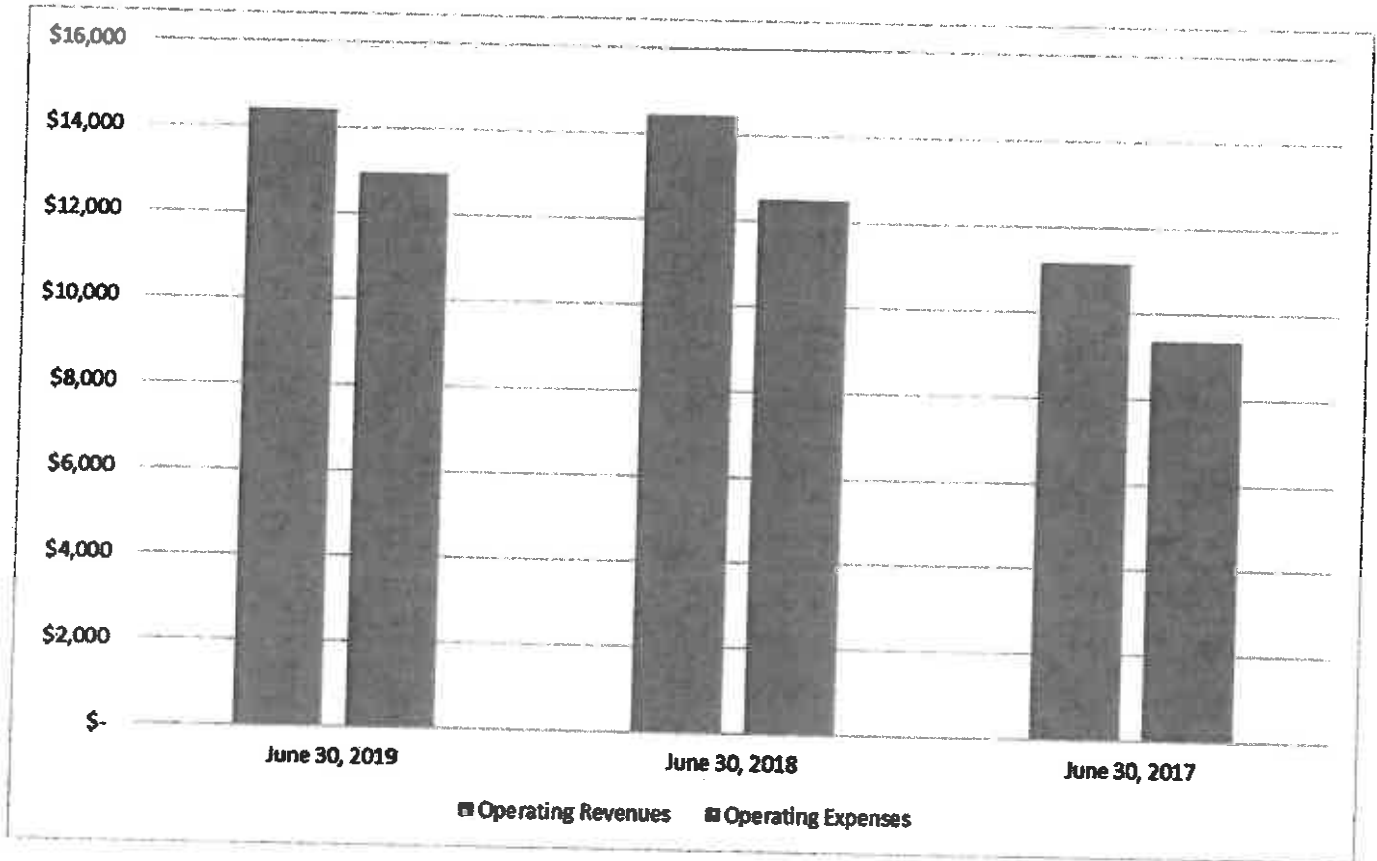
Administrative expenses incurred by the WV CPRB internal service fund for fiscal year 2019 increased approximately \$466 thousand (3.74%) compared to fiscal year 2018. Administrative expenses incurred by the WV CPRB internal service fund for fiscal year 2018 increased approximately \$3.14 million (33.61%) compared to fiscal year 2017. The increase in operating expense in fiscal year 2019 compared to fiscal year 2018 was primarily due to increased personnel costs as a result of across the board pay raises implemented by the State of West Virginia in fiscal year 2019. The increase in operating expenses in fiscal year 2018 compared to fiscal year 2017 was primarily due to an increase in overhead related to the implementation of the Board's new Line of Business software.

CHANGES IN NET POSITION (in thousands)

	<u>2019</u>	<u>2018</u>	<u>FY19-18 Percentage Change</u>	<u>2017</u>	<u>FY18-17 Percentage Change</u>
Operating revenues					
Fees received for administrative services	\$ 14,411	\$ 14,422	-0.08%	\$ 11,126	29.62%
Operating expenses:					
Administrative	<u>12,940</u>	<u>12,474</u>	3.74%	<u>9,336</u>	33.61%
Change in net position	1,471	1,948	-24.49%	1,790	8.83%
Net position, beginning of year	31,230	28,847	8.26%	27,057	6.62%
Cumulative effect of adoption of accounting principle	<u>-</u>	<u>435</u>	-100.00%	<u>-</u>	100.00%
Net position, beginning of year, as restated	<u>31,230</u>	<u>29,282</u>	6.65%	<u>27,057</u>	8.22%
Net position, end of year	<u>\$ 32,701</u>	<u>\$ 31,230</u>	4.71%	<u>\$ 28,847</u>	8.26%

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

ADDITIONS AND DEDUCTIONS (in thousands)



ECONOMIC FACTORS, FUTURE FUNDING PROVISIONS, OVERALL OUTLOOK

The defined benefit plans are funded with the expectation that they will return 7.5% on the invested assets. When that return is not achieved, there is an increase in the net pension liability. The turmoil in the capital markets in fiscal year 2009 and the subsequent negative return for invested assets increased the net pension liability causing an increase in employer contributions in previous years.

The investment return for all retirement plans for fiscal 2019 was 6.0% which is below our 7.5% target rate. In aggregate, the funds have a five-year annualized rate of return of 7.0% which is below the 7.5% long term expectation. The 10-year annualized rate of return is above our target of 7.5% at 10.1%.

CONTACTING THE WV CPRB

This report is designed to provide a financial overview of the WV CPRB to state legislators, members of the Board of Trustees of the WV CPRB, state officials, participating employers and any other interested parties. Questions or requests for additional information regarding the financial information presented in this report may be addressed in writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue, S.E., Charleston West Virginia 25304.

West Virginia Consolidated Public Retirement Board
 Statements of Fiduciary Net Position - Pension Funds
 (In Thousands)
 June 30, 2019

	Public Employees' Retirement System	Teachers' Retirement System	State Police Death, Disability and Retirement System	State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers & Firefighters Retirement System	Teachers' Defined Contribution Retirement System	Total
ASSETS										
Cash	\$ 61	\$ 10	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4,117	\$ 4,193
Investments at fair value:										
Mutual funds	-	-	-	-	-	-	-	-	291,905	291,905
Collective investment trusts	-	-	-	-	-	-	-	-	109,124	109,124
Guaranteed investment contract (contract value)	-	-	-	-	-	-	-	-	148,621	148,621
Domestic equity	1,698,197	1,918,351	166,807	51,197	57,610	52,616	20,815	2,649	-	3,968,242
International qualified	558,010	629,522	55,557	15,573	18,323	17,016	6,517	622	-	1,301,140
International equity	1,214,443	1,363,648	116,454	37,428	41,169	37,276	15,187	2,085	-	2,827,690
Private markets	1,796,476	2,031,952	179,589	52,265	59,667	55,073	21,526	2,643	-	4,199,191
Total return fixed income	576,580	641,299	54,351	18,227	20,135	18,134	7,431	981	-	1,337,138
Core fixed income	249,812	277,315	23,511	7,908	8,738	7,852	3,220	425	-	578,781
Hedge fund	787,712	890,570	77,231	23,542	26,541	24,296	9,616	1,213	-	1,840,721
Short term fixed income	14,156	84,127	16,319	962	393	390	338	472	-	117,157
Total investments at fair value	6,895,386	7,836,784	689,819	207,102	232,576	212,653	84,650	11,090	549,650	16,719,710
Contributions receivable	5,157	25,559	-	-	769	-	323	201	1,411	33,420
Participants loans receivable	-	1,494	-	-	305	-	-	-	-	1,799
Appropriation receivable	-	35,000	-	-	-	-	-	-	-	35,000
Miscellaneous revenue receivable	50	-	-	-	9	-	-	2	141	202
Due from State of West Virginia	25,000	-	-	-	-	-	-	-	-	25,000
Total assets	6,925,654	7,898,847	689,820	207,102	233,659	212,653	84,973	11,297	555,319	16,819,324
LIABILITIES AND PLAN NET POSITION										
Liabilities:										
Accrued expenses and other payables	200	108	-	-	-	-	4	-	4,116	4,428
Net position restricted for pensions	\$ 6,925,454	\$ 7,898,739	\$ 689,820	\$ 207,102	\$ 233,659	\$ 212,653	\$ 84,969	\$ 11,297	\$ 551,203	\$ 16,814,896

West Virginia Consolidated Public Retirement Board
 Statements of Fiduciary Net Position - Pension Funds
 (In Thousands)
 June 30, 2018

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<u>ASSETS</u>	Public Employees' Retirement System	Teachers' Retirement System	State Police Death, Disability and Retirement System	State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers & Firefighters Retirement System	Teachers' Defined Contribution Retirement System	Total
Cash	\$ 415	\$ 851	\$ 4	\$ 3	\$ 78	\$ 4	\$ 37	\$ 7	\$ 4,765	\$ 6,164
Investments at fair value:										
Mutual funds	-	-	-	-	-	-	-	-	274,245	274,245
Collective investment trusts	-	-	-	-	-	-	-	-	101,792	101,792
Guaranteed investment contract (contract value)	-	-	-	-	-	-	-	-	139,267	139,267
Domestic equity	1,695,976	1,915,121	166,354	47,529	55,237	51,654	19,737	1,924	-	3,953,532
International qualified	570,269	642,773	58,103	15,855	18,732	17,640	6,658	634	-	1,330,664
International equity	1,113,987	1,260,306	107,614	31,312	36,109	33,487	13,050	1,281	-	2,597,146
Private markets	1,677,031	1,893,364	165,045	46,707	54,410	50,898	19,524	1,884	-	3,908,863
Total return fixed income	637,623	714,138	61,259	18,235	21,079	19,426	7,629	747	-	1,480,136
Core fixed income	278,378	310,183	26,667	7,933	9,174	8,491	3,334	326	-	644,486
Hedge fund	741,999	837,944	72,848	20,757	24,149	22,542	8,667	840	-	1,729,746
TRS annuity	-	(130)	-	-	-	-	-	-	-	(130)
Short term fixed income	3,435	118,089	24,909	584	478	346	322	206	-	148,369
Total investments at fair value	<u>6,718,698</u>	<u>7,691,788</u>	<u>682,799</u>	<u>188,912</u>	<u>219,368</u>	<u>204,484</u>	<u>78,921</u>	<u>7,842</u>	<u>515,304</u>	<u>16,308,116</u>
Contributions receivable	5,558	26,023	-	-	751	-	343	227	1,356	34,258
Participants loans receivable	-	2,070	-	-	315	-	-	-	-	2,385
Miscellaneous revenue receivable	23	-	-	-	4	-	1	1	228	257
Due from State of West Virginia	45,000	-	-	-	-	-	-	-	-	45,000
Total assets	<u>6,769,694</u>	<u>7,720,732</u>	<u>682,803</u>	<u>188,915</u>	<u>220,516</u>	<u>204,488</u>	<u>79,302</u>	<u>8,077</u>	<u>521,653</u>	<u>16,396,180</u>
<u>LIABILITIES AND PLAN NET POSITION</u>										
Liabilities:										
Accrued expenses and other payables	140	123	-	-	2	-	-	-	4,761	5,026
Net position restricted for pensions	\$ 6,769,554	\$ 7,720,609	\$ 682,803	\$ 188,915	\$ 220,514	\$ 204,488	\$ 79,302	\$ 8,077	\$ 516,892	\$ 16,391,154

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

West Virginia Consolidated Public Retirement Board
 Statements of Changes in Fiduciary Net Position - Pension Funds
 (In Thousands)
 Year Ended June 30, 2019

	Public Employees' Retirement System	Teachers' Retirement System	State Police Death, Disability and Retirement System	State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers & Firefighters Retirement System	Teachers' Defined Contribution Retirement System	Total
Additions:										
Contributions:										
Member contributions	\$ 70,357	\$ 93,219	\$ 110	\$ 3,905	\$ 4,846	\$ 331	\$ 2,302	\$ 1,438	\$ 6,126	\$ 182,634
Employer contributions	147,031	126,971	180	4,556	6,705	779	2,844	1,438	10,204	300,708
Other statutorily required contributions	-	319,554	-	-	-	-	-	-	-	319,554
Other contributions - appropriations	-	35,000	15,415	-	-	-	-	-	-	50,415
Total contributions	217,388	574,744	15,705	8,461	11,551	1,110	5,146	2,876	16,330	853,311
Investment income:										
Net increase (decrease) in fair value of investments	392,707	443,722	38,088	11,716	13,191	12,076	4,770	607	19,158	936,035
Investment income	472	939	86	14	9	9	4	4	15,762	17,299
Net investment income (loss)	393,179	444,661	38,174	11,730	13,200	12,085	4,774	611	34,920	953,334
Other income	763	3,446	752	-	479	-	-	38	95	5,573
Total additions	611,330	1,022,851	54,631	20,191	25,230	13,195	9,920	3,525	51,345	1,812,218
Deductions and transfers:										
Benefit expenses	436,965	827,539	47,551	1,473	11,338	4,846	2,989	36	-	1,332,737
Forfeitures	-	-	-	-	-	-	-	-	1,113	1,113
Refunds of contributions/withdrawals	11,782	10,769	-	471	602	87	1,187	262	15,169	40,329
Transfers to (from) plans	(232)	174	-	-	-	86	-	(28)	-	-
Administrative expenses	6,915	6,239	63	60	145	11	77	35	752	14,297
Total deductions and transfers	455,430	844,721	47,614	2,004	12,085	5,030	4,253	305	17,034	1,388,476
Net increase (decrease) in plan net position	155,900	178,130	7,017	18,187	13,145	8,165	5,667	3,220	34,311	423,742
Net position restricted for pensions:										
Beginning of year:	6,769,554	7,720,609	682,803	188,915	220,514	204,488	79,302	8,077	516,892	16,391,154
End of year	\$ 6,925,454	\$ 7,898,739	\$ 689,820	\$ 207,102	\$ 233,659	\$ 212,653	\$ 84,969	\$ 11,297	\$ 551,203	\$ 16,814,896

West Virginia Consolidated Public Retirement Board
 Statements of Changes in Fiduciary Net Position - Pension Funds
 (In Thousands)
 Year Ended June 30, 2018

	Public Employees' Retirement System	Teachers' Retirement System	State Police Death, Disability and Retirement System	State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers & Firefighters Retirement System	Teachers' Defined Contribution Retirement System	Total
Additions:										
Contributions:										
Member contributions	\$ 65,150	\$ 89,128	\$ 186	\$ 3,621	\$ 4,416	\$ 364	\$ 2,231	\$ 1,087	\$ 6,075	\$ 172,258
Employer contributions	152,541	124,515	154	4,205	6,194	735	2,765	1,089	11,664	303,862
Other statutorily required contributions	-	312,684	-	-	-	-	-	-	-	312,684
Other contributions - appropriations	-	34,638	24,675	-	-	-	-	-	-	59,313
Total contributions	<u>217,691</u>	<u>560,965</u>	<u>25,015</u>	<u>7,826</u>	<u>10,610</u>	<u>1,099</u>	<u>4,996</u>	<u>2,176</u>	<u>17,739</u>	<u>848,117</u>
Investment income:										
Net increase (decrease) in fair value of investments	578,869	657,226	58,232	15,545	18,472	17,545	6,549	519	22,817	1,375,774
Investment income	27,434	31,047	2,707	758	889	828	318	28	18,630	82,639
Net investment income (loss)	<u>606,303</u>	<u>688,273</u>	<u>60,939</u>	<u>16,303</u>	<u>19,361</u>	<u>18,373</u>	<u>6,867</u>	<u>547</u>	<u>41,447</u>	<u>1,458,413</u>
Other income	1,497	3,046	691	-	471	-	-	-	34	5,739
Total additions	<u>825,491</u>	<u>1,252,284</u>	<u>86,645</u>	<u>24,129</u>	<u>30,442</u>	<u>19,472</u>	<u>11,863</u>	<u>2,723</u>	<u>59,220</u>	<u>2,312,269</u>
Deductions and transfers:										
Benefit expenses	421,936	806,511	45,529	1,186	9,614	4,765	2,582	20	-	1,292,143
Forfeitures	-	-	-	-	-	-	-	-	1,530	1,530
Refunds of contributions/withdrawals	12,248	9,591	-	656	997	167	1,071	125	10,643	35,498
Administrative expenses	6,850	6,035	61	60	137	8	73	23	1,054	14,301
Total deductions and transfers	<u>441,034</u>	<u>822,137</u>	<u>45,590</u>	<u>1,902</u>	<u>10,748</u>	<u>4,940</u>	<u>3,726</u>	<u>168</u>	<u>13,227</u>	<u>1,343,472</u>
Net increase (decrease) in plan net position	384,457	430,147	41,055	22,227	19,694	14,532	8,137	2,555	45,993	968,797
Net position restricted for pensions:										
Beginning of year	6,385,097	7,290,462	641,748	166,688	200,820	189,956	71,165	5,522	470,899	15,422,357
End of year	<u>\$ 6,769,554</u>	<u>\$ 7,720,609</u>	<u>\$ 682,803</u>	<u>\$ 188,915</u>	<u>\$ 220,514</u>	<u>\$ 204,488</u>	<u>\$ 79,302</u>	<u>\$ 8,077</u>	<u>\$ 516,892</u>	<u>\$ 16,391,154</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 STATEMENTS OF NET POSITION - INTERNAL SERVICE FUND
 (In Thousands)
 June 30, 2019 and 2018

<u>ASSETS</u>	2019	2018
Current assets:		
Cash with State Treasurer	\$ 4,466	\$ 3,750
Miscellaneous receivable	664	656
Total current assets	5,130	4,406
Noncurrent assets:		
Capital assets, net of depreciation	31,737	35,584
Total assets	36,867	39,990
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources related to pension	933	1,336
Deferred outflows of resources related to other-post employment benefits	303	162
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 38,103	\$ 41,488
 <u>LIABILITIES</u>		
Current liabilities:		
Accrued expenses and other payables	\$ 1,382	\$ 5,589
Noncurrent liabilities:		
Compensated absences	295	269
Net pension liability	672	1,076
Other post-employment benefits liability	1,808	1,910
Total noncurrent liabilities	2,775	3,255
Total liabilities	4,157	8,844
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources related to pension	821	1,126
Deferred inflows of resources related to other-post employment benefits	424	288
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,402	10,258
 <u>NET POSITION</u>		
Net position (deficit), unrestricted	964	(4,354)
Investment in capital assets	31,737	35,584
Total net position	32,701	31,230
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 38,103	\$ 41,488

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 INTERNAL SERVICE FUND
 (In Thousands)
 Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Fees received for administrative services	\$ 14,411	\$ 14,422
Operating expenses:		
Administrative	12,940	12,474
Change in net position	1,471	1,948
Net position, beginning of year	31,230	28,847
Cumulative effect of adoption of accounting principle	-	435
Net position, beginning of year, as restated	31,230	29,282
Net position, end of year	\$ 32,701	\$ 31,230

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
STATEMENTS OF CASH FLOWS - INTERNAL SERVICE FUND
(In Thousands)
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from customers and users	\$ 14,403	\$ 14,568
Cash paid to employees	(4,653)	(3,917)
Cash paid to suppliers	(9,034)	(3,915)
Net cash provided by operating activities	716	6,736
 Cash flows from capital and related financing activities:		
Purchases of capital assets	-	(5,729)
 Increase (decrease) in cash and cash equivalents	716	1,007
 Cash and cash equivalents, beginning of year	3,750	2,743
 Cash and cash equivalents, end of year	\$ 4,466	\$ 3,750
 Reconciliation of change in net position to net cash provided by operating activities:		
Change in net position	\$ 1,471	\$ 1,948
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	3,847	4,312
Changes in assets and liabilities:		
Decrease (increase) in miscellaneous receivable	(8)	146
Decrease (increase) in deferred outflows of resources	262	913
Increase (decrease) in accrued expenses and other payables	(4,207)	544
Increase (decrease) in compensated absences	26	10
Increase (decrease) in other post-employment benefits payable	(102)	(179)
Increase (decrease) in net pension liability	(404)	(1,076)
Increase (decrease) in deferred inflows of resources	(169)	118
 Net cash provided by operating activities	\$ 716	\$ 6,736

The Accompanying Notes Are An Integral
Part Of These Financial Statements

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - During fiscal year 1991, the West Virginia State Legislature created the Consolidated Public Retirement Board (the Board) to administer nine of the State of West Virginia's ten retirement plans. The nine retirement plans included within these financial statements are the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the State Police Death, Disability and Retirement System (SPDDRS), the State Police Retirement System (SPRS), the Deputy Sheriff Retirement System (DSRS), the Judges' Retirement System (JRS), the Emergency Medical Services Retirement System (EMSRS), Municipal Police Officers and Firefighters Retirement System (MPFRS) and the Teachers' Defined Contribution Retirement System (TDCRS). The Total Pension Funds column included in the statements of fiduciary net position and statements of changes in fiduciary net position is for informational purposes only. The assets of each plan are only available to satisfy the obligations of that plan. The Board's retirement plans are reported as pension trust funds by the State of West Virginia (the State). The Governmental Employees Deferred Compensation Plan is administered by the West Virginia State Treasurer's Office and has been excluded from these financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The Internal Service Fund (the Fund) is used for the administration of all plans administered by the Board. The Fund receives a service fee from each plan based upon the number of participants included in the plan. These fees are reported as administrative expenses in the financial statements of each retirement plan and are reported as fees received for administrative services in the Fund. The service fees are established to recover costs such that revenues of the Fund match expenses over time. These fees are legally restricted for the purpose of administering the plans and are not available for any other purpose. All administrative costs of the Board are paid from the Fund. The Fund is not subject to satisfaction of any judgment or award against any of the retirement plans, and the judgment or award shall be satisfied from assets of the particular retirement plan against which it is levied.

The Board is managed by a Board of Trustees, which consists of, by virtue of their position, the Governor, State Auditor, State Treasurer, and Secretary of the Department of Administration, together with the following gubernatorial appointments that are subject to the advice and consent of the State Senate: four residents of the State who are not participants in the retirement plans, one State and one non-State employee participant in PERS, and one participant each from TRS, SPDDRS, SPRS, DSRS, EMSRS, MPFRS and TDCRS.

Pursuant to the West Virginia Code, the Board submits a detailed budgetary schedule of administrative expenses to the Secretary of the Department of Administration prior to the beginning of each fiscal year. The fundamental purpose of budgetary control is to plan for the expected level of operations and to provide management with a tool to control deviation from such plan but does not constitute a legally adopted budget.

Basis of Accounting - The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles for governmental units. The accompanying pension fund financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period when contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Internal Service Fund financial statements have also been prepared using the economic resources measurement focus and the accrual basis of accounting. Operating revenues and expenses generally result from fees charged in connection with the operation of the plans. The principal operating revenue of the internal service fund is the \$80 per year administrative fee charged to the Plans for each participant. Operating expenses include the cost of administrative services and depreciation of capital assets. The Board's assets are held primarily in accounts maintained by the State Treasurer, the West Virginia Investment Management Board (the WVIMB), and the third-party administrator of its defined contribution plan (EMPOWER Retirement).

Cash - The State Treasurer has statutory responsibility for the daily cash management activities of the state's agencies, departments, boards and commissions. The amounts on deposit with the State Treasurer are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - All defined benefit plan funds not required to meet disbursement needs are invested in accordance with the West Virginia Code, as well as policies established by the WVIMB. The WVIMB has established various investment pools to provide for the investment of the defined benefit plans' assets. These investment pools are structured as multiparticipant variable net asset funds.

The investments in the WVIMB Pools are carried at fair value using the net asset value per share (or its equivalent) as a practical method.

The TDCRS investments are held by an investment company which also serves as the third-party administrator for the plan. As prescribed by West Virginia Code, the TDCRS investments are allocated to participant accounts and the participants direct the investment of their individual account balances by selecting from a list of plan mutual funds or a long term fixed investment option.

The TDCRS investments are carried at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value) as determined by a third-party pricing service utilized by an investment management company. For fully benefit-responsive investment contracts, contract value is the relevant measure for the portion of investments attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan. Investment income for the TDCRS is determined monthly and distributed to the individual participant accounts.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for further discussion regarding the fair value of the Board's investments.

Contributions Receivable - Contributions receivable represent funds owed to the Board from other government employer or non-government employer entities participating in the various retirement plans.

Participant Loans Receivable - TRS and DSRS allow loans to its members, hired prior to July 1, 2005, up to the lesser of one-half of a member's accumulated contributions or \$8,000, at an interest rate indexed to the interest rate used by the Board for determining actuarial contribution levels. TRS and DSRS loans require repayment over varying terms, with a maximum term of five years and a minimum period of six months.

During the 2008 First Special Session, the West Virginia Legislature passed House Bill 101 regarding retirement benefits for teachers and educational service personnel which became effective March 16, 2008. The legislation provided an opportunity for members of the Teachers' Defined Contribution Retirement System (TDCRS) to elect to transfer to the West Virginia Teachers' Retirement System (TRS). The transfer occurred on July 1, 2008 and a total of 15,152 TDCRS members transferred to TRS. These members were granted 75% service created under TRS for their years of service in TDCRS. These members were also granted a one-time opportunity to receive a loan in order to purchase the additional 25% service credit at a 7.5% interest rate and with a maximum term of five years. The last day to receive such a loan was June 30, 2010.

Allowance for Doubtful Accounts - The Board evaluates all receivables for collectibility based on historical collectibility experience, the ability of payee to perform, and such other factors which, in the Board's judgment, require consideration in estimating doubtful accounts.

Capital Assets - Capital assets of the Board, as reported in the Internal Service Fund; which include costs of software in development stage, agency developed software, and equipment are reported at historical cost. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Depreciation is computed using the straight-line method over the estimated economic useful lives of the assets, which are as follows:

Agency developed software	10 years
Equipment	5 years

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources / Deferred Inflows of Resources - The *Statements Of Net Position - Internal Service Fund* report a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The Board reports deferred outflows of resources related to pensions and other-post employment benefits on the *Statements Of Net Position - Internal Service Fund* (See Notes 9 and 10).

The *Statements Of Net Position - Internal Service Fund* report a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Board reports deferred inflows of resources related to pensions and other-post employment benefits on the *Statements Of Net Position - Internal Service Fund* (See Notes 9 and 10).

Accrued Expenses and Other Payables – For the retirement systems, accrued expenses and other payables primarily represent retirement annuity amounts due to new retirees. For the internal service fund, accrued expenses and other payables represent administrative expenses incurred and due to vendors and employees.

Compensated Absences - Liabilities for compensated absences (annual leave) are recorded in the Internal Service Fund for the right of employees of the Board to receive compensation for future absences. When an employee of the Board is separated from employment with the Board for reasons other than retirement, all sick leave credited to that employee is considered nonvested and no reimbursement to the employee is provided. Accrued sick leave, if any, existing for employees of the Board upon their retirement, may be used either to extend benefits provided by the West Virginia Public Employees Insurance Agency or to increase retirement benefits.

Investment Related Expenses - Investments are invested in multiparticipant pools and investment related expenses are not readily separable by participant in each pool. Investment income from the pools is reported net of investment expenses.

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

Other Postemployment Benefits (OPEB) – For purposes of measuring the Board’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Other Postemployment Benefit Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Accounting Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of actuarial accrued liabilities, contingent assets, and contingent liabilities as of the financial statement date, and the reported amounts of additions and deductions for the reporting period. Actual amounts could differ from those estimates.

The various retirement plans utilize various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of fiduciary net position. Changes in the value of investment securities could affect the future funding status of the plans or require additional contributions to maintain the current funding status.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

2 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION

Membership in the plans consisted of the following as of July 1, 2018 and 2017, the date of the annual actuarial valuations:

As of July 1, 2018:

	<u>PERS</u>	<u>TRS</u>	<u>SPDDRS</u>	<u>SPRS</u>	<u>DSRS</u>	<u>JRS</u>	<u>EMSRS</u>	<u>MPFRS</u>
Retirees and beneficiaries currently receiving benefits	27,568	36,394	759	33	403	58	102	1
Terminated members entitled to benefits but not yet receiving them	4,626	3,169	4	17	114	-	61	2
Terminated nonvested members	19,474	5,251	1	125	246	2	221	97
Active members	<u>34,765</u>	<u>33,174</u>	<u>20</u>	<u>570</u>	<u>1,050</u>	<u>74</u>	<u>577</u>	<u>332</u>
Total	<u>86,433</u>	<u>77,988</u>	<u>784</u>	<u>745</u>	<u>1,813</u>	<u>134</u>	<u>961</u>	<u>432</u>

As of July 1, 2017:

	<u>PERS</u>	<u>TRS</u>	<u>SPDDRS</u>	<u>SPRS</u>	<u>DSRS</u>	<u>JRS</u>	<u>EMSRS</u>	<u>MPFRS</u>
Retirees and beneficiaries currently receiving benefits	27,053	35,964	744	27	383	57	89	-
Terminated members entitled to benefits but not yet receiving them	4,301	2,767	3	11	116	2	67	-
Terminated nonvested members	17,752	4,165	1	125	231	2	185	90
Active members	<u>36,094</u>	<u>34,318</u>	<u>39</u>	<u>595</u>	<u>1,018</u>	<u>75</u>	<u>608</u>	<u>217</u>
Total	<u>85,200</u>	<u>77,214</u>	<u>787</u>	<u>758</u>	<u>1,748</u>	<u>136</u>	<u>949</u>	<u>307</u>

Funding policies for all plans have been established by and are changed from time-to-time by action of the State Legislature. While contribution rates are legislatively determined, actuarial valuations are performed to assist the Board and the State Legislature in determining contribution rates. The following information is provided for general information purposes only. Plan participants should refer to the respective West Virginia State Code Section for more complete information.

Defined Benefit Plans

Public Employees' Retirement System (PERS)

Plan Description - PERS is a multiple employer defined benefit cost sharing public employee retirement system covering substantially all employees of the State and its component units, as well as employees of participating non-State governmental entities who are not participants of another state or municipal retirement system. The numbers of participating employers are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
West Virginia state agencies	124	130
Cities and towns	101	114
Counties	55	55
Special districts	<u>361</u>	<u>347</u>
	<u>641</u>	<u>646</u>

**West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018**

2 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

PERS provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service.

Chapter 5, Article 10 of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature. In certain circumstances, this Article also permits members of TRS to transfer accumulated service credit and member contributions into PERS.

Contributions - Per Chapter 5, Article 10, for periods prior to July 1, 2015, the members contribute 4.5% of annual earnings. Effective July 1, 2016, newly hired members contribute 6% of annual earnings. State and non-state governmental employers' contribution rates were 10.0% and 11.0% of covered employees' annual earnings for fiscal years ending June 30, 2019 and 2018, respectively. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the Board. Employer contributions from State and non-State agencies for the fiscal years ended June 30, 2019 and 2018, were (in thousands):

	2019	2018
State	\$ 97,977	\$ 99,772
Non-State	49,054	52,769
	\$ 147,031	\$ 152,541

Teachers' Retirement System

Plan Description - TRS is a multiple employer defined benefit cost sharing public employee retirement system covering all full-time employees of the 55 county public school systems in the State and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991. However, effective July 1, 2005, all new employees hired for the first time are required to participate in TRS. There were 81 employers and one non-employer contributing entity participating in TRS as of June 30, 2019.

During the 2008 First Special Session, the West Virginia Legislature passed House Bill 101 regarding retirement benefits for teachers and educational service personnel which became effective March 16, 2008. The legislation provided an opportunity for members of the Teachers' Defined Contribution Retirement System (TDCRS) to elect to transfer to the West Virginia Teachers' Retirement System (TRS). The transfer occurred on July 1, 2008 and a total of 15,152 TDCRS members transferred to TRS.

TRS provides retirement benefits as well as death and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. All members hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with 10 years of service or between ages 55 and 62 with 30 years of service. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. For all employees hired after July 1, 2015, this requirement increases to age 64 with 10 years of service. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

2 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

TRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined. Employers make the following contributions:

The State, county boards of education, and other employers contribute 15% of gross salary of their TRS members hired prior to July 1, 1991. The State, county boards of education, and other employers contribute 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to TRS effective July 1, 2008. The State contributes a certain percentage of fire insurance premiums paid by State residents to assist in extinguishing the TRS unfunded liability within 40 years of June 30, 1994. Other statutorily required contributions of \$319,554,175 and \$312,683,886 were made through the State's school aid formula during the years ended June 30, 2019 and 2018, respectively. Certain additional contributions of approximately \$35,000,000 and \$34,638,000 were made during the years ended June 30, 2019 and 2018, respectively, representing extra appropriations to reduce the unfunded liability.

State Police Death, Disability and Retirement System (SPDDRS)

Plan Description - SPDDRS is a single employer defined benefit public employee retirement system covering all West Virginia State Police (State Police) hired on or before March 11, 1994. This plan is closed to new entrants.

SPDDRS provides retirement benefits as well as death and disability benefits. A member is eligible for normal retirement at age 50 after 20 years of contributory service, or at any age upon completion of 25 years of service. There is no vesting in the State's contributions prior to ten years of service. Benefits payable to members retiring prior to age 50 are deferred until the normal retirement date. The annual retirement benefit is 5.5% of the members' aggregate salary, but not less than \$6,000 per year. Total service related disability benefits are equal to the member's annual salary, but not less than \$15,000 per year. Aggregate salary is the total salary paid to a member during his or her period of service, which may include up to 5 years of active military service credited at the average departmental salary. Aggregate salary for purposes of determining disability benefits may include salary that would have been earned had the participant served at least 25 years notwithstanding the disability. An annual cost-of-living adjustment of 3.75% is granted to retirees and beneficiaries. For service-connected total disability retirees, the adjustment begins at age 65. A member who terminates employment is entitled to a refund of his or her contributions plus interest.

Contributions - SPDDRS funding policy provides for member contributions based on 9% of their annual earnings. The State makes contributions based on 15% of the annual payroll of State Police, as well as contributing all revenue generated by the sale of traffic accident reports, criminal investigation reports and other fees. In addition, certain additional contributions of approximately \$15,415,000 and \$24,675,000 were made during the years ended June 30, 2019 and 2018, respectively, representing extra appropriations to reduce the unfunded liability. Contributions, as a percentage of payroll for members and the employer, are established by State law and are not actuarially determined.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

2 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

State Police Retirement System (SPRS)

Plan Description - SPRS is a single employer defined benefit public employee retirement system that was established for all State Police hired on or after March 12, 1994. SPRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 50 with 25 years of service or age 52 with 20 years of credited service. A member is eligible for a reduced benefit with 20 years of credited service and retiring before age 52. The annual regular retirement benefit, paid monthly, is equal to 2.75% of the final average salary multiplied by the years of service. Final average salary is the average of the five highest calendar years of earnings during the last ten years of earnings. Annual retirement annuity adjustments are 1.0% for regular retirement and are payable on July 1 of each year after the member reaches 63 years of age.

Contributions - Members contribute 12% of annual base salary. Employer contribution rates were 14.0% and 12.0% of covered employees' annual base salary for fiscal years ending June 30, 2019 and 2018, respectively.

Chapter 15, Article 2 and Article 2A of the West Virginia State Code assigns the authority to establish and amend the provisions of the SPDDRS and SPRS plans to the State Legislature.

Deputy Sheriff Retirement System (DSRS)

Plan Description - DSRS, a multiple employer defined benefit cost sharing public employee retirement system, was established for all deputy sheriffs hired by all 55 county governments on or after July 1, 1998. The DSRS was also made available to any deputy sheriff employed in covered employment participating in PERS on the effective date so long as he/she made notification in writing before January 31, 1999, to both the County Commission in the county in which he/she was employed and the Board of his/her desire to transfer to the DSRS. Approximately 600 deputy sheriffs elected such transfer and as a result, approximately \$28,638,000 of accumulated member and employer contributions and interest were transferred from PERS to DSRS in fiscal year 1999, in accordance with Chapter 7, Article 14D of the West Virginia State Code. There were 55 employers participating in DSRS as of June 30, 2019.

DSRS provides retirement as well as death and disability benefits. A member is eligible for normal retirement under the following circumstances:

1. Member in covered employment, with attainment of at least age 50 with age plus service equal to 70 or greater
2. Member in covered employment, has attained the age of 60 years, and has completed five or more years of service
3. Member has ceased covered employment has attained the age of 50 and completion of 20 or more years of service
4. Member has ceased covered employment has attained the age of 62 years and has completed five or more years of service

The annual regular retirement benefit is equal to 2.50% of a member's final average salary multiplied by the member's years of credited service. Final average salary refers to the average of the highest annual compensation received for covered employment by the member during any five consecutive plan years within the member's last ten years of service. A member may elect to receive retirement income payments equal to his/her accrued benefit in the normal form or in a variety of annuity options. The normal form signifies a monthly annuity which is 1/12 of the amount of a members accrued benefit which is payable for the member's life.

Benefit payments did not begin prior to January 1, 2000, except benefit payments resulting from disability.

Chapter 7, Article 14D of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - Members contribute 8.5% of monthly base salary, and the Sheriff's Office/County Commission of the County in which the member is employed contributed an additional 12% of the member's monthly base salary during both the years ended June 30, 2019 and 2018. In addition, the Sheriff's Office/County Commissions contribute certain fees charged for reports and other services provided by the sheriff's offices.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

2 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Judges' Retirement System (JRS)

Plan Description - JRS is a single employer defined benefit public employee retirement system covering State judges and justices who elect to participate. JRS provides retirement as well as death and disability benefits. A member who was appointed or elected to the bench prior to July 2, 2005 is eligible for normal retirement upon the attainment of 24 years of service of which at least 12 years is as a sitting judge or justice, 16 years of service at age 65 of which at least 12 years is as a sitting judge or justice, or 8 full years of service after age 65. A member who was appointed or elected to the bench on or after July 2, 2005 is eligible for normal retirement upon the attainment of 24 years of service of which at least 14 years is as a sitting judge or justice, or 16 years of service at age 65 of which 14 years is as a sitting judge or justice. A member on the bench prior to July 2, 2005 is eligible for a deferred benefit upon termination of service prior to normal retirement provided the member completes 16 years of service of which 12 years of service is as a sitting judge or justice. A member of the bench on or after July 2, 2005 is eligible for a deferred benefit upon termination of service prior to normal retirement provided the member completes 16 years of service of which 14 years of service are as a sitting judge or justice.

The annual benefit paid to judges and justices on the bench prior to July 2, 2005 is 75% of the current annual salary of the office from which the participant retires, with surviving spouse and dependent child benefits. This benefit is proportionally increased upon increase in salary for active sitting judges and justices.

The annual benefit paid to judges and justices on the bench on or after July 2, 2005 is 75% of the member's final average salary. Final average salary means the average of the highest thirty-six consecutive month's compensation received as a judge or justice. No increases in benefits are given by virtue of increase in salary of active sitting judges or justices.

Chapter 51, Article 9 of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - JRS funding policy provides for member contributions based on 7% of their annual earnings. This policy also provides for periodic employer contributions at varying amounts appropriated annually by the State Legislature. However, annual appropriations are determined in consideration of the most recent actuarial valuation. Any participant who terminates before becoming eligible for benefits may elect to withdraw his or her contributions without interest.

Emergency Medical Services Retirement System (EMSRS)

Plan Description - EMSRS is a multiple employer defined benefit cost sharing retirement system. The EMSRS Act was passed by the Legislature in March 2007. The legislation provided for a voluntary participation election of eligible emergency medical service officers and mandated that certain participation levels be reached by December 31, 2007, in order for the provisions of the Emergency Medical Services Retirement System to become effective. At the close of the election period, fifteen licensed EMS public employers, consisting of twelve eligible Public Employees Retirement System (PERS) political subdivisions and three eligible Non-PERS political subdivisions, passed corporate resolutions to become participating public employers of this retirement system. Statewide, over five hundred eligible Emergency Medical Services Officers elected to opt into this new retirement plan. The WV Emergency Medical Services Retirement System (EMSRS) became effective January 1, 2008. There were 17 employers participating in EMSRS as of June 30, 2019.

The statute prohibited any payout of benefits from the EMSRS fund prior to January 1, 2011, with the exception of duty disability retirement. An EMSRS member is eligible for "normal" retirement when one of the following occurs:

- Attainment of age 50 and the completion of 20 years of contributory service; or
- Attainment of age 50 when age plus contributory service equals 70 while still in covered employment; or
- Attainment of age 60 and completion of 10 years contributory service while still in covered employment; or
- Attainment of age 62 and completion of 5 years of contributory service.

An EMSRS member is eligible for "early retirement" when they reach age 45 and have completed 20 years of service.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

2 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Emergency Medical Services Retirement System (EMSRS) (continued)

Final Average Salary (FAS) is the average of the highest annual compensation received by the member during covered employment for any 5 consecutive plan years (Jan. 1- Dec. 31) within the last 10 years of service. The accrued benefit on behalf of any member is calculated as follows:

Final Average Salary x Years of Credited Service x Benefit Percentage

Annual Retirement Benefit Formula:

2.75% x FAS x Years of Service for years 1-20

2.0% x FAS x Years of Service for years 21-25

1.0% x FAS x Years of Service for years 26-30

Chapter 16, Article 5V of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - Currently, the EMSRS employee contribution rate is 8.5% of gross monthly salary and the employer contribution rate is 10.5% of gross monthly salary.

Municipal Police Officers and Firefighters Retirement System (MPFRS)

Plan Description - MPFRS is a multiple employer defined benefit cost sharing plan. The MPFRS Act was passed by the Legislature in November 2009 and became effective January 1, 2010. The legislation provided for any municipality or municipal subdivision employing municipal police officers or firefighters to elect to become a participating employer. MPFRS is a multiple employer defined benefit retirement system. The MPFRS had 431 participating members as of June 30, 2019. All police officers and firefighters first employed in covered employment after the date the municipality or municipal subdivision elected to join MPFRS are required to be members of MPFRS. There were 32 employers participating in MPFRS as of June 30, 2019.

A MPFRS member is eligible for "normal" retirement when one of the following occurs:

- Attainment of age 50 and the completion of 20 years of contributory service; or
- Attainment of age 50 when age plus contributory service equals 70 while still in covered employment; or
- Attainment of age 60 and completion of 10 years contributory service while still in covered employment; or
- Attainment of age 62 and completion of 5 years of contributory service.

Final Average Salary (FAS) is the average of the highest annual compensation received by the member during covered employment for any 5 consecutive plan years (Jan. 1 - Dec. 31) within the last 10 years of service. The accrued benefit on behalf of any member is calculated as follows, not to exceed 67%:

Final Average Salary x Years of Credited Service x Benefit Percentage

Annual Retirement Benefit Formula

2.6% x FAS x Years of Credited Service for years 1-20

2.0% x FAS x Years of Credited Service for years 21-25

1.0% x FAS x Years if Credited Service for years 26-30

Chapter 8, Article 22A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - Currently, the MPFRS employee contribution rate is 8.5% of gross monthly salary and the employer contribution rate is 8.5% of gross monthly salary.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

2 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Teachers' Defined Contribution Retirement System

Plan Description - TDCRS is a multiple employer defined contribution retirement system, which is a money purchase pension plan covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, the Schools for the Deaf and Blind, and the Marshall University Research Corporation who were hired between July 1, 1991 and June 30, 2005. TDCRS members also include former TRS plan members, including higher education employees, who have elected to transfer into or participate in TDCRS. TDCRS benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. TDCRS closed participation to new members effective June 30, 2005.

During the 2008 First Special Session, the West Virginia Legislature passed House Bill 101 regarding retirement benefits for teachers and educational service personnel which became effective March 16, 2008. The legislation provided an opportunity for members of the Teachers' Defined Contribution Retirement System (TDCRS) to elect to transfer to the West Virginia Teachers' Retirement System (TRS). The transfer occurred on July 1, 2008 and a total of 15,152 TDCRS members transferred to TRS.

The TDCRS provides members with a choice of 20 separate investment options made up of fixed income, balanced, large cap, mid cap, small cap, and international mutual funds, a money market fund and a fixed annuity.

Contributions - State law requires employees to contribute 4.5% of their gross compensation and the employers to contribute 7.5% of covered members' gross compensation. Employer contributions are comprised from amounts allocated to the employers through the State's School Aid Formula, forfeitures allotted from the TDCRS and county contributions. Employer contributions for each employee (and interest allocated to the employee's account) become partially vested after six years and fully vested after 12 complete years of service. If a terminated employee does not return to active participant status within five years, the nonvested employer contributions and earnings thereon are forfeited to reduce the employer's current period contribution requirement. Any such forfeitures arising from contributions, plus earnings thereon, will be used to reduce future employer contributions.

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and 2017 and rolled forward to June 30, 2019 and 2018, respectively, using the actuarial assumptions and methods described in the *Actuarial Assumptions and Methods* section of this note.

Schedule of Net Pension Liability

The schedules of net pension liability and changes in net pension liability, presented as required supplemental information (RSI) following the notes to the financial statements, present trend information about whether the actuarial values of plan fiduciary net position are increasing or decreasing over time relative to the actuarial values of the total pension liability. Selected information for each plan as of June 30, 2019 and 2018 were as follows (in thousands):

As of June 30, 2019:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Net Position as a Percentage of the Total Pension Liability
PERS	\$ 7,140,467	\$ 6,925,454	\$ 215,013	96.99%
TRS	10,873,910	7,898,739	2,975,171	72.64%
SPDDRS	762,838	689,820	73,018	90.43%
SPRS	218,293	207,102	11,191	94.87%
DSRS	253,754	233,659	20,096	92.08%
JRS	115,950	212,653	(96,703)	183.40%
EMSRS	80,427	84,969	(4,542)	105.65%
MPFRS	6,712	11,297	(4,585)	168.31%

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Schedule of Net Pension Liability (continued)

As of June 30, 2018:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERS	\$ 7,027,806	\$ 6,769,554	\$ 258,252	96.33%
TRS	10,842,866	7,720,609	3,122,257	71.20%
SPDDRS	749,080	682,803	66,277	91.15%
SPRS	188,909	188,915	(6)	100.00%
DSRS	215,146	220,514	(5,368)	102.50%
JRS	114,828	204,488	(89,660)	178.08%
EMSRS	77,628	79,302	(1,674)	102.16%
MPFRS	4,379	8,077	(3,698)	184.45%

Long-Term Expected Rates of Return

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following tables and were used for all defined benefit plans for the years ended June 30, 2019:

Asset Class	Target Allocation	Long-term Expected Rate of Return	Weighted Average Expected Real Rate of Return
Domestic Equity	27.5%	5.8%	1.60%
International Equity	27.5%	7.7%	2.12%
Fixed Income	15.0%	3.3%	0.50%
Real Estate	10.0%	6.1%	0.61%
Private Equity	10.0%	8.8%	0.88%
Hedge Funds	10.0%	4.4%	0.44%
Total	100.0%		6.15%
Inflation (CPI)			2.00%
			8.15%

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for all defined benefit plans for fiscal years 2019 and 2018. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Discount Rate (continued)

Regarding the sensitivity of the net pension liability to changes in the discount rate, the following table presents the plans' net pension liabilities calculated using the current discount rate of 7.5% as well as the plans' net pension liabilities if they were calculated using a discount rate that is one percentage point lower or one percentage point higher as of June 30, 2019 and 2018, respectively (in thousands):

	Total Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	(6.5%)	Discount Rate (7.5%)	(8.5%)
As of June 30, 2019:			
PERS	\$ 1,001,547	\$ 215,013	\$ (450,346)
TRS	4,060,828	2,975,191	2,046,502
SPDDRS	169,591	73,018	(6,019)
SPRS	48,969	11,191	(19,103)
DSRS	55,239	20,096	(8,870)
JRS	(84,091)	(96,703)	(107,410)
EMSRS	7,398	(4,542)	(14,234)
MPFRS	(2,852)	(4,585)	(5,882)

	Total Net Pension Liability (Asset)		
	1% Decrease	Current	1% Increase
	(6.5%)	Discount Rate (7.5%)	(8.5%)
As of June 30, 2018:			
PERS	\$ 1,040,033	\$ 258,252	\$ (403,124)
TRS	4,214,475	3,122,257	2,188,490
SPDDRS	162,878	66,277	(12,570)
SPRS	33,729	(6)	(27,000)
DSRS	24,555	(5,368)	(30,020)
JRS	(76,829)	(89,660)	(100,511)
EMSRS	10,166	(1,674)	(11,238)
MPFRS	(2,518)	(3,698)	(4,575)

Annual Money-Weighted Rates of Return

The following table provides the annual money-weighted rates of return, net of investment expenses, for the years ending June 30, 2019 and 2018, respectively, for each defined benefit pension plan:

	Annual Money	
	Weighted Rate of Return	
	2019	2018
PERS	5.94%	9.75%
TRS	5.93%	9.74%
SPDDRS	5.78%	9.83%
SPRS	6.11%	9.61%
DSRS	6.01%	9.69%
JRS	5.97%	9.77%
EMS	6.03%	9.64%
MPFRS	6.72%	8.86%

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Actuarial Assumptions and Methods

Significant assumptions used in the actuarial valuations are as follows:

PERS	June 30, 2019	June 30, 2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases:		
State	3.1-5.3%	3.0-4.6%
Nonstate	3.35-6.5%	3.35-6.0%
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 Disabled females-118% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal rates:		
State	2.28-45.63%	1.75-35.10%
Non-state	2.50-35.88%	2-35.88%
Disability rates	0.005 - .540%	0.007 - .675%
Retirement rates	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2009-2014

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Actuarial Assumptions and Methods (continued)

TRS	June 30, 2019	June 30, 2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2034	Through Fiscal Year 2034
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases:		
Teachers	3.00-6.00%	3.00-6.00%
Non-Teachers	3.00-6.50%	3.00-6.50%
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates	Active – 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males – 97% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females – 94% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 101% of RP-2000 Disabled Annuitant, Scale AA fully generational	Active – 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males – 97% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females – 94% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 101% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal rates:		
Teachers	0.8% - 35%	0.8% - 35%
Non-Teachers	1.316% - 24.75%	1.316% - 24.75%
Disability rates	0.008% - .704%	0.008% - .704%
Retirement rates	15% - 100%	15% - 100%
Date range in most recent experience study	2010 - 2015	2010 - 2015

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Actuarial Assumptions and Methods (continued)

<u>SPDDRS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2025	Through Fiscal Year 2025
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.00%	4.00%
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational
Withdrawal rates	0.08 - 2.67%	0.08 - 2.67%
Disability rates	.04 - 0.60%	.04 - 0.60%
Retirement rates	25% - 100%	25% - 100%
Date range in most recent experience study	2011 - 2016	2011 - 2016

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Actuarial Assumptions and Methods (continued)

SPRS	June 30, 2019	June 30, 2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2026	Through Fiscal Year 2026
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.0%	4.0%
Inflation rate	3.00%	3.10%
Discount rate	7.50%	7.50%
Mortality rates	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational
Withdrawal rates	0.23 - 5.70%	0.23 - 5.70%
Disability rates	.04 - 0.60%	.04 - 0.60%
Retirement rates	20% - 100%	20% - 100%
Date of most recent experience study	2011 - 2016	2011 - 2016

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Actuarial Assumptions and Methods (continued)

DSRS	June 30, 2019	June 30, 2017
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2029	Through Fiscal Year 2029
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	5.0% for first 2 yrs of service, 4.5% for next 3 yrs of service, 4.0% for the next 5 yrs, and 3.5% thereafter	5.0% for first 2 yrs of service, 4.5% for next 3 yrs of service, 4.0% for the next 5 yrs, and 3.5% thereafter
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational
Withdrawal rates	4.00% - 12.32%	4.00% - 12.32%
Disability rates	0.04% - 0.60%	0.04% - 0.60%
Retirement rates	16% - 100%	16% - 100%
Date of most recent experience study	2011 – 2016	2011 - 2016
JRS	June 30, 2019	June 30, 2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	-	-
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.25%	4.25%
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates	Active - N/A Healthy Male Retirees – 103% of RP-2014 Healthy Annuitant tables, rolled back to 2006, Projected with Scale MP-2016 fully generational Healthy female Retirees – RP-2014 Healthy Annuitant tables, rolled back to 2006, Projected with Scale MP-2016 fully generational Disabled – RP-2014 Healthy Annuitant tables; rolled back to 2006, Projected with Scale MP-2016 fully generational	Active - N/A Healthy Male Retirees – 103% of RP-2014 Healthy Annuitant tables, rolled back to 2006, Projected with Scale MP-2016 fully generational Healthy female Retirees – RP-2014 Healthy Annuitant tables, rolled back to 2006, Projected with Scale MP-2016 fully generational Disabled – RP-2014 Healthy Annuitant tables; rolled back to 2006, Projected with Scale MP-2016 fully generational
Withdrawal rates	-	-
Disability rates	-	-
Retirement rates	5% - 100%	5% - 100%
Date of most recent experience study	2011-2016	2011-2016

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Actuarial Assumptions and Methods (continued)

<u>EMSRS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2038	Through Fiscal Year 2038
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	By age from 4.75% at age 30 declining to 3.25% at age 65	By age from 4.75% at age 30 declining to 3.25% at age 65
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational
Withdrawal rates	6.00% - 28.00%	6.00% - 28.00%
Disability rates	0.04% - 0.60%	0.04% - 0.60%
Retirement rates	25% - 100%	25% - 100%
Date of most recent experience study	2011-2016	2011-2016

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

3 - ACTUARIAL INFORMATION - DEFINED BENEFIT PLANS (Continued)

Actuarial Assumptions and Methods (continued)

MPFRS	June 30, 2019	June 30, 2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period		
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	By age from 4.75% at age 30 declining to 3.25% at age 65	By age from 4.75% at age 30 declining to 3.25% at age 65
Inflation rate	3.00%	3.00%
Discount rate	7.50%	7.50%
Mortality rates	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy Female Retirees – 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational
Withdrawal rates	3.00% - 28.00%	3.00% - 28.00%
Disability rates	0.04 - 0.60%	0.04 - 0.60%
Retirement rates	25% - 100%	25% - 100%
Date of most recent experience study	2011 - 2016	2011 - 2016

4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Board can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The investment risks for the pooled investments in which the Board participates in are described in Note 5. Investments are administered by the WVIMB, for the Board's defined benefit plans, and the WVIMB is responsible for setting investment risk policies.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

4 - FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2019:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective investment trusts: Valued at the NAV of units of a collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

WVIMB Investment Pools: Valued at the NAV of units of an investment pool. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Refer to the fair value measurement not disclosures within the WVIMB's annual financial statements for the underlying investments within the fair value hierarchy.

The following is a summary of the investments held by WVIMB for each plan as of June 30, 2019 and 2018 (in thousands) which are all measured at NAV and not within the fair value hierarchy:

June 30, 2019	PERS	TRS	SPDDRS	SPRS	DSRS	JRS	EMSRS	MPFRS	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic equity	\$ 1,698,197	\$ 1,918,351	\$166,807	\$ 51,197	\$ 57,610	\$ 52,616	\$20,815	\$ 2,649	N/A	Daily	Daily
International qualified	558,010	629,522	55,557	15,573	18,323	17,016	6,517	622	N/A	Daily	Daily
International equity	1,214,443	1,363,648	116,454	37,428	41,169	37,276	15,187	2,085	N/A	Daily	Daily
Private markets	1,796,476	2,031,952	179,589	52,265	59,667	55,073	21,526	2,643	N/A	Daily	Daily
Total return fixed income	576,580	641,299	54,351	18,227	20,135	18,134	7,431	981	N/A	Daily	Daily
Core fixed income	249,812	277,315	23,511	7,908	8,738	7,852	3,220	425	N/A	Daily	Daily
Hedge fund	787,712	890,570	77,231	23,542	26,541	24,296	9,616	1,213	N/A	Daily	Daily
Short term fixed income	14,156	84,127	16,319	962	393	390	338	472	N/A	Daily	Daily
Total investments (a)	\$ 6,895,386	\$ 7,836,784	\$689,819	\$207,102	\$232,576	\$212,653	\$84,650	\$11,090			

June 30, 2018	PERS	TRS	SPDDRS	SPRS	DSRS	JRS	EMSRS	MPFRS	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic equity	\$ 1,695,976	\$ 1,915,121	\$166,354	\$ 47,529	\$ 55,237	\$ 51,654	\$19,737	\$ 1,924	N/A	Daily	Daily
International qualified	570,269	642,773	58,103	15,853	18,732	17,640	6,658	634	N/A	Daily	Daily
International equity	1,113,987	1,260,306	107,614	31,312	36,109	33,487	13,050	1,281	N/A	Daily	Daily
Private markets	1,677,031	1,893,364	165,045	46,707	54,410	50,898	19,524	1,884	N/A	Daily	Daily
Total return fixed income	637,623	714,138	61,259	18,235	21,079	19,426	7,629	747	N/A	Daily	Daily
Core fixed income	278,378	310,183	26,667	7,933	9,174	8,491	3,334	326	N/A	Daily	Daily
Hedge fund	741,999	837,944	72,848	20,757	24,149	22,542	8,667	840	N/A	Daily	Daily
TRS annuity	-	(130)	-	-	-	-	-	-	N/A	Daily	Daily
Short term fixed income	3,435	118,089	24,909	584	478	346	322	206	N/A	Daily	Daily
Total investments (a)	\$ 6,718,698	\$ 7,691,788	\$682,799	\$188,912	\$219,368	\$204,484	\$78,921	\$ 7,842			

(a) - see note 5 for additional information regarding the objective of each pool, commitments, and relevant risks.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

4 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the TDC plan's assets at fair value as of June 30, 2019 and 2018. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement (in thousands).

	Fair Value at June 30, 2019			
	Total	Level 1	Level 2	Level 3
Investments in the fair value hierarchy				
Mutual funds	\$ 291,905	\$ 291,905	\$ -	\$ -
Total assets in the fair value hierarchy	291,905	\$ 291,905	\$ -	\$ -
Investments measured at net asset value				
Collective investment trusts	109,124			
	109,124			
Investments at fair value	\$ 401,029			

	Fair Value at June 30, 2018			
	Total	Level 1	Level 2	Level 3
Investments in the fair value hierarchy				
Mutual funds	\$ 274,245	\$ 274,245	\$ -	\$ -
Total assets in the fair value hierarchy	274,245	\$ 274,245	\$ -	\$ -
Investments measured at net asset value				
Collective investment trusts	101,792			
	101,792			
Investments at fair value	\$ 376,037			

INVESTMENTS MEASURED USING NAV PER SHARE AS PRACTICAL EXPEDIENT

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2019, and 2018, respectively (in thousands). There are no participant redemption restrictions for these investments.

	Fair Value		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
	2019	2018			
Collective investment trusts funds(b)	\$ 109,124	\$ 101,792	n/a	Daily	Daily

(b) The object of each fund is to seek capital appreciation and income.

5 - INVESTMENTS

The Board has adopted investment guidelines that are consistent with those specified in the West Virginia Code. Those guidelines authorize the Board to invest with WVIMB in obligations of the United States and certain of its agencies, certificates of deposit, direct and general obligations of states, repurchase agreements relating to certain securities, equity securities, real estate, and guaranteed investment contracts. Plan assets of the defined benefit plans are invested by the WVIMB. The WVIMB invests plan assets in accordance with West Virginia Code and policies established by the WVIMB. Individual defined benefit plan assets are invested by the WVIMB in the various WVIMB pools. Investments are managed by a third party administrator as the trustee for the TDCRS.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

The investment risks for the various investments in which the plans participate are described below:

Domestic Equity

The Pool's objective is to exceed, net of external investment management fees, the Russel 3000 Stock Index over three to five year periods. Assets are managed by AJO, BlackRock, INTECH Investment Management, LLC, and Westfield Capital Management.

Credit Risk

The Pool's money market mutual fund and investments made with cash collateral for securities lending are exposed to credit risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by required minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's. The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2019 and 2018 (in thousands).

Rating	Fair Value	
	2019	2018
AAA / A-1	\$ 33,117	\$ 47,082
AA	151,145	5,064
A	5,340	5,288
BBB	2,428	7,219
B	226	-
Not rated	50,048	110,807
Total securities lending collateral	\$ 242,304	\$ 175,460

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 102 percent and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102 percent and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from investments made with cash collateral for securities loaned. As of June 30, 2019 and 2018, the money market mutual fund had a weighted average maturity (WAM) of 43 days and 39 days, respectively. The WAM for securities lending collateral was 1 day and 2 days, respectively.

Foreign Currency Risk

The Pool is exposed to no or minimal foreign currency risk.

International Qualified

The Pool invests in The Silchester International Investors International Value Equity Group Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in the Pool. Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value-oriented portfolio of securities with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

International Qualified

The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this investment at June 30, 2019 and 2018, was \$1,301,531,000 and \$1,330,940,000, respectively. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

International Equity

The Pool invests in the equities of international companies. The objective of the Pool is to outperform the international equity market as measured by the Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-years), net of external investment management fees. Assets are managed by Acadian Asset Management, LLC, Axiom International Investors, LLC, Brandes Investment Partners, L.P., LSV Asset Management, and Oberweis Asset Management, Inc. The objective of the Pool is to exceed, net of external investment management fees, Morgan Stanley Capital International's All Country World Free Ex US Index over three- to five-year periods.

Credit Risk

The Pool's money market mutual fund and investments made with cash collateral for securities lending are exposed to credit risk. The money market mutual fund has the highest credit rating. At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements. Credit risk from securities lending collateral investments is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's. The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2019 (in thousands).

Rating	Fair Value
AAA / A-1	\$ 9,678
AA	44,168
A	1,560
BBB	710
B	66
Not applicable	14,625
Total securities lending collateral	\$ 70,807

The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2018 (in thousands).

Rating	Fair Value
AAA / A-1	\$ 20,359
AA	2,190
A	2,287
BBB	3,122
Not applicable	47,916
Total securities lending collateral	\$ 75,874

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one company. At June 30, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

International Equity (continued)

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 102 percent and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102 percent and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from investments made with cash collateral for securities loaned. As of June 30, 2019 and 2018, the money market mutual fund had a weighted average maturity (WAM) of 43 days and 39 days, respectively. The WAM for securities lending collateral investments is not to exceed 90 days. The WAM for securities lending collateral was 1 day.

Foreign Currency Risk

The Pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2019 are as follows (in thousands):

Currency	Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	\$ 126,545	\$ 975	\$ -	\$ 127,520
Brazil Real	135,983	682	(2)	136,663
British Pound	284,807	2,169	(2)	286,974
Canadian Dollar	125,313	2,518	-	127,831
Chilean Peso	6,037	-	-	6,037
Danish Krone	4,586	-	-	4,586
Egyptian Pound	926	-	-	926
Emirati Dirham	1,689	10	-	1,699
Euro Currency Unit	463,116	6,782	3	469,901
Hong Kong Dollar	365,906	2,136	-	368,042
Hungarian Forint	11,477	41	-	11,518
Indian Rupee	89,501	946	-	90,447
Indonesian Rupiah	41,637	38	-	41,675
Israeli Shekel	17,395	31	-	17,426
Japanese Yen	380,550	2,595	-	383,145
Malaysian Ringgit	19,851	290	-	20,141
Mexican Peso	55,332	486	-	55,818
New Taiwan Dollar	91,450	553	-	92,003
New Zealand Dollar	553	50	-	603
Norwegian Krone	20,433	463	-	20,896
Pakistan Rupee	1,413	-	-	1,413
Philippine Peso	17,899	4	-	17,903
Polish Zloty	1,027	1,570	-	2,597
Qatari Riyal	756	51	-	807
Singapore Dollar	21,213	540	-	21,753
South African Rand	44,180	448	-	44,628
South Korean Won	201,839	2,128	(1)	203,966
Swedish Krona	71,775	2,166	-	73,941
Swiss Franc	95,408	42	-	95,450
Thailand Baht	60,524	(3)	-	60,521
Turkish Lira	21,677	293	-	21,970
Total	\$ 2,780,798	\$ 28,004	\$ (2)	\$ 2,808,800

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

International Equity (continued)

This table excludes investments and cash held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated investments and cash is \$414,535.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2018 are as follows (in thousands):

Currency	Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	\$ 90,582	\$ 1	\$ -	\$ 90,583
Brazil Real	98,891	494	(20)	99,365
British Pound	275,749	493	115	276,357
Canadian Dollar	110,687	226	-	110,913
Chilean Peso	4,661	-	-	4,661
Czech Koruna	3,051	-	-	3,051
Danish Krone	19,525	9	1	19,535
Egyptian Pound	1,733	-	-	1,733
Emirati Dirham	-	10	-	10
Euro Currency Unit	434,429	4,008	80	438,517
Hong Kong Dollar	356,625	5,338	(1)	361,962
Hungarian Forint	6,907	28	-	6,935
Indian Rupee	79,014	12,993	-	92,007
Indonesian Rupiah	15,318	93	-	15,411
Israeli Shekel	12,605	27	-	12,632
Japanese Yen	402,074	5,651	(40)	407,685
Malaysian Ringgit	28,119	1,284	(2)	29,401
Mexican Peso	47,526	140	-	47,666
New Taiwan Dollar	100,384	855	-	101,239
New Zealand Dollar	357	5	-	362
Norwegian Krone	25,384	307	(4)	25,687
Pakistan Rupee	2,949	-	-	2,949
Philippine Peso	6,761	5,082	-	11,843
Polish Zloty	4,150	73	(34)	4,189
Qatari Riyal	1,249	40	-	1,289
Singapore Dollar	15,955	207	2	16,164
South African Rand	46,338	10	(55)	46,293
South Korean Won	209,540	1,846	(1)	211,385
Swedish Krona	39,199	129	1	39,329
Swiss Franc	85,297	62	6	85,365
Thailand Baht	53,440	2	(9)	53,433
Turkish Lira	24,459	16	(6)	24,469
Total	<u>\$ 2,602,958</u>	<u>\$ 39,429</u>	<u>\$ 33</u>	<u>\$ 2,642,420</u>

This table excludes investments and cash held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated investments and cash is \$337,370.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Short-Term Fixed Income

The main objective of the Pool is to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest cash contributions until such time as the money can be transferred to other asset classes without sustaining capital losses. JP Morgan Investment Advisors, Inc. (JPM) manages the Pool. The Pool's investment objective, net of external investment management fees, is to meet or exceed the Citigroup 90 day Treasury Bill Index.

Credit Risk

The WVIMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the Pool must have at least 15 percent of its assets in United States Treasury issues. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit rating as of June 30, 2019 and 2018.

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102 percent and the collateral is held in the name of the WVIMB. All remaining investments are held by the WVIMB's custodian in the name of the WVIMB.

Interest Rate Risk

The WAM of the investments in the Pool is not to exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30, 2019 and 2018 (in thousands):

Investment Type	2019		2018	
	WAM (days)	Carrying Value	WAM (days)	Carrying Value
Commercial paper	-	\$ -	26	\$ 22,171
Repurchase agreements	1	45,000	2	40,000
U.S. Government agency bonds	10	91,095	46	106,794
U.S. Treasury bonds	16	49,955	79	49,326
Total investments	9	\$ 186,050	43	\$ 218,291

Foreign currency risk

The Pool has no investments that are subject to foreign currency risk.

Total Return Fixed Income

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification, but not at the expense of total return. Dodge & Cox, Franklin Templeton Investments, and Western Asset Management Company manage the Pool. The Pool's investment objective, net of external investment management fees, is to outperform the Bloomberg Barclays U.S. Universal Bond Index.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Total Return Fixed Income (continued)

Credit Risk

The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organizations. The WVIMB reviews the ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The following table provides credit rating for the Pool's fixed income investments as of June 30, 2019 and 2018 (in thousands):

Rating	Fair Value	
	2019	2018
AAA / A-1	\$ 14,485	\$ 22,196
AA	685,964	889,097
A	105,271	104,870
BBB	553,241	587,744
BB	320,377	314,638
B	204,230	296,262
CCC	13,962	12,274
CC	-	3,716
C	-	403
D	1,050	3,982
Withdrawn	7,324	85
Not rated	55,807	38,996
Total fixed income investments	\$ 1,961,711	\$ 2,274,263

At June 30, 2019 and 2018, securities lending collateral investments consisted of time deposits and repurchase agreements. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The IMB reviews available ratings from Standard & Poor's and Moody's. The IMB discloses the ratings of the securities underlying the repurchase agreements. The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2019 and 2018:

Rating	Fair Value	
	2019	2018
AAA / A-1	\$ 12,154	\$ 41,003
AA	55,470	4,410
A	1,960	4,605
BBB	891	6,287
B	83	-
Not rated	18,368	96,503
Total securities lending collateral	\$ 88,926	\$ 152,808

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized at 102 percent and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102 percent and the collateral is held by the WVIMB's custodian in the name of the WVIMB. Investments in commingled funds are held in an account in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Total Return Fixed Income (Continued)

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and certain investments made with cash collateral for securities loaned. As of June 30, 2019 and 2018, the money market mutual fund had a weighted average maturity (WAM) of 43 days and 39 days, respectively. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019 and 2018, the WAM for securities lending collateral was 1 day and 2 days, respectively.

The WVIMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage backed securities, asset-backed securities, and collateralized mortgage obligations. The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30, 2019 and 2018 (in thousands):

Investment Type	2019		2018	
	Fair Value	Effective Duration (years)	Fair Value	Effective Duration (years)
Commingled bond funds	\$ 214,489	2.9	\$ 304,379	2.5
Corporate ABS residual	3,835	1.9	5,487	2.8
Corporate asset backed issues	72,659	(0.1)	36,072	0.9
Corporate CMO	40,069	1.1	71,666	1.0
Foreign asset backed issues	27,005	1.0	19,588	1.6
Foreign corporate bonds	271,117	5.4	296,352	5.6
Foreign government bonds	317,462	5.1	263,976	5.3
Municipal bonds	34,254	9.9	44,629	9.6
Repurchase agreements	8,000	0.0	10,000	0.0
Short term investments	6,083	0.0	-	0.0
U.S. corporate bonds	402,522	7.0	401,582	6.9
U.S. Government agency bonds	9,464	0.2	2,721	1.3
U.S. Government agency CMO	57,221	1.1	51,608	1.4
U.S. Government agency CMO interest-only	5,786	4.8	5,664	2.8
U.S. Government agency MBS	293,479	1.8	326,082	3.7
U. S. Government agency TBA	106	1.4	8,974	6.4
U.S. Treasury bonds	157,216	15.6	407,697	8.5
U.S. Treasury inflation protected security	40,944	20.6	17,786	17.2
Total fixed income investments	<u>\$ 1,961,711</u>		<u>\$ 2,274,263</u>	

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2019 and 2018, the Pool held \$500,160,000 and \$525,141,000 of these securities, respectively. This represents approximately 25 and 23 percent of the value of the Pool's securities, respectively.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Total Return Fixed Income (Continued)

Foreign Currency Risk

The Pool has foreign fixed income, foreign equity investments, and cash that is denominated in foreign currencies and are exposed to foreign currency risks. The Pool also has foreign denominated derivative instruments. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled debt funds. At June 30, 2019 and 2018, approximately \$32,063,000, or 15 percent and \$84,695,000, or 28 percent, respectively, of the commingled investment pools hold substantially all of their investments in securities denominated in foreign currencies. This represents approximately 3 percent of the value of the Pool's securities. The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2019, are as follows (in thousands):

Currency	Foreign Fixed Income	Foreign Equity Investments	Cash	Total
Argentine Peso	\$ 8,380	\$ -	\$ 1,503	\$ 9,883
Australian Dollar	-	-	1,704	1,704
Belarusian Ruble	2,048	-	-	2,048
Brazil Real	47,752	-	24	47,776
British Pound	-	-	2,988	2,988
Canadian Dollar	-	-	1,141	1,141
Colombian Peso	5,209	-	-	5,209
Deutsche Mark	1,013	-	-	1,013
Dominican Peso	3,801	-	-	3,801
Egyptian Pound	2,104	-	126	2,230
Euro Currency Unit	5,967	-	12,929	18,896
Georgian Lari	1,796	-	-	1,796
Ghana Cedi	2,469	-	-	2,469
Indonesian Rupiah	2,779	-	-	2,779
Japanese Yen	51,443	-	6,077	57,520
Kazakhstani Tenge	1,841	-	-	1,841
Kenyan Shilling	3,171	-	-	3,171
Mexican Peso	44,765	-	1,943	46,708
New Zealand Dollar	-	-	791	791
Peruvian Nuevo Sol	1,846	-	-	1,846
Russian Ruble	28,094	-	1,796	29,890
South African Rand	6,726	14	2	6,742
Swedish Krona	-	-	483	483
Turkish Lira	3,190	-	-	3,190
Uruguayan Peso	7,479	-	-	7,479
Total foreign denominated investments	<u>\$ 231,873</u>	<u>\$ 14</u>	<u>\$ 31,507</u>	<u>\$ 263,394</u>

This table excludes investments and cash held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated investments and cash was \$412,136,000.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Total Return Fixed Income (Continued)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2018, are as follows (in thousands):

Currency	Foreign Fixed Income	Foreign Equity Investments	Cash	Total
Argentine Peso	\$ 8,328	\$ -	\$ 824	\$ 9,152
Azerbaijani Manat	640	-	-	640
Brazil Real	26,048	-	12	26,060
Colombian Peso	5,376	-	-	5,376
Deutsche Mark	1,390	-	-	1,390
Dominican Peso	1,771	-	-	1,771
Egyptian Pound	3,671	-	1,129	4,800
Euro Currency Unit	-	-	9,688	9,688
British Pound	-	-	1,174	1,174
Georgian Lari	2,085	-	-	2,085
Ghana Cedi	2,758	-	-	2,758
Indonesian Rupiah	1,756	-	-	1,756
Indian Rupee	581	-	-	581
Japanese Yen	50,279	-	194	50,473
Kenyan Shilling	2,784	-	-	2,784
Kazakhstani Tenge	1,758	-	-	1,758
Mexican Peso	41,777	-	3,600	45,377
New Zealand Dollar	-	-	797	797
Peruvian Nuevo Sol	1,726	-	-	1,726
Russian Ruble	27,247	-	-	27,247
Swedish Krona	-	-	1,021	1,021
Turkish Lira	3,916	-	-	3,916
Ugandan Shilling	736	-	-	736
Uruguayan Peso	8,218	-	-	8,218
South African Rand	6,174	14	-	6,188
Total foreign denominated investments	<u>\$ 199,019</u>	<u>\$ 14</u>	<u>\$ 18,439</u>	<u>\$ 217,472</u>

This table excludes investments and cash held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated investments and cash was \$406,421,000.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Core Fixed Income

The main objective of the Pool is to generate investment income, provide stability, and enhance diversification, but not at the expense of total return. JP Morgan Investment Advisors, Inc. (JPM) manages this Pool. This Pool's investment objective, net of external investment management fees, is outperform the Bloomberg Barclays U.S. Aggregate Bond Index.

Credit Risk

The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organizations. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2019 and 2018:

Rating	Fair Value	
	2019	2018
AAA	\$ 61,950	\$ 54,135
AA	518,002	609,075
A	93,012	129,011
BBB	141,310	169,116
BB	10,003	10,953
B	600	1,877
CCC	562	1,091
C	-	4
D	146	193
Withdrawn	3,013	325
Not rated	45,328	51,231
Total fixed income investments	\$ 873,926	\$ 1,027,011

At June 30, 2019 and 2018, securities lending collateral investments consisted of time deposits and repurchase agreements. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The IMB reviews available ratings from Standard & Poor's and Moody's. The IMB discloses the ratings of the securities underlying the repurchase agreements. The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2019 and 2018:

Rating	Fair Value	
	2019	2018
AAA / A-1	\$ 7,859	\$ 20,620
AA	35,868	2,218
A	1,267	2,316
BBB	576	3,162
B	54	-
Not rated	11,877	48,528
Total securities lending collateral	\$ 57,501	\$ 76,844

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized at 102 percent and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102 percent and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Core Fixed Income (continued)

Interest Rate Risk

The Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and investments made with cash collateral for securities loaned. As of June 30, 2019 and 2018, the money market mutual fund has a weighted average maturity (WAM) of 43 days and 39 days, respectively. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019 and 2018, the WAM for securities lending collateral was 1 day and 2 days, respectively.

The WVIMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation considers the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage backed securities, asset-backed securities, and collateralized mortgage obligations. The following table provides the weighted average effective duration for the Pool's fixed income investments as of June 30, 2019 and 2018:

Investment Type	2019		2018	
	Fair Value	Effective Duration (years)	Fair Value	Effective Duration (years)
Corporate asset backed issues	\$ 122,361	1.6	\$ 137,199	2.0
Corporate CMO	33,139	3.2	39,165	3.2
Corporate CMO interest-only	303	(2.8)	396	(6.5)
Corporate CMO principal-only	74	3.5	107	3.3
Foreign asset backed issues	2,698	3.3	3,499	3.6
Foreign corporate bonds	59,221	5.8	64,249	5.4
Foreign government bonds	3,125	8.0	5,887	8.2
Municipal bonds	10,261	13.0	9,007	12.9
U.S. corporate bonds	165,080	7.7	205,614	6.5
U.S. Government agency bonds	5,257	1.2	18,746	2.2
U.S. Government agency CMO	109,465	4.7	104,772	4.3
U.S. Government agency CMO interest-only	2,153	12.7	2,337	15.8
U.S. Government agency CMO principal-only	5,062	6.2	5,683	6.7
U.S. Government agency MBS	150,176	4.4	176,391	4.3
U.S. Treasury bonds	205,102	9.1	253,524	8.8
U.S. Treasury inflation protected security	449	1.9	435	2.2
Total fixed income investments	\$ 873,926		\$ 1,027,011	

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2019 and 2018, the Pool held \$425,431 and \$469,549 of these securities, respectively. This represents approximately 49 percent and 46 percent of the value of the Pool's fixed income securities, respectively.

Foreign Currency Risk

None of the securities held by the Pool are exposed to foreign currency risk.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Private Markets Pool

The objective of the Pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, investments in unrated opportunistic income funds, and certain investments made with cash collateral for securities loaned. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by a nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. Credit risk associated with the unrated opportunistic income funds are limited by requiring that underlying fund holdings are at least 90 percent collateralized by one or more assets of the issuer.

The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2019 and 2018:

Rating	Fair Value	
	2019	2018
BBB	\$ 13,257	\$ 7,162
BB	1,591	440
B	511	-
Total fixed income investments	\$ 15,359	\$ 7,602

Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The following table provides the credit ratings for the Pool's securities lending collateral investments as of June 30, 2019 and 2018:

Rating	Fair Value	
	2019	2018
AAA / A-1	\$ 860	\$ 2,854
AA	3,922	307
A	139	321
BBB	63	438
B	6	-
Not applicable	1,299	6,716
Total securities lending collateral	\$ 6,289	\$ 10,636

Concentration of Credit Risk

The Pool's investments in alternative investment funds might be indirectly exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2019 and 2018, the Pool held no securities that were directly subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 102 percent and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102 percent for U.S. Dollar denominated loans and 105 percent for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities, except for the alternative investments, are held by the WVIMB's custodian in the name of the WVIMB. The alternative investments might be indirectly exposed to custodial credit risk.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Private Markets Pool (continued)

Interest Rate Risk

The Pool is exposed to interest rate risk through its investments in U.S. corporate bonds, opportunistic income funds, securities lending collateral investments, and a money market mutual fund. The WVIMB monitors interest rate risk of U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1 percent change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds. As of June 30, 2019 and 2018, the effective duration for U.S. corporate bonds was 5.0 years and 3.2 years, respectively. The WVIMB manages interest rate risk of the opportunistic income funds by requiring at least 80 percent of the opportunistic income fund holdings that mature in more than one year to have variable or floating interest rate structures. As of June 30, 2019 and 2018, the money market mutual fund has a weighted average maturity (WAM) of 43 days and 39 days, respectively. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019 and 2018, the WAM for securities lending collateral was 1 day and 2 days, respectively.

Foreign Currency Risk

The Pool holds foreign common stock, real estate limited partnerships and funds, and cash that is denominated in foreign currencies and exposed to foreign currency risks. The investments in private equity partnerships and opportunistic income funds might be indirectly exposed to foreign currency risk.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2019, are as follows:

Currency	Foreign Common Stock	Real Estate Limited Partnerships and Funds	Cash	Total
Australian Dollar	\$ 3,826	\$ -	\$ -	\$ 3,826
British Pound	3,959	-	-	3,959
Canadian Dollar	1,611	19,398	-	21,009
Euro Currency Unit	6,966	74,751	-	81,717
Hong Kong Dollar	7,371	-	-	7,371
Japanese Yen	9,835	-	25	9,860
Norwegian Krone	368	-	-	368
Singapore Dollar	2,126	-	-	2,126
Swedish Krona	2,893	-	-	2,893
Total foreign denominated investments	38,955	94,149	25	133,129
U.S. Dollar	858	1,629,556	7,095	1,637,509
Total	\$ 39,813	\$ 1,723,705	\$ 7,120	\$ 1,770,638

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Private Markets Pool (continued)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2018, are as follows:

<u>Currency</u>	Foreign Common Stock	Real Estate Limited Partnerships and Funds	Cash	Total
Australian Dollar	\$ 3,643	\$ -	\$ -	\$ 3,643
British Pound	4,305	-	-	4,305
Canadian Dollar	1,331	11,466	1	12,798
Euro Currency Unit	6,729	67,304	-	74,033
Hong Kong Dollar	6,656	-	-	6,656
Japanese Yen	7,581	-	22	7,603
Norwegian Krone	327	-	-	327
Singapore Dollar	1,812	-	-	1,812
Swedish Krona	2,509	-	-	2,509
Total foreign denominated investments	34,893	78,770	23	113,686
U.S. Dollar	1,542	1,543,530	3,063	1,548,135
Total	\$ 36,435	\$ 1,622,300	\$ 3,086	\$ 1,661,821

Hedge Fund

The Pool was established to hold the WVIMB's investments in hedge funds. The primary performance benchmark is the Hedge Fund Research, Inc. Fund of Funds Composite Index plus 100 basis points. Albourne America, LLC has been retained by the WVIMB to provide consulting services for this investment strategy.

The Pool holds shares in hedge funds and shares of a money market mutual fund with the highest credit rating. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk, interest rate risk and/or custodial credit risk. The Pool is restricted from investing more than 10 percent of the value of the Pool with any single manager. At June 30, 2019 and 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Investments and Deposits - TDCRS

Credit Risk

The TDCRS' investments are not rated as to credit risk.

Concentration of Credit Risk

As of June 30, 2019 and 2018, the TDCRS has investment balances with the following issuers which were greater than 5% of the total investment balance of the TDCRS (in thousands):

	2019	2018
Western Asset Core Plus Bond A	\$ 30,010	\$ 28,518
Valic Fixed Annuity Option	148,621	139,268
Great West Secure Foundation Balanced	42,160	41,563
Putnam Equity Income	49,048	45,117
T. Rowe Price Blue Chip Growth	83,601	78,684
Vanguard Large Cap Index	51,659	50,678
Other (less than 5% individually)	144,551	131,476
	<u>\$ 549,650</u>	<u>\$ 515,304</u>

Custodial Credit Risk

As of June 30, 2019 and 2018, the TDCRS held no securities that were subject to custodial credit risk.

Concentration of Credit Risk - Cash Deposits

At June 30, 2019 and 2018 TDCRS had \$3,738,000 and \$4,487,000 on deposit with the West Virginia State Treasurer's Office and \$379,000 and \$278,000 in depository accounts with financial institutions, respectively. The deposits with financial institutions, which had a bank balance of \$379,000 and \$278,000 are either insured by the Federal Deposit Insurance Corporation or collateralized with securities held in TDCRS' name by its agent.

Interest Rate Risk

As of June 30, 2019, the TDCRS had the following investments and maturities (in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Mutual Funds	\$ 291,905	\$ 291,905	\$ -	\$ -
Collective Investment Trusts	109,124	109,124	-	-
Guaranteed Investment Contract	148,621	148,621	-	-
Total	\$ 549,650	\$ 549,650	\$ -	\$ -

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

5 - INVESTMENTS (Continued)

Investments and Deposits - TDCRS (continued)

As of June 30, 2018, the TDCRS had the following investments and maturities (in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Mutual Funds	\$ 274,245	\$ 274,245	\$ -	\$ -
Collective Investment Trusts	101,792	101,792	-	-
Guaranteed Investment Contract	<u>139,267</u>	<u>139,267</u>	-	-
Total	<u>\$ 515,304</u>	<u>\$ 515,304</u>	<u>\$ -</u>	<u>\$ -</u>

Foreign Currency Risk

There are no securities held by TDCRS that are subject to foreign currency risk.

6 - INVESTMENT CONTRACT WITH INSURANCE COMPANY

The Plan maintains an investment contract with Variable Annuity Life Insurance Company (VALIC) which is a benefit-responsive individually allocated investment contract with a guaranteed rate of return. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 4.5%. Such interest rates are reviewed quarterly for resetting.

This contract meets the fully-benefit responsive investment contract criteria and is therefore reported at contract value. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract because that is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Board by VALIC, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The value of the contract at June 30, 2019 and 2018 was \$148,621,000 and \$139,267,000, respectively.

7 - DUE FROM STATE OF WEST VIRGINIA

The State of West Virginia reached a settlement with the United States Department of Health & Human Services in January 2011, requiring additional contributions of \$20 million per year for nine years from the State of West Virginia general fund to PERS. Contributions of \$5,000,000 are due quarterly on the 15th day after each quarter end, beginning on October 15, 2011. The remaining balance of the amount due from the state was \$25,000,000 and \$45,000,000 at June 30, 2019 and 2018, respectively.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

8 - CAPITAL ASSETS

A summary of capital assets held by the Board in the Internal Service Fund at June 30, 2019 and 2018, follows (in thousands):

	Historical Cost at <u>June 30, 2017</u>			Historical Cost at <u>June 30, 2018</u>			Historical Cost at <u>June 30, 2019</u>		
	<u>Additions</u>	<u>Deletions</u>		<u>Additions</u>	<u>Deletions</u>		<u>Additions</u>	<u>Deletions</u>	
Capital assets, being depreciated:									
COMPASS, developed	\$ 34,034	\$ 5,729	\$ -	\$ 39,763	\$ -	\$ -	\$ -	\$ -	\$ 39,763
Agency developed software	1,572	-	(1,572)	-	-	-	-	-	-
Equipment	110	-	-	110	-	-	-	-	110
Total	35,716	5,729	(1,572)	39,873	-	-	-	-	39,873
Accumulated depreciation	(1,549)	(4,312)	1,572	(4,289)	(3,847)	-	-	-	(8,136)
Capital assets, net	\$ 34,167	\$ 1,417	\$ -	\$ 35,584	\$ (3,847)	\$ -	\$ -	\$ -	\$ 31,737

9 – OTHER POST EMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are the Board's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2019 and 2018 (in thousands):

	<u>2019</u>	<u>2018</u>
Net OPEB liability	\$ 1,808	\$ 1,910
Deferred outflows of resources	303	162
Deferred inflows of resources	424	288
Revenues	114	120
OPEB expense	184	230
Contributions made by the Board	175	162

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, TRS, TDCRS, TIAA-CREF, Plan G, SPDDRS, or SPRS pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

**West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018**

9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2018 and 2017 were:

	July 2017-June 2018 2018	July 2016-December 2016 2017	January 2017-June 2017 2017
Paygo premium	\$ 177	\$ 196	\$ 135

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

The Board's contributions to the OPEB plan for the years ended June 30, 2019, 2018, and 2017, were \$175,417, \$162,161, and \$146,110, respectively.

Assumptions

The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method: Entry age normal cost method.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll over a 20 year closed period
- Remaining amortization period: 20 years closed as of June 30, 2017.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims cost beginning in 2022 to account for the Excise Tax.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions.

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% for assets invested with the WV Board of Treasury Investments.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric rates of return for each major asset class included in RHBT's target asset allocation as of June 30, 2019, are summarized below:

Asset Class	Target Allocation
Domestic equity	27.5%
International equity	27.5%
Fixed income	15.0%
Real estate	10.0%
Private equity	10.0%
Hedge funds	10.0%

Asset Class	Long-term Expected Real Rate of Return
Large cap domestic	17.0%
Non-large cap domestic	22.0%
International qualified	24.6%
International non-qualified	24.3%
International equity	26.2%
Short-term fixed	0.5%
Total return fixed income	6.7%
Core fixed income	0.1%
Hedge fund	5.7%
Private equity	19.6%
Real estate	8.3%
Opportunistic income	4.8%
Cash	0.0%

Discount rate.

The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on those assumptions and that the OPEB plan is expected to be fully funded by the fiscal year ended June 30, 2036, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

The following presents the Board's proportionate share of the net OPEB liability as of June 30, 2019 and 2018 calculated using the discount rate of 7.15%, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate (in thousands):

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
June 30, 2019	\$ 2,125	\$ 1,808	\$ 1,544
June 30, 2018	\$ 2,224	\$ 1,910	\$ 1,649

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate.

The following presents the Board's proportionate share of the net OPEB liability as of June 30, 2019 calculated using the healthcare cost trend rate, as well as what the Board's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
June 30, 2019	\$ 1,496	\$ 1,808	\$ 2,188
June 30, 2018	\$ 1,604	\$ 1,910	\$ 2,284

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Board's proportionate share of the net OPEB liability was \$2,181,423. Of this amount, the Board reported a liability in the internal service fund of \$1,807,799 for its proportionate share on the statement of net position. The remainder of \$373,624 denotes the Board's proportionate share of net OPEB liability attributable to the special funding. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the OPEB plan relative to the contributions of all employer and non-employer contributions to the OPEB plan for the year ended June 30, 2018. At June 30, 2019, the Board's proportion was 0.084262542%, which was an increase of 0.006592% from its proportion measured as of June 30, 2018.

At June 30, 2018, the Board's proportionate share of the net OPEB liability was \$2,302,206. Of this amount, the Board reported a liability in the internal service fund of \$1,909,908 for its proportionate share on the statement of net position. The remainder of \$392,298 denotes the Board's proportionate share of net OPEB liability attributable to the special funding. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the OPEB plan relative to the contributions of all employer and non-employer contributions to the OPEB plan for the year ended June 30, 2017. At June 30, 2018, the Board's proportion was 0.077670464%, which was a decrease of 0.090517846% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Board recognized OPEB expense of \$184,444. Of this amount, \$70,240 was recognized as the Board's proportionate share of OPEB expense and \$114,204 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Board also recognized revenue of \$114,204 for support provided by the State.

For the year ended June 30, 2018, the Board recognized OPEB expense of \$230,266. Of this amount, \$109,450 was recognized as the Board's proportionate share of OPEB expense and \$120,816 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Board also recognized revenue of \$120,816 for support provided by the State.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 27
Change in assumptions	-	180
Changes in proportion and difference between employer contributions and proportionate share of contributions	128	184
Net difference between projected and actual investment earnings	-	33
Contributions after the measurement date	<u>175</u>	<u>-</u>
Total	<u>\$ 303</u>	<u>\$ 424</u>

At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	251
Net difference between projected and actual investment earnings	-	31
Contributions after the measurement date	<u>162</u>	<u>-</u>
Total	<u>\$ 162</u>	<u>\$ 288</u>

The Board will recognize the \$175,000 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2020	\$ (94)
2021	(93)
2022	(91)
2023	<u>(18)</u>
	<u>\$ (296)</u>

Payables to the OPEB Plan

The Board did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2019 or 2018.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

10 - PENSION PLAN

The Board's employees are provided pension benefits through its participation in the PERS. All activity related to its participation is recorded in the internal service fund. The PERS plan description, benefits and discount rate are disclosed in the accompanying financial statements (See Notes 2 and 3).

Contributions

Although contributions are not actuarially determined, actuarial valuations are performed to assist the Legislature in establishing appropriate contribution rates. Current funding policy requires employer contributions of 10.0%, 11.0%, and 12.0% for the years ended June 30, 2019, 2018, and 2017, respectively. For periods prior to July 1, 2015, the employee contributions rate was 4.5%. Effective July 1, 2015, the employee contribution increases to 6.0% for new hires.

During the years ended June 30, 2019, 2018, and 2017, the Board's contributions to PERS required and made were approximately \$410,478, \$411,486, and \$432,828, respectively.

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

At June 30, 2019, the Board reported a liability in the internal service fund of \$672,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2018. At June 30, 2019, the Board's proportion was 0.260218%, which was an increase of 0.011017% from its proportion measured as of June 30, 2018.

At June 30, 2018, the Board reported a liability in the internal service fund of \$1,076,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2017. At June 30, 2018, the Board's proportion was 0.249201%, which was an increase of 0.015159% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Board recognized pension expense of \$103,000. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 396
Difference between expected and actual experience	33	2
Changes in proportion and differences between Board contributions and proportionate share of contributions	489	423
Board contributions made subsequent to the measurement date of June 30, 2018	<u>411</u>	<u>-</u>
Total	<u>\$ 933</u>	<u>\$ 821</u>

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

10 - PENSION PLAN (Continued)

For the year ended June 30, 2018, the Board recognized pension expense of \$233,000. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 261
Difference between expected and actual experience	95	2
Changes in proportion and differences between Board contributions and proportionate share of contributions	830	807
Change in assumptions	-	56
Board contributions made subsequent to the measurement date of June 30, 2017	411	-
Total	\$ 1,336	\$ 1,126

\$410,522 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. \$411,486 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date during the year ended June 30, 2018 was recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30, 2019	
2020	\$ (16)
2021	11
2022	(242)
2023	(52)
	(299)

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

10 - PENSION PLAN (Continued)

Actuarial Assumptions

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

	<u>June 30, 2018 Actuarial Valuation</u>	<u>June 30, 2017 Actuarial Valuation</u>
Inflation	3.0 percent	3.0 percent
Salary increases	3.00-6.00 percent, average, including inflation	3.00-6.00 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense	7.5 percent, net of pension plan investment expense
 Mortality rates were based on:		
Pre-Retirement:		
In service males	100% of RP-2000 Non-Annuitant table, projected with Scale AA on a fully generational basis	100% of RP-2000 Non-Annuitant table, projected with Scale AA on a fully generational basis
In service females	100% of RP-2000 Non-Annuitant table, projected with Scale AA on a fully generational basis	100% of RP-2000 Non-Annuitant table, projected with Scale AA on a fully generational basis
Post-Retirement:		
Healthy males	110% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis	110% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis
Healthy females	101% of RP-2000 Healthy annuitant table, projected with Scale AA on a fully generational basis	101% of RP-2000 Healthy annuitant table, projected with Scale AA on a fully generational basis
Disabled males	96% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis	96% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis
Disabled females	107% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis	107% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis

The actuarial assumptions used in the June 30, 2018 and 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

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

Asset Class	Target Allocation	Long-term Expected Rate of Return	Weighted Average Expected Real Rate of Return
Domestic Equity	27.5%	4.5%	1.24%
International Equity	27.5%	8.6%	2.37%
Fixed Income	15.0%	3.3%	0.50%
Real Estate	10.0%	6.0%	0.60%
Private Equity	10.0%	6.4%	0.64%
Hedge Funds	10.0%	4.0%	0.40%
Total	100.0%		5.75%
Inflation (CPI)			2.10%
			7.85%

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (in thousands):

June 30, 2019

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Board's proportionate share of the net pension asset (liability)	\$ (2,706)	\$ (672)	\$ 1,049

June 30, 2018

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Board's proportionate share of the net pension asset (liability)	\$ (2,978)	\$ (1,076)	\$ 533

11 - CONTINGENCIES

The Board is engaged in various legal actions that it considers to be in the ordinary course of business. Some of these cases involve potentially significant amounts for which legal counsel is unable to render an opinion on the outcome. Further, the financial impact of some cases is dependent upon judicial rulings in favor of petitioners and would have to be actuarially determined, inasmuch as the relief sought is an increase in the petitioners' annuity benefit. Accordingly, the financial statement impact of such cases cannot be determined at the present time. As legal actions are resolved, the Board recognizes the liability in its financial statements in the period the amount can be estimated.

12 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to, and illnesses of employees; medical liabilities; and natural disasters.

Health insurance coverage for the Board's employees is obtained through its participation in the West Virginia Public Employees Insurance Agency (PEIA). PEIA provides the following basic employee benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death, and prescription drug coverage for active and retired employees of the State of West Virginia and various related State and non-State agencies. Additionally, the Board has obtained coverage for job-related injuries through the purchase of a policy through a commercial carrier. In exchange for the payment of premiums to PEIA and a commercial carrier, the Board has transferred its risks related to health coverage for employees and job-related injuries of employees. Furthermore, the Board is a participant in the self-insured public entity risk pool administered by the Board of Risk and Insurance Management. Coverage is in the amount of \$1,000,000 per occurrence for general liability and property damage.

There have been no significant reductions in insurance coverage from the prior year. Additionally, the amount of settlements has not exceeded insurance coverage in the past three years.

West Virginia Consolidated Public Retirement Board
Notes to the Financial Statements
Years Ended June 30, 2019 and 2018

13 - NEW ACCOUNTING PRONOUNCEMENTS

Newly Adopted Statements Issued by the Governmental Accounting Standards Board

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations. Certain asset retirement obligations are a legally enforceable liability associated with the retirement of a tangible capital asset. The adoption of this GASB statement had no impact on the June 30, 2019 financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board

The GASB issued Statement No. 84, *Fiduciary Activities*, this statement is to improve guidance with the identification of fiduciary activities for accounting and financial reporting and how those activities should be reported. This statement is effective for fiscal year 2020, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 87, *Leases*, to improve the accounting and financial reporting for leases by governments and to increase the usefulness of the governments financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This statement is effective for fiscal year 2021, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61*, to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for fiscal year 2020, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for fiscal year 2021, and management has not yet determined the financial statement impact of the pronouncement.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
 (In Thousands)
 Fiscal years Ending June 30

	PERS						TRS					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Total pension Liability:												
Service cost	\$ 121,228	\$ 124,019	\$ 124,129	\$ 123,073	\$ 137,207	\$ 132,500	\$ 141,472	\$ 146,797	\$ 153,006	\$ 149,857	\$ 146,798	\$ 147,149
Interest	519,350	504,275	490,075	475,335	456,022	440,022	792,389	786,313	780,855	753,418	744,455	730,912
Differences between actual and expected experience	(26,020)	16,954	(1,271)	674	152,277	-	(69,708)	(19,576)	(52,290)	45,210	(36,005)	-
Change in benefit terms	2,500	-	-	-	-	-	5,200	-	-	-	-	-
Assumption changes	(55,650)	-	-	-	(89,556)	-	-	-	-	-	-	-
Benefit payments	(448,747)	(434,184)	(412,779)	(394,454)	(374,164)	(353,611)	(838,309)	(816,102)	(789,058)	(759,503)	(718,838)	(676,210)
Net change in total pension liability	112,661	211,064	200,154	204,628	281,786	218,911	31,044	97,432	92,513	384,325	136,410	201,851
Total pension liability, beginning	7,027,806	6,816,742	6,616,588	6,411,960	6,130,174	5,911,263	10,842,866	10,745,434	10,652,921	10,268,596	10,132,186	9,930,335
Total pension liability, ending (a)	7,140,467	7,027,806	6,816,742	6,616,588	6,411,960	6,130,174	10,873,910	10,842,866	10,745,434	10,652,921	10,268,596	10,132,186
Plan fiduciary net position:												
Contributions - employer	147,031	152,541	165,676	186,867	189,947	194,728	481,986	471,837	451,447	426,678	490,640	141,840
Contributions - member	70,357	65,150	64,599	62,982	61,838	60,899	92,759	89,128	91,503	95,177	94,694	90,612
Other statutorily required contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other contributions - appropriations	-	-	-	-	-	-	-	-	-	-	-	321,553
Net investment income	393,179	606,303	875,090	(6,827)	219,329	864,023	444,661	688,273	994,989	(18,402)	255,988	50,855
Benefit payments	(448,747)	(434,184)	(412,779)	(394,454)	(374,164)	(353,611)	(838,309)	(816,102)	(789,058)	(759,503)	(718,838)	(676,210)
Administrative expense	(6,915)	(6,850)	(4,989)	(4,887)	(4,785)	(4,695)	(6,239)	(6,035)	(4,582)	(4,507)	(4,432)	(4,348)
Other	995	1,497	120	142	282	132	3,272	3,046	3,077	302	3,197	3,510
Net change in plan fiduciary net position	155,900	384,457	687,717	(156,177)	92,447	761,476	178,130	430,147	747,376	(260,255)	121,249	930,992
Plan fiduciary net position, beginning	6,769,554	6,385,097	5,697,470	5,853,556	5,761,109	4,999,633	7,720,609	7,290,462	6,543,087	6,803,342	6,682,093	5,751,101
Prior period adjustment	-	-	(90)	91	-	-	-	-	(1)	-	-	-
Plan fiduciary net position, beginning, as restated	6,769,554	6,385,097	5,697,380	5,853,647	5,761,109	4,999,633	7,720,609	7,290,462	6,543,086	6,803,342	6,682,093	5,751,101
Plan fiduciary net position, ending (b)	6,925,454	6,769,554	6,385,097	5,697,470	5,853,556	5,761,109	7,898,739	7,720,609	7,290,462	6,543,087	6,803,342	6,682,093
Net pension liability, ending (a) - (b)	\$ 215,013	\$ 258,252	\$ 431,645	\$ 919,118	\$ 558,404	\$ 369,065	\$ 2,975,171	\$ 3,122,257	\$ 3,454,972	\$ 4,109,834	\$ 3,465,254	\$ 3,450,093
Plan fiduciary net position as a percentage of total pension liability	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%
Covered-employee payroll	1,388,662	1,430,577	1,414,584	1,392,113	1,373,129	1,389,850	1,404,586	1,457,143	1,505,080	1,511,271	1,481,786	1,493,515
Net pension liability as a percentage of covered-employee payroll	15.48%	18.05%	30.51%	66.02%	40.67%	26.55%	211.82%	214.27%	229.55%	271.95%	233.86%	231.00%

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
(In Thousands)
Fiscal years Ending June 30
(Continued)

	SPDDRS						SPRS					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Total pension Liability:												
Service cost	\$ 540	\$ 931	\$ 1,071	\$ 1,263	\$ 1,774	\$ 2,215	\$ 7,456	\$ 7,617	\$ 6,827	\$ 6,750	\$ 6,337	\$ 5,890
Interest	54,438	54,004	53,131	51,913	50,748	49,778	14,654	13,496	11,410	10,113	9,024	8,021
Differences between actual and expected experience	6,331	(2,218)	47	6,283	4,344	-	(3,513)	(3,610)	(765)	1,636	(201)	-
Change in benefit terms	-	-	-	-	-	-	12,731	-	-	-	-	-
Assumption changes	-	-	1,961	-	-	-	-	-	11,192	-	-	-
Benefit payments	(47,551)	(45,529)	(43,325)	(41,969)	(39,708)	(37,565)	(1,944)	(1,842)	(1,454)	(1,071)	(1,051)	(913)
Net change in total pension liability	13,758	7,188	12,885	17,490	17,158	14,428	29,384	15,661	27,210	17,428	14,109	12,998
Total pension liability, beginning	749,080	741,892	729,007	711,517	694,359	679,931	188,909	173,248	146,038	128,610	114,501	101,503
Total pension liability, ending (a)	762,838	749,080	741,892	729,007	711,517	694,359	218,293	188,909	173,248	146,038	128,610	114,501
Plan fiduciary net position:												
Contributions - employer	15,595	24,829	17,155	13,977	21,668	1,072	4,556	4,205	3,657	3,887	4,060	4,049
Contributions - member	110	186	362	320	445	545	3,905	3,621	3,634	3,755	3,609	3,630
Other sanatorily required contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other contributions - appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income	38,174	60,939	87,793	(1,230)	22,866	90,872	-	-	-	-	-	-
Benefit payments	(47,551)	(45,529)	(43,325)	(41,969)	(39,708)	(37,566)	11,730	16,303	22,346	91	4,972	17,756
Administrative expense	(63)	(61)	(45)	(48)	(51)	(53)	(1,944)	(1,842)	(1,454)	(1,071)	(1,051)	(912)
Other	752	691	847	590	861	739	(60)	(60)	(64)	(47)	(45)	(43)
Net change in plan fiduciary net position	7,017	41,055	62,787	(28,360)	6,081	80,755	18,187	22,227	28,119	6,452	11,545	24,480
Plan fiduciary net position, beginning	682,803	641,585	578,798	607,158	601,077	520,322	188,915	166,688	138,569	132,117	120,572	96,092
Prior period adjustment	-	163	-	-	-	-	-	-	-	-	-	-
Plan fiduciary net position, beginning, as restated	682,803	641,748	578,798	607,158	601,077	520,322	188,915	166,688	138,569	132,117	120,572	96,092
Plan fiduciary net position, ending (b)	689,820	682,803	641,585	578,798	607,158	601,077	207,102	188,915	166,688	138,569	132,117	120,572
Net pension liability, ending (a) - (b)	\$ 73,018	\$ 66,277	\$ 100,307	\$ 150,209	\$ 104,359	\$ 93,282	\$ 11,191	\$ (6)	\$ 6,560	\$ 7,469	\$ (3,507)	\$ (6,071)
Plan fiduciary net position as a percentage of total pension liability	90.43%	91.15%	86.48%	79.40%	85.33%	86.57%	94.87%	100.00%	96.21%	94.89%	102.73%	105.30%
Covered-employee payroll	1,527	2,963	3,181	3,713	5,120	5,988	30,938	32,291	31,582	31,792	29,574	27,701
Net pension liability as a percentage of covered-employee payroll	4781.79%	2236.82%	3153.32%	4045.49%	2038.26%	1557.82%	36.17%	-0.02%	20.77%	23.49%	-11.86%	-21.92%

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
 (In Thousands)
 Fiscal years Ending June 30
 (Continued)

	DSRS						JRS					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Total pension Liability:												
Service cost	\$ 7,436	\$ 7,084	\$ 7,386	\$ 5,979	\$ 5,887	\$ 5,716	\$ 2,406	\$ 2,587	\$ 2,466	\$ 2,681	\$ 2,812	\$ 2,819
Interest	16,246	15,476	15,556	14,509	13,612	12,612	8,608	8,539	8,521	8,478	8,458	7,978
Differences between actual and expected experience	2,697	(1,370)	(10,162)	1,530	946	-	(4,959)	(6,054)	(6,101)	(5,813)	(6,506)	-
Change in benefit terms	24,170	-	-	-	-	-	-	-	-	-	-	-
Assumption changes	-	-	(3,174)	-	-	-	-	962	-	-	-	-
Benefit payments	(11,940)	(10,611)	(10,143)	(8,785)	(8,371)	(7,791)	(4,933)	(4,932)	(4,609)	(4,429)	(4,313)	(4,455)
Net change in total pension liability	38,609	10,579	(537)	13,233	12,074	10,537	1,122	1,102	277	917	451	6,342
Total pension liability, beginning	215,146	204,567	205,104	191,871	179,797	169,260	114,828	113,726	113,449	112,532	112,081	105,739
Total pension liability, ending (a)	253,755	215,146	204,567	205,104	191,871	179,797	115,950	114,828	113,726	113,449	112,532	112,081
Plan fiduciary net position:												
Contributions - employer	6,705	6,194	5,922	6,071	5,972	5,977	779	735	739	739	2,845	2,456
Contributions - member	4,846	4,416	4,163	4,306	4,068	3,908	331	364	372	401	413	474
Other satorily required contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other contributions - appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income	13,200	19,361	27,282	(44)	6,534	24,438	12,085	18,373	26,270	(175)	6,525	25,263
Benefit payments	(11,940)	(10,611)	(10,143)	(8,785)	(8,371)	(7,794)	(4,933)	(4,932)	(4,609)	(4,429)	(4,313)	(4,455)
Administrative expense	(145)	(137)	(102)	(102)	(95)	(97)	(11)	(8)	(6)	(6)	(6)	(7)
Other	479	471	431	463	505	558	(86)	-	(4)	(39)	-	32
Net change in plan fiduciary net position	13,145	19,694	27,553	1,909	8,613	26,990	8,165	14,532	22,762	(3,509)	5,464	23,763
Plan fiduciary net position, beginning	220,514	200,820	173,268	171,359	162,746	135,756	204,488	189,956	167,194	170,703	165,239	141,476
Prior period adjustment	-	-	(1)	-	-	-	-	-	-	-	-	-
Plan fiduciary net position, beginning, as restated	220,514	200,820	173,267	171,359	162,746	135,756	204,488	189,956	167,194	170,703	165,239	141,476
Plan fiduciary net position, ending (b)	233,659	220,514	200,820	173,268	171,359	162,746	212,653	204,488	189,956	167,194	170,703	165,239
Net pension liability, ending (a) - (b)	\$ 20,096	\$ (5,368)	\$ 3,747	\$ 31,836	\$ 20,512	\$ 17,051	\$ (96,703)	\$ (89,660)	\$ (76,230)	\$ (53,745)	\$ (58,171)	\$ (53,158)
Plan fiduciary net position as a percentage of total pension liability	92.08%	102.50%	98.17%	84.48%	89.31%	90.52%	183.40%	178.08%	167.03%	147.37%	151.69%	147.43%
Covered-employee payroll	53,676	49,915	51,004	49,081	46,634	45,106	9,374	9,500	9,122	8,870	9,248	8,870
Net pension liability as a percentage of covered-employee payroll	37.44%	-10.75%	7.35%	64.86%	43.99%	37.80%	-1031.61%	-943.79%	-835.67%	-605.92%	-629.01%	-599.30%

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
 (In Thousands)
 Fiscal years Ending June 30
 (Continued)

	EMRS						MPFRS					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Total pension Liability:												
Service cost												
Interest	\$ 3,272	\$ 3,189	\$ 3,402	\$ 3,187	\$ 2,969	\$ 3,010	\$ 1,734	\$ 1,086	\$ 984	\$ 687	\$ 485	\$ 237
Differences between actual and expected experience	5,911	5,463	5,107	4,649	4,345	3,879	447	280	214	131	74	28
Change in benefit terms	(2,208)	1,147	(1,079)	724	(1,067)	-	450	444	12	38	49	-
Assumption changes	-	-	1,545	-	-	-	-	-	-	-	-	-
Benefit payments	-	-	(792)	-	-	-	-	-	(320)	-	-	-
	(4,176)	(3,653)	(2,776)	(2,558)	(2,266)	(1,747)	(298)	(145)	(79)	(34)	(49)	(7)
Net change in total pension liability	2,799	6,146	5,407	6,002	3,981	5,142	2,333	1,665	811	822	559	258
Total pension liability, beginning	77,628	71,482	66,075	60,073	56,092	50,950	4,379	2,714	1,903	1,081	522	264
Total pension liability, ending (a)	80,427	77,628	71,482	66,075	60,073	56,092	6,712	4,379	2,714	1,903	1,081	522
Plan fiduciary net position:												
Contributions - employer	2,844	2,765	2,859	2,744	2,607	2,442	1,438	1,089	846	644	417	279
Contributions - member	2,302	2,231	2,314	2,222	2,071	2,077	1,438	1,087	846	644	417	279
Other statutorily required contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other contributions - appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income	4,774	6,867	9,506	18	2,144	7,874	649	547	606	28	66	125
Benefit payments	(4,176)	(3,653)	(2,776)	(2,558)	(2,266)	(1,749)	(298)	(145)	(79)	(34)	(49)	(7)
Administrative expense	(77)	(73)	(53)	(50)	(45)	(42)	(35)	(23)	(14)	(11)	(7)	(3)
Other	-	-	-	1	(1)	141	28	-	-	1	-	-
Net change in plan fiduciary net position	5,667	8,137	11,850	2,377	4,510	10,743	3,220	2,555	2,205	1,272	844	673
Plan fiduciary net position, beginning	79,302	71,165	59,315	56,937	53,646	42,903	8,077	5,522	3,317	2,046	1,202	529
Prior period adjustment	-	-	-	1	(1,219)	-	-	-	-	(1)	-	-
Plan fiduciary net position, beginning, as restated	79,302	71,165	59,315	56,938	52,427	42,903	8,077	5,522	3,317	2,045	1,202	529
Plan fiduciary net position, ending (b)	84,969	79,302	71,165	59,315	56,937	53,646	11,297	8,077	5,522	3,317	2,046	1,202
Net pension liability, ending (a) - (b)	\$ (4,542)	\$ (1,674)	\$ 317	\$ 6,760	\$ 3,136	\$ 2,446	\$ (4,585)	\$ (3,698)	\$ (2,808)	\$ (1,414)	\$ (965)	\$ (680)
Plan fiduciary net position as a percentage of total pension liability	105.65%	102.16%	99.56%	89.77%	94.78%	95.64%	168.31%	184.45%	203.46%	174.30%	189.27%	230.27%
Covered-employee payroll	26,024	27,421	26,992	25,963	24,145	22,548	15,132	10,448	7,898	5,483	3,784	1,833
Net pension liability as a percentage of covered-employee payroll	-17.45%	-6.10%	1.17%	26.04%	12.99%	10.85%	-30.30%	-35.39%	-35.55%	-25.79%	-25.50%	-37.10%

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS
(In Thousands)

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
PERS					
2019	\$ 115,775	\$ 147,031	\$ (31,256)	\$ 1,388,662	10.59 %
2018	124,363	152,541	(28,178)	1,430,577	10.66
2017	138,663	165,676	(27,013)	1,414,584	11.71
2016	149,481	186,867	(37,386)	1,392,113	13.42
2015	183,658	189,947	(6,289)	1,373,129	13.83
2014	189,303	194,728	(5,425)	1,389,850	14.01
2013	194,259	187,576	6,683	1,382,647	13.57
2012	181,481	191,009	(9,528)	1,327,717	14.39
2011	192,577	160,494	32,083	1,315,441	12.20
2010	158,329	139,282	19,047	1,274,485	10.93
TRS (1)					
2019	\$ 433,203	\$ 481,986	\$ (48,783)	\$ 1,404,586	34.32 %
2018	443,800	471,837	(28,037)	1,457,143	32.38
2017	413,976	451,447	(37,471)	1,505,080	29.99
2016	387,685	426,678	(38,993)	1,511,271	28.23
2015	454,721	490,640	(35,919)	1,481,786	33.11
2014	488,511	514,248	(25,737)	1,493,515	34.43
2013	457,977	486,781	(28,804)	1,510,082	32.24
2012	471,027	482,232	(11,205)	1,505,749	32.03
2011	497,362	501,090	(3,728)	1,500,761	33.39
2010	412,641	445,977	(33,336)	1,499,232	29.75
SPDDRS (2)					
2019	\$ 15,162	\$ 15,595	\$ (433)	\$ 1,527	1,021.28 %
2018	24,675	24,829	(154)	2,963	837.97
2017	16,875	17,155	(280)	3,181	539.30
2016	13,209	13,977	(768)	3,713	376.43
2015	20,860	21,668	(808)	5,120	423.20
2014	25,146	26,218	(1,072)	5,988	437.84
2013	15,162	16,210	(1,048)	6,779	239.12
2012	22,051	23,297	(1,246)	8,001	291.18
2011	25,940	25,131	809	8,960	280.48
2010	12,416	12,169	247	10,215	119.13
SPRS					
2019	\$ 4,180	\$ 4,556	\$ (376)	\$ 30,938	14.73 %
2018	4,726	4,205	521	32,291	13.02
2017	4,427	3,657	770	31,582	11.58
2016	3,402	3,887	(485)	31,792	12.23
2015	3,183	4,060	(877)	29,574	13.73
2014	3,363	4,049	(686)	27,701	14.62
2013	3,802	4,193	(391)	27,670	15.15
2012	3,837	4,544	(707)	24,725	18.38
2011	4,387	4,570	(183)	23,635	19.34
2010	4,642	3,005	1,637	22,382	13.43
DSRS (3)					
2019	\$ 5,390	\$ 6,705	\$ (1,315)	\$ 53,676	12.49 %
2018	2,681	6,194	(3,513)	49,915	12.41
2017	4,561	5,922	(1,361)	51,004	11.61
2016	3,498	6,071	(2,573)	49,081	12.37
2015	3,681	5,972	(2,291)	46,634	12.81
2014	4,774	5,977	(1,203)	45,106	13.25
2013	5,335	5,704	(369)	43,583	13.09
2012	5,354	5,431	(77)	42,366	12.82
2011	5,876	4,227	1,649	41,109	10.28
2010	5,689	4,053	1,636	39,067	10.37

See Independent Auditor's Report and Notes to Required Supplementary Information.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS
 (In Thousands)

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
JRS					
2019	\$ 779	\$ 779	\$ -	\$ 9,374	8.31 %
2018	735	735	-	9,500	7.74
2017	709	739	(30)	9,122	8.10
2016	739	739	-	8,870	8.33
2015	2,845	2,845	-	9,248	30.76
2014	2,456	2,456	-	8,870	27.69
2013	2,422	2,422	-	8,860	27.34
2012	2,740	3,997	(1,257)	8,860	45.11
2011	3,454	3,954	(500)	8,256	47.89
2010	2,879	3,854	(975)	8,140	47.35
EMSRS (4)					
2019	\$ 1,190	\$ 2,844	\$ (1,654)	\$ 26,024	10.93 %
2018	1,053	2,765	(1,712)	27,421	10.08
2017	1,870	2,859	(989)	26,992	10.59
2016	1,311	2,744	(1,433)	25,963	10.57
2015	1,198	2,607	(1,409)	24,145	10.80
2014	1,561	2,442	(881)	22,548	10.83
2013	1,362	2,308	(946)	21,263	10.85
2012	1,388	2,272	(884)	22,488	10.10
2011	1,345	2,264	(919)	21,362	10.60
2010	1,345	2,190	(845)	20,338	10.77
MPFRS (4)					
2019	\$ 510	\$ 1,438	\$ (928)	\$ 15,132	9.50 %
2018	324	1,089	(765)	10,448	10.42
2017	349	846	(497)	7,898	10.71
2016	239	644	(405)	5,483	11.75
2015	178	417	(239)	3,784	11.02
2014	88	279	(191)	1,833	15.22
2013	16	151	(135)	966	15.63
2012	7	72	(65)	343	20.99
2011	3	31	(28)	208	14.90

Notes:

- (1) Contributions for the Teachers Retirement System include employer contributions and interest from out-of-state services and surcharges on fire and casualty insurance policies which specifically identified to fund the plan per West Virginia State Code Section 33-3-14d and 33-33-33.
- (2) Contributions for SPDDRS include employer contributions and other payments designated by WV Code Section 15-2-26 – Payments to members for court attendance and mileage; rewards for apprehending wanted persons; fees for traffic accidents reports and photographs; fees from criminal history record reviews and challenges; or from any other sources designated by the superintendent.
- (3) Contributions for DSRS include employer contributions and various other fees designated for the fund from charges and fees per WV State Code Section 7-14E-2 and 17A-3-17 – Charges for obtaining reports (i.e., accident reports); fees from performing certain services (adult private employer finger printing for federal firearm permits, motor vehicle number identification, adult identification card, and photo-identification card); fees for nongovernmental background investigation reports; and fees for renewal of a Class A or G vehicle registration.
- (4) The MPFRS do not have ten years of data available.

See Independent Auditor's Report and Notes to Required Supplementary Information.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENT RETURNS
 Fiscal Years Ended June 30, 2019 and 2018

Plan	Annual Return (1)	
	2019	2018
PERS	5.94%	9.75%
TRS	5.93%	9.74%
SPDDRS	5.78%	9.83%
SPRS	6.11%	9.61%
DSRS	6.01%	9.69%
JRS	5.97%	9.77%
EMSRS	6.03%	9.64%
MPFRS	6.72%	8.86%

(1) Annual money-weighted rate of return, net of investment expenses

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Public Employees Retirement System Plan
 (In thousands)

	Years Ended June 30,				
	2019	2018	2017	2016	2015
Board's proportion (percentage) of the net pension liability	0.26%	0.25%	0.23%	0.23%	0.23%
Board's proportionate share of the net pension liability	\$ 672	\$ 1,076	\$ 2,152	\$ 1,262	\$ 843
Board's covered employee payroll	\$ 3,604	\$ 3,603	\$ 3,256	\$ 3,019	\$ 3,004
Board's proportionate share of the net pension's liability as a percentage of its covered employee payroll	18.65%	29.86%	66.09%	41.80%	28.06%
Plan fiduciary net position as a percentage of the total pension liability	96.33%	93.67%	86.11%	91.29%	93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board should present information for those years for which information is available.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 SCHEDULE OF CONTRIBUTIONS TO THE PERS
 (In thousands)

	Years Ended June 30,					
	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 411	\$ 411	\$ 433	\$ 441	\$ 423	\$ 436
Contributions in relation to the statutorily required contribution	<u>411</u>	<u>411</u>	<u>433</u>	<u>441</u>	<u>423</u>	<u>436</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	\$ 4,080	\$ 3,604	\$ 3,603	\$ 3,256	\$ 3,019	\$ 3,004
Contributions as a percentage of covered-employee payroll	10.07%	11.40%	12.02%	13.54%	14.01%	14.51%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board should present information for those years for which information is available.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
(In thousands)

	Years Ended June 30,		
	2019	2018	2017
Statutorily required contribution	\$ 175	\$ 162	\$ 146
Contributions in relation to the statutorily required contribution	<u>175</u>	<u>162</u>	<u>146</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 4,080	\$ 3,604	\$ 3,603
Contributions as a percentage of covered-employee payroll	4.29%	4.50%	4.05%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board should present information for those years for which information is available.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 (In thousands)

Last 10 Fiscal Years*

	2019	2018
Board's proportion of the net OPEB liability (asset) (percentage)	0.084%	0.078%
Board's proportionate share of the net OPEB liability (asset)	\$ 1,808	\$ 1,910
State's proportionate share of the net OPEB liability (asset)	-	-
Total proportionate share of the net OPEB liability (asset)	\$ 1,808	\$ 1,910
Board's covered-employee payroll	\$ 3,604	\$ 3,603
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	50.17%	53.01%
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	25.10%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Board's should present information for those years for which information is available.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

1 - ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the Schedules of Net Pension Liability and Changes in Net Pension Liability and Schedules of Investment Returns was based on the actuarial valuations as of July 1, 2018 and rolled forward to June 30, 2019 using the actuarial assumptions and methods described in Note 3 to the Financial Statements, Actuarial Valuations - Defined Benefit Plans.

The information presented in the Schedule of Contributions was based on the actuarial valuations as of July 1, 2018 using the actuarial assumptions and methods as follows:

	<u>PERS</u>	<u>TRS</u>	<u>SPDDRS</u>	<u>SPRS</u>
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost	Entry age normal cost
Asset valuation method	Market value	Market value	Market value	Market value
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar
Amortization period	Through FY 2035	Through FY 2034	Through FY 2025	Through FY 2026
Actuarial assumptions:				
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Projected salary increases:				
PERS:				
State	3.10% - 5.30%			
Nonstate	3.35% - 6.50%			
TRS:				
Teachers		3.00% - 6.00%		
Non Teachers		3.00% - 6.50%		
Other plans			4.00%	4.00%
Inflation rate	3.00%	3.00%	3.00%	3.00%
Mortality rates	Active: Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Retired: Healthy males: 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Healthy females: 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 Disabled males: 118% of Pub-2010 General / Teachers Disabled Male table, below median, headcount weighted, projected with scale MP-2018 Disabled females: 117% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	Active: RP-2000 Non-Annuitant tables, scale AA fully generational Retired: Healthy males: 97% RP-2000 Healthy Annuitant, scale AA fully generational Healthy females: 94% RP-2000 Healthy Annuitant, scale AA fully generational Disabled males: 96% RP-2000 Disabled Annuitant, scale AA fully generational Disabled females: 101% RP-2000 Disabled Annuitant, scale AA fully generational	Active: RP-2014 Non-Annuitant (sex-distinct), scale MP-2016 fully generational Retired: Healthy males: 103% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Healthy females: 100% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Disabled Males: 100% RP-2014 Male Disabled Annuitant table, scale MP-2016 fully generational Disabled Females: 100% RP-2014 Female Disabled Annuitant table, scale MP-2016 fully generational	Active: RP-2014 Non-Annuitant (sex-distinct), scale MP-2016 fully generational Retired: Healthy males: 103% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Healthy females: 100% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Disabled Males: 100% RP-2014 Male Disabled Annuitant table, scale MP-2016 fully generational Disabled Females: 100% RP-2014 Female Disabled Annuitant table, scale MP-2016 fully generational
Withdrawal rates	State: 2.28% - 45.63% Non-state: 2.50% - 35.88%	Teachers: 0.8% - 35.0% Non-teachers: 1.316% - 24.750%	0.08% - 2.67%	0.23% - 5.70%
Disability rates	0.005% - 0.540%	0.008% - 0.704%	0.04%-0.60%	0.04% - 0.60%
Retirement rates	12%-100%	15% - 100%	25%- 100%	20% - 100%
Date range in most recent experience study/review	2013-2018	2010-2015	2011-2016	2011-2016

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
(Continued)

1 - ACTUARIAL ASSUMPTIONS AND METHODS (Continued)

	<u>DSRS</u>	<u>JRS</u>	<u>EMSRS</u>	<u>MPFRS</u>
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost	Entry age normal cost
Asset valuation method	Market value	Market value	Market value	Market value
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar
Amortization period	Through FY 2029		Through FY 2038	
Actuarial assumptions:				
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Projected salary increases:				
PERS:				
State				
Nonstate				
TRS:				
Teachers				
Non Teachers				
Other plans	5.0% per year for the first 2 years of service; 4.5% for the next 3 years of service; 4.0% for the next 5 years and 3.50% thereafter	4.25%	3.25% - 4.75% based on age	3.25% - 4.75% based on age
Inflation rate	3.00%	3.00%	3.00%	3.00%
Mortality rates	Active: RP-2014 Non-Annuitant (sex-distinct), scale MP-2016 fully generational Retired: Healthy males: 103% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Healthy females: 100% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Disabled: 100% RP-2014 Disabled Annuitant table, rolled back to 2006, scale MP-2016 fully generational	Active: None Retired: Healthy Male Retirees: 103% of RP-2014 Healthy Annuitant tables, rolled back to 2006, Projected with Scale MP-2016 fully generational Healthy female Retirees: RP-2014 Healthy Annuitant tables, rolled back to 2006, Projected with Scale MP-2016 fully generational Disabled: RP-2014 Healthy Annuitant tables; rolled back to 2006, Projected with Scale MP-2016 fully generational	Active: RP-2014 Non-Annuitant (sex-distinct), scale MP-2016 fully generational Retired: Healthy males: 103% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Healthy females: 100% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Disabled Males: 100% RP-2014 Male Disabled Annuitant table, scale MP-2016 fully generational Disabled Females: 100% RP-2014 Female Disabled Annuitant table, scale MP-2016 fully generational	Active: RP-2014 Non-Annuitant (sex-distinct), scale MP-2016 fully generational Retired: Healthy males: 103% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Healthy females: 100% RP-2014 Healthy Annuitant table, rolled back to 2006, scale MP-2016 fully generational Disabled Males: 100% RP-2014 Male Disabled Annuitant table, scale MP-2016 fully generational Disabled Females: 100% RP-2014 Female Disabled Annuitant table, scale MP-2016 fully generational
Withdrawal rates	4.00% - 12.32%	0%	6.00% - 28.00%	3.00% - 28.00%
Disability rates	0.04% - 0.60%	0%	0.04% - 0.60%	0.04% - 0.60%
Retirement rates	16% - 100%	5% - 100%	25% - 100%	25% - 100%
Date range in most recent experience study/review	2011-2016	2011-2016	2011-2016	2011-2016

2 - HISTORICAL TREND INFORMATION

Generally accepted accounting principles require 10 years of historical trend information to be included in the various schedules of RSI that are presented. Due to changes in actuarial methods and assumptions related to the implementation of new accounting standards during fiscal years ending June 30, 2015 and 2014, historical trend information is not readily available for fiscal years ending prior to June 30, 2014 and is not presented.

**West Virginia Consolidated Public Retirement Board
Notes to the Required Supplementary Information
(Continued)**

3 – CHANGE IN ACTUARIAL ASSUMPTIONS - PENSION

The actuarial assumptions used in the total Pension liability calculation did not change from July 1, 2017 to July 1, 2018.

4 – CHANGE IN ACTUARIAL ASSUMPTIONS - OPEB

The actuarial assumptions used in the total OPEB liability calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation rate	Salary Increases	Investment Rate of Return	Mortality	Discount Rate	Healthcare Cost Trend Rates
2018	2.75%	Dependent upon pension system Ranging from 3.0% to 6.5%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis	7.15%	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita
2017	2.75%	Dependent upon pension system Ranging from 3.0% to 6.5%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis	7.15%	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita

SUPPLEMENTARY INFORMATION

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD
SCHEDULE OF ADMINISTRATIVE EXPENSES
INTERNAL SERVICE FUND
(In Thousands)
Years Ended June 30, 2019 and 2018

	2019	2018
Salaries	\$ 4,299	\$ 3,824
Employee Benefits	1,145	1,257
Occupancy	458	364
Computer Services	1,418	880
Legal	182	162
External Actuarial Services	200	301
Accounting and Auditing	279	450
Thrid Party Administrator's Fees	626	403
Disability Exams	71	101
Office Expense	202	215
Postage	120	136
Depreciation	3,847	4,312
Insurance	38	35
Travel	36	19
Miscellaneous	19	15
	<u>\$ 12,940</u>	<u>\$ 12,474</u>

See Independent Auditor's Report



**Suttle &
Stalnaker** | Certified
Public
Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S 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

To the Members of the
West Virginia Consolidated Public Retirement Board
Charleston, West Virginia

We have audited, in accordance with the 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, the financial statements of the pension funds and internal service fund of the West Virginia Consolidated Public Retirement Board (the Board) a component unit of the State of West Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, which we consider to be material weaknesses: 2019-001.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from 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*.

The West Virginia Consolidated Public Retirement Board's Response to Findings

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
October 15, 2019

West Virginia Consolidated Public Retirement Board

Schedule of Finding and Response June 30, 2019

2019-001 — INFORMATION SYSTEM CONTROLS

Criteria:

Management of the Board is responsible for establishing and maintaining an effective system of internal control over financial reporting, including controls over critical information technology systems which support the financial reporting function. Fundamental concepts of internal control include the segregation of duties and timely supervisory review and approval. Segregation of duties involves assigning responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets to different individuals, thus reducing the risk of fraud and errors occurring and not being detected. Supervisory review and approval allows for the timely evaluation of risks within the information systems and correction of errors when discovered. Furthermore, a key component to the utilization of third party service organizations is gaining an understanding of the third party systems which includes obtaining a System Organization Controls Examination (SOC) report, reviewing the report, and determining whether additional user controls must be maintained.

Condition:

The Board operates several information technology systems that directly support the financial statements of the Board financial including COMPASS, WVOASIS, and KRONOS. The following summarizes the internal control issues identified:

- Management did not maintain documentation of periodic reviews of user access performed on the COMPASS and KRONOS, information systems.
- Management does not perform a periodic, documented review of administrator access changes to the COMPASS information system.
- The Board did not have documented procedures in place to add/remove users to COMPASS, KRONOS, and WVOASIS information systems.
- The Board does not have procedures in place to document their review and utilization of the WVOASIS and other third-party SOC 1 reports and complementary user entity controls are not in place.

Cause:

The Board has not established information system controls over various functions within its various information systems. Furthermore, the Board did not obtain a SOC report from all third-party processors and did not monitor and test any user controls documented in SOC reports received.

Effect:

Unauthorized access to critical information systems may occur and not be detected in a timely manner. Furthermore, controls may not be in place to prevent a significant problem in the information system controls and related data processed by these systems. The lack of controls increases the risk of errors and fraud occurring and not being detected in a timely manner.

Recommendation:

We recommend that the Board strengthen their policies and procedures related to information system controls and ensure that controls are operating as designed. Duties among information technology personnel should be appropriately segregated, which may require additional information technology staff. Furthermore, for SOC reports received the Board should document their review of the report and address any issues or user controls included in the report.

Views of Responsible Officials:

We agree with the findings and will take the necessary corrective actions as noted in the corrective action plan attached.



EXECUTIVE DIRECTOR
Jeffrey E. Fleck

Consolidated Public Retirement Board

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BOARD CHAIRMAN
David L. Wyant

October 15, 2019

Suttle & Stalnaker, PLLC
1411 Virginia Street, East
Charleston, WV 25301

This letter contains the West Virginia Consolidated Public Retirement Board's (the Board) response and correction action plan, to the noted condition in the Schedule of Findings and Reponses as a result of your audit or the Board's financial statements for the fiscal year ended June 30, 2019 in accordance with Government Auditing Standards.

2019-001 – INFORMATION SYSTEM CONTROLS

Management of the Agency agrees with the noted condition. The Agency will develop a process to ensure that a documented review of users' access rights to the Agency's information systems is performed periodically. Additionally, the Agency's processes will be updated to ensure that a documented procedure for adding/removing users' access to the information systems is implemented. In the future, the Agency will conduct a review of any SOC 1 reports issued by wvOASIS and other third-party service providers. This review will include an evaluation of the specified complementary user entity controls in the SOC 1 report(s) to determine if the Agency has implemented such controls

If you have any questions, please let me know.

Regards,

John D. Galloway
Chief Financial Officer

REVISED 04/16/2020

Exhibit A
RFQ - Assurance Services & Technical Assistance
Pricing Page

Description	Quantity	Unit Cost	Extended Cost
1st Year Assurance Services & Technical Assistance	1	\$ 264,000.00	\$ 264,000.00
2nd Year Assurance Services & Technical Assistance (1st Optional Renewal)	1	\$ 284,000.00	\$ 284,000.00
3rd Year Assurance Services & Technical Assistance (2nd Optional Renewal)	1	\$ 299,000.00	\$ 299,000.00
4th Year Assurance Services & Technical Assistance (3rd Optional Renewal)	1	\$ 309,000.00	\$ 309,000.00
TOTAL BID AMOUNT			\$ 1,156,000.00

Vendor Information	
Name:	Suttle & Stalnaker, PLLC
Address:	1411 Virginia Street East, Suite 100 Charleston, WV 25301
Phone:	304-343-4126
Email:	Cdeweese@suttlecpas.com

Vendor should not alter pricing page and should fill out pricing page as is. The addition of alterations to the pricing page and/or addition of commodities other than those listed on the pricing page online or as an attachment will result in disqualification of bid submittal.

REVISED 04/16/2020

Exhibit A
RFQ - Assurance Services & Technical Assistance
Pricing Page

Description	Quantity	Unit Cost	Extended Cost
1st Year Assurance Services & Technical Assistance	1	\$ 264,000.00	\$ 264,000.00
2nd Year Assurance Services & Technical Assistance (1st Optional Renewal)	1	\$ 284,000.00	\$ 284,000.00
3rd Year Assurance Services & Technical Assistance (2nd Optional Renewal)	1	\$ 299,000.00	\$ 299,000.00
4th Year Assurance Services & Technical Assistance (3rd Optional Renewal)	1	\$ 309,000.00	\$ 309,000.00
TOTAL BID AMOUNT			\$ 1,156,000.00

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Name:	Suttle & Stalnaker, PLLC
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