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Header 1

General Information[Contact](#)[Default Values](#)[Discount](#)[Document Information](#)**Procurement Folder:** 594937**SO Doc Code:** CRFQ**Procurement Type:** Central Contract - Fixed Amt**SO Dept:** 0209**Vendor ID:** VS0000009980 **SO Doc ID:** FAR2000000001**Legal Name:** MGT of America Consulting, LLC**Published Date:** 7/12/19**Alias/DBA:****Close Date:** 7/30/19**Total Bid:** \$0.00**Close Time:** 13:30**Response Date:** 07/29/2019 **Status:** Closed**Response Time:** 14:47**Solicitation Description:** FARS Statewide Cost Allocation Plan (SWCAP) 2019-2022**Total of Header Attachments:** 1**Total of All Attachments:** 1



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

**State of West Virginia
 Solicitation Response**

Proc Folder : 594937

Solicitation Description : FARS Statewide Cost Allocation Plan (SWCAP) 2019-2022

Proc Type : Central Contract - Fixed Amt

Date issued	Solicitation Closes	Solicitation Response	Version
	2019-07-30 13:30:00	SR 0209 ESR07291900000000434	1

VENDOR
VS0000009980 MGT of America Consulting, LLC

Solicitation Number: CRFQ 0209 FAR2000000001

Total Bid : \$0.00 **Response Date:** 2019-07-29 **Response Time:** 14:47:22

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	SWCAP Cost Proposal for Fiscal Year 2019	0.00000	LS	\$23,500.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description : SWCAP Cost Proposal (each item is an All-Inclusive Cost)

Comments: Cost Proposal for Fiscal Year 2019

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	SWCAP Cost Proposal for Fiscal Year 2020	0.00000	LS	\$23,900.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description : SWCAP Cost Proposal (each item is an All-Inclusive Cost)

Comments: Cost Proposal for Fiscal Year 2020

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	SWCAP Cost Proposal for Fiscal Year 2021	0.00000	LS	\$24,300.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description : SWCAP Cost Proposal (each item is an All-Inclusive Cost)

Comments: Cost Proposal for Fiscal Year 2021

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	SWCAP Cost Proposal for Fiscal Year 2022	0.00000	LS	\$24,700.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description : SWCAP Cost Proposal (each item is an All-Inclusive Cost)

Comments: Cost Proposal for Fiscal Year 2022

PROPOSAL

JULY 30, 2019, 1:30 PM
CRFQ FAR2000000001



SUBMITTED TO:

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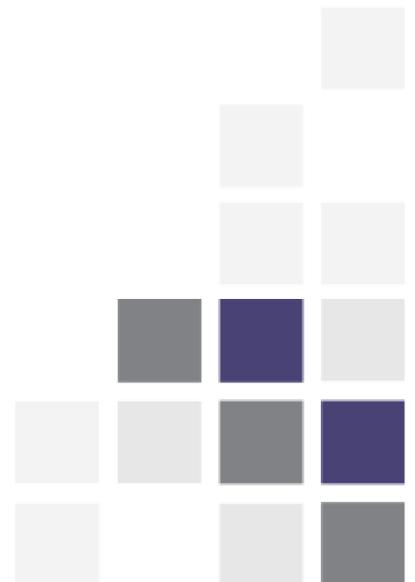
WEST VIRGINIA STATEWIDE COST ALLOCATION PLAN (SWCAP)

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
FINANCIAL ACCOUNTING AND
REPORTING SECTION

SUBMITTED BY:

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LETTER OF INTRODUCTION

July 29, 2019

Melissa Pettrey
Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, West Virginia 25305-0130

Subject: Response to CRFQ FAR2000000001: Statewide Cost Allocation Plan - SWCAP

The Financial Solutions Division of MGT Consulting Group (MGT) appreciates this opportunity to present our proposal to prepare the State of West Virginia's Statewide Cost Allocation Plan (SWCAP).

The goal of this proposal is to provide the State with the confidence that MGT has the:

- ◆ Highest level of interest in the project
- ◆ Multiple staff qualified to provide SWCAP services, and
- ◆ Long-term experience with successfully providing SWCAP services in multiple states.

This cover letter supplements our proposal by summarizing the **advantages** of selecting MGT to provide the requested services and providing **contact information** regarding our proposal.

Below are the **key advantages** of choosing MGT to provide the requested cost allocation services.

- 1. The State will receive services from a senior team that has extensive national experience with similar projects.** The MGT project team includes staff with dozens of years of experience preparing SWCAPs, cost allocation plans and indirect cost rates for local governments, state agencies, and not-for-profit entities. In all, MGT prepares more than 500 cost allocation plan, indirect cost rate and related projects each year, including 7 SWCAPs. Details on our SWCAP experience are provided in our proposal.
- 2. The State will receive services in a timely manner.** MGT is fully committed to providing all necessary resources to complete the project in a timely manner. Our proposed project team has both the experience AND the availability necessary to complete this project.
- 3. The State will receive an accurate and defensible cost allocation plan, and expert advice for billed services.** The MGT project team follows a proven process, and each cost plan undergoes several levels of quality assurance. The combined result is a cost plan that is accurate and defensible in the event of an audit or questions from users. MGT builds on the experience of our clients in other states to provide advice and counsel that will benefit the State by knowing the hot-button issues for CAS reviews, and to better understand best-practices for billed services and allocation methodologies.
- 4. The State will receive useful managerial and financial information in addition to cost allocation plan data.** In difficult economic times, the ability to examine operating programs based on objective performance standards can be a major cost saving tool for public agencies. MGT consultants will



provide management reports associated with the SWCAP that include trend analysis and comparative statistical information that the State can use to guide strategic decisions.

5. The State will receive services beyond cost allocation plans. MGT’s work plan and deliverables include extra services without additional fees upon request. Extra services include:

- ◆ A kick-off presentation for project stakeholders.
- ◆ A training session for State finance personnel or other interested parties on the details of the SWCAP, indirect cost recovery and ICRP development.

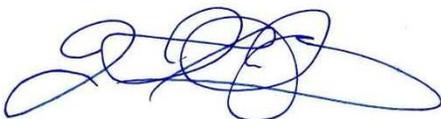
These extra services can raise the awareness of the cost allocation plan project which, based on experience with other clients, ultimately leads to better results and additional applications. Better results and additional applications often lead to increased cost recovery and enhanced revenue from associated activities.

We believe you will find that our proposed project team and comprehensive work plan will provide the State with deliverables in compliance with Federal 2 CFR 200 that are defensible and optimize the State’s goals and objectives. Questions regarding this proposal may be directed to:

Person Authorized to Bind	Contact for Clarification
<p>The person who is authorized to contractually obligate our firm with respect to this proposal is:</p> <p>Mr. Brad Burgess Executive Vice President MGT of America Consulting, LLC 2251 Harvard Street, Suite 134 Sacramento, California 95815 Phone: 916-443-3411 E-mail: bburgess@mgtconsulting.com</p>	<p>The following individual should be contacted for clarification of our proposal:</p> <p>Mr. Bret Schlyer Vice President, Financial Solutions Division MGT of America Consulting, LLC 7549 Bullseye Road Canal Winchester, OH 43110 Phone: 316-214-3163 E-mail: bschlyer@mgtconsulting.com</p>

MGT looks forward to the opportunity to serve the State of West Virginia. As an MGT Executive Vice President, I authorize the submission of the attached quotation/proposal for SWCAP and related services which is valid for 120 days from bid opening.

Sincerely,



J. Bradley Burgess
Executive Vice President
MGT of America Consulting, LLC

TABLE OF CONTENTS

LETTER OF INTRODUCTION..... 2

1. FIRM BACKGROUND, QUALIFICATIONS AND EXPERIENCE..... 1

 ORGANIZATION BACKGROUND 1

 QUALIFICATIONS..... 2

 PRIOR EXPERIENCE WITH SIMILAR PROJECTS..... 3

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS 5

 PROJECT TEAM QUALIFICATIONS 6

 PROJECT TEAM RESUMES..... 13

3. CLIENT REFERENCES 29

4. PROJECT APPROACH AND METHODOLOGY 31

 UNDERSTANDING OF THE SWCAP AND INDIRECT COST RECOVERY
 PROCESS 31

 OUTLINE OF WORK - SCOPE OF SERVICES 36

 DELIVERABLES..... 37

 WORK PLAN 38

 INTERNAL CONTROLS AND QUALITY ASSURANCE PROCESS..... 42

5. PROJECT SCHEDULE..... 43

6. EXHIBIT A: COST SHEET..... 45

7. EXHIBIT B: VENDOR RESPONSE SHEET..... 46

WEST VIRGINIA PURCHASING AFFIDAVIT 49

ADDENDUM ACKNOWLEDGEMENT FORM 50

DESIGNATED CONTACT, CERTIFICATION AND SIGNATURE..... 51

APPENDIX A: MGT EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER
INFORMATION REPORT 52

APPENDIX B: MGT AUDITED FINANCIAL STATEMENTS..... 54

I. FIRM BACKGROUND, QUALIFICATIONS AND EXPERIENCE

ORGANIZATION BACKGROUND

MGT is a national management consulting and research firm **based in Tallahassee, Florida**, specializing in providing services to public-sector clients. **Founded in 1974**, MGT has grown to over **100 professionals** located across the country with regional offices located in 10 different states. MGT's office locations include:

NATIONAL FIRM LOCAL FOCUS

CALIFORNIA
Sacramento | Pasadena

COLORADO
Denver

FLORIDA
Tallahassee | Tampa

KANSAS
Wichita

ILLINOIS
Chicago

MICHIGAN
Bay City

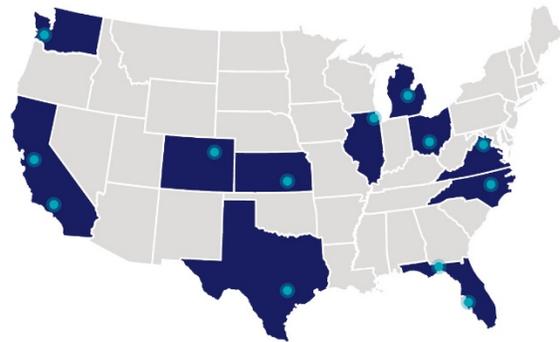
NORTH CAROLINA
Raleigh

OHIO
Columbus

TEXAS
Dallas

VIRGINIA
Richmond

WASHINGTON
Seattle



MGT is organized as a **privately-held, employee-owned and financially stable limited liability company** with a deep roster of experienced cost allocation experts, resources, and desire to serve the State. We are not the biggest, oldest, or highest profile consulting firm - just the best for combining firm qualifications and consultants' cost allocation and indirect cost rate expertise with the needs of cities, counties and state agencies.

As a long-standing contractor, MGT has the **financial capacity** to undertake and complete a project of this scope. MGT has been in continuous business since 1974, and has the necessary financial ability to perform the functions required by this RFP and to provide those services represented in this response. We have over 45 years of experience in providing sound, practical, implementable solutions to state and local governments around the country. In addition, **MGT has not been involved in any litigation** or court proceedings whereby a court or any other administrative agency has ruled against MGT in any matter related to the professional activities of our firm.

MGT has acquired a keen understanding of the structures, operations, and issues facing state government agencies. Prior to working as consultants, many of our consultants worked in government agencies as managers and staff. This insider knowledge and understanding of government structures and processes gives our consultants an ability to hit the ground running from the very start of a project.



MGT consultants understand what it means to work within constrained timelines, and the need to produce a study that will concisely and clearly articulate findings and results.

Further information on MGT and its services are available on the Internet at www.mgtconsulting.com, and additional financial statements are available upon request.

QUALIFICATIONS

With over 45 years of corporate history, and strong expertise in providing services to the public sector, including SWCAPs, cost allocation plans, and ICRPs for state agencies and local governments, MGT is well qualified to provide the services requested by the State. We believe the following supports this statement:

TEAM EXPERIENCE: MGT project team members have prepared over a hundred statewide cost allocation plans (SWCAPs). Team members have completed SWCAPs for the states of Alabama, Alaska, Arizona, Colorado, Florida, Idaho, Kansas, Louisiana, Montana, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Texas, and Washington. Team members have also prepared over two hundred cost allocation plans and departmental indirect cost rate proposals (ICRPs) for over 60 different state agencies in accordance with GAAP and 2 CFR Part 200. All SWCAPs and ICRPs were successfully negotiated with and approved by each state agency's federal cognizant agencies.

PUBLIC FINANCE EXPERIENCE: MGT's project team members have extensive public financial consulting experience and practical experience working for state and local government agencies, averaging over 25 years of public finance consulting experience. Mr. Joel Nolan, our Technical Advisor and Quality Assurance Officer, is a Certified Government Financial Manager with over 30 years of experience in working with federal, state, and local government organizations. In addition to his 30 plus years of consulting experience, he has held financial management and budget analyst positions with the Texas Office of the Governor, Houston-Galveston Area Council of Governments, and West Texas Council of Governments. His consulting and work experience have provided him an extensive knowledge and understanding of governmental accounting and budgeting principles, and their practical application in both state and local government organizations.

COST IDENTIFICATION/RECOVERY EXPERIENCE: Our project team members are nationally recognized authorities on the identification and recovery of indirect costs by state and local government agencies. In addition to preparing SWCAPs and state agency cost allocation plans and ICRPs for over a decade, our team members have provided training on indirect cost identification and recovery related topics at the American Institute of Certified Public Accountants governmental training program, Association of Governmental Accountants professional development conferences, Governmental Finance Officer Association development conferences, and National Association of State Comptrollers annual conferences.

GOVERNMENT CONSULTING EXPERIENCE: Each member of the MGT project team chosen for the State has over 15 years of public financial consulting experience and practical experience working for state and local government agencies. All team members have completed multiple cost allocation and indirect cost rate proposal projects for state agencies and large governmental entities. The utilization of experienced consultants will minimize State staff efforts during interviewing and data-gathering tasks, ensure an



accurate evaluation of State processes, and ensure the provision of results that meet State objectives within the required time frame. Our consulting experience includes seven current annual SWCAPs, all of which are prepared by the team proposed for the State.

PRIOR EXPERIENCE WITH SIMILAR PROJECTS

STATEWIDE INDIRECT COST ALLOCATION PLANS

MGT annually prepares numerous central service cost allocation plans for state and local government. This includes preparing statewide central service cost allocation plans (SWCAP) for states. **All project team members each have over 20 years of experience with SWCAP projects.** In just the past five years the MGT project team has prepared SWCAPs for the states of Louisiana, Nevada, New Mexico, North Dakota, Texas, and Washington. We have also completed a Territory-Wide Cost Allocation Plan for the U.S. Territory of the Virgin Islands. In general, these projects have included the following scope of work:

- ◆ Preparation and submittal to the Cost Allocation Services (CAS) division of the U.S. Department of Health and Human Services of a 2 CFR Part 200 compliant central service cost allocation plan that identified and fully allocated cost of the State's Section I allocated costs.
- ◆ Collection and submittal of all Section II billed cost information required by 2 CFR Part 200 and CAS on internal service funds, self-insurance funds, fringe benefits, and other billed services.
- ◆ Negotiation of the Section I statewide central services cost allocation plan and Section II billed services information with CAS.
- ◆ Securing of a negotiation agreement on the Section I costs and Section II billed services.
- ◆ Guidance on the implementation of Section I results.
- ◆ Guidance on Section II cost and fund balance issues.
- ◆ Continuing guidance on issues and requirements related to 2 CFR Part 200.
- ◆ Educational support to the State on federal costing issues, Section I, Section II, and federal cost recovery.

Following are details on SWCAP projects MGT consultants have completed during the last five years.

- ◆ **State of Nevada** – Prepared and negotiated the approval of the SWCAP annually since FY 2008. Approval of the SWCAPs is negotiated with the CAS Western Field Office, with responsibility for approval transferred to the Central Field Office with the 2017 actual SWCAP.
- ◆ **State of New Mexico** – Prepared and negotiated the approval of the SWCAP annually since FY 2007. Approval of the FY 2011 SWCAP and prior SWCAPs were negotiated with the CAS Central Field (Dallas) Office. Approval of the FY 2012 and subsequent SWCAPs have been negotiated with the CAS Western Field Office.
- ◆ **State of Louisiana** – Prepared and negotiated the approval of the SWCAP annually since FY 2012. Approval of the SWCAPs is negotiated with the CAS Central Field Office (Dallas).

I. FIRM BACKGROUND, QUALIFICATIONS AND EXPERIENCE



- ◆ **State of North Dakota** – Prepared and negotiated the approval of the SWCAP annually since FY 2011 Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office.
- ◆ **State of Texas** – Prepared and negotiated the approval of the SWCAP annually since FY 2009. Approval of the SWCAPs is negotiated with the CAS Central Field Office (Dallas).
- ◆ **State of Washington** – Prepared and negotiated the approval of the SWCAP annually since FY 2012 Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office.
- ◆ **The U.S. Territory of the Virgin Islands** – Prepared and successfully negotiated approval of the FY 2009 through FY 2018 Territory-wide Cost Allocation Plans (TWCAP). Responsibility for the review and negotiation of the TWCAP has been transferred from the CAS to the U.S. Department of Interior.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS

We believe MGT has designated a project team for the SWCAP project with exceptional qualifications for completing the scope of work and assisting the State in maximizing the recovery of indirect costs. We intend to only assign senior consultants with extensive experience in preparing and negotiating SWCAPs to this project. MGT consultants to be assigned to this project have prepared numerous SWCAPs over the past 25 plus years, helping our clients resolve and avoid federal costing issues that can frequently arise with SWCAP reviews. Our experienced project team will assure the development of a high quality SWCAP within the required time frame.

All MGT senior consultants to be assigned to the SWCAP project team have the following qualifications:



2 CFR Part 200 is not a black and white document. There is flexibility in the interpretation and applications of many sections of 2 CFR Part 200. Our experience in negotiating SWCAPs with the U.S. Department of Health, Cost Allocation Services (CAS) will enable us to obtain the best results for the State. It will also enable us to initially provide the information to CAS that we know the negotiator wants and in the format they prefer; and to minimize state staff efforts in responding to additional requests for information and clarification of costs.

All MGT consultants to be assigned to the project have extensive experience negotiating with CAS.

Our forward planning mentality means that we approach SWCAPs not by just looking at what has happened in the most recently completed fiscal year, but also by **digging into expected changes in the organization and service delivery and identifying future year impacts of those changes.** By doing so, we are able to minimize the carry-forward impact of Section I costs and help to ensure that fund balances are maintained at appropriate levels for Section II services.

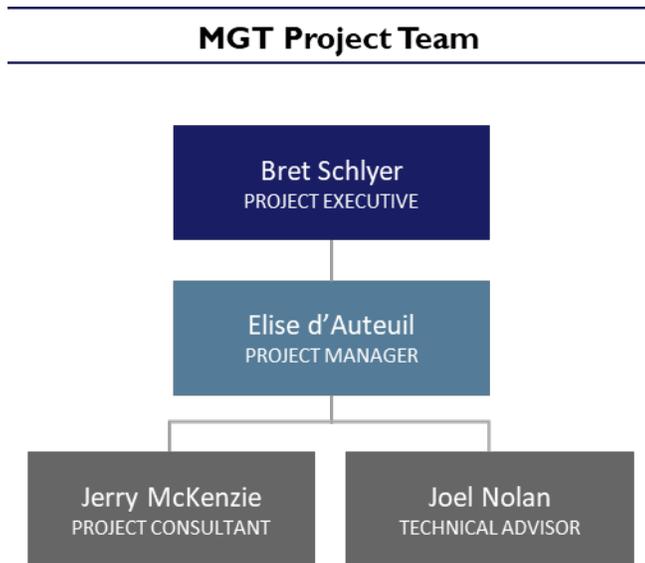
2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



The availability of experienced senior consultants to the State is particularly important when considering the **millions of dollars of potential liability** the State has in Section II billed costs and the additional dollars that experienced consultants may be able to identify and obtain approval for in the Section I cost allocation plan. Consultants with this extensive level of experience can assist the State in identifying and addressing potential federal costing related issues before they become audit findings; provide experience in the resolution and appeal of 2 CFR Part 200 related audit findings; and provide experienced, practical resources for on-going training for State staff on federal cost recovery principles and procedures, charge-back rate development, and indirect cost recovery by state agency staff.

In addition to the SWCAP experience, the MGT project team assigned to the project has successfully developed and negotiated charge-back methodologies and rates with CAS; have prepared numerous state agency indirect cost allocation plans, rates, and indirect cost rate proposals (ICRPs) and negotiated their approval with cognizant federal agencies; understand and are experienced with state accounting systems, funding, budgeting, and appropriation issues.

Following is a project organization chart for key staff and descriptions of each key staff's qualifications and relevant experiences. The primary MGT project team will consist of 4 full time personnel. In addition to the key staff specifically identified, MGT may use additional experienced cost allocation consultants for some data aggregation tasks, but their participation is minor enough to not be included in the primary project team.



PROJECT TEAM QUALIFICATIONS

The sections that follow detail the experience and qualifications for MGT and our project team staff. All project team members have participated in SWCAP projects previously. Mr. Schlyer, Mr. Nolan and Ms. d'Auteuil have all served as Project Managers for multiple annual SWCAP projects for at least the last 10 years.

In addition to the identified project team, MGT has 35 experienced additional cost allocation consultants that it can utilize on the project as necessary, but it is anticipated that this key team will perform all, or substantially all, of the project tasks.



MR. BRET SCHLYER – VICE PRESIDENT - PROJECT EXECUTIVE

Mr. Schlyer will serve as Project Executive for this project. Mr. Schlyer will lead the transition of the SWCAP project from the current contractor to MGT, including migrating the existing cost allocation models into the MGT software. In addition to his project management role, Mr. Schlyer will have responsibility for evaluation of the existing data collection and cost allocation methodology, report creation, federal negotiations, and meeting with State staff on-site to present information and deliver reports.

Located in Canal Winchester, Ohio, Mr. Schlyer is a Vice President with over 25 years of public-sector consulting experience and a BS in Accounting from the University of Kansas. He joined MGT in 2008 after holding consulting positions with the Financial Services Division of MAXIMUS, Inc. for over 14 years. He also has extensive experience in assisting state agencies in the preparation and submission to federal cognizant agencies of indirect cost rates and indirect cost allocation plans. He has completed ICRP, CAP, and indirect cost rate projects for state agencies, several annually over the course of his career.

He has participated in the development of SWCAPs and Section II information for the following states:

- ◆ **Kansas** (1995-2008)
- ◆ **Louisiana** (2012-current) as Project Manager
- ◆ **Nevada** (2009-current) as Project Manager
- ◆ **New Mexico** (2015-current) as Project Executive
- ◆ **North Dakota** (2011-current) as Project Manager
- ◆ **Oklahoma** (1995-2008)
- ◆ **Texas** (2015-current) as Project Executive
- ◆ **The U.S. Virgin Islands** (2015-current) as Project Executive
- ◆ **Washington** (2010-current) as Project Manager

State agencies for which he has developed ICRPs and CAPs include:

- ◆ **Alaska.** Alaska Department of Commerce, Community and Economic Development, Department of Environmental Conservation.
- ◆ **Alabama.** Alabama Department of Natural Resources.
- ◆ **Arizona.** Arizona Office of the Governor, Arizona Department of Game and Fish, Arizona Division of Forestry and Fire Management, Arizona Attorney General.
- ◆ **Kansas.** Kansas Corporation Commission, Kansas Department of Agriculture, Kansas Department of Commerce, Kansas Department of Health & Environment, Kansas Department of Labor, and Kansas Historical Society.
- ◆ **Louisiana.** Louisiana Department of Corrections, Louisiana Department of Labor, Louisiana Department of Natural Resources, Louisiana Department of Public Safety, Louisiana Department of Transportation and Development, and Louisiana Department of Wildlife and Fisheries.
- ◆ **Nevada.** Nevada Department of Forestry, Attorney General’s Office, Department of Corrections.
- ◆ **Ohio.** Ohio Department of Health, Ohio Department of Development, Ohio Department of Natural Resources, Ohio Environmental Protection Agency.
- ◆ **Texas.** Secretary of State.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



He has also assisted in the development of service charge-back rates for state agencies, and successfully negotiated their approval with federal cognizant agencies. On all state agency service rate projects on which he participated, he was actively involved in the review and development of the methodology; the actual preparation of service rates based on the methodology; the negotiation of approval of the methodology and rates; and in assisting the agency in the implementation, application, and clarification of the rates with users. This has provided him with an extensive knowledge of both the theoretical development of rates and the practical side of developing and applying rates in a state government setting. He has assisted in the development of service rates and charge-back methodologies for the following state agencies:

- ◆ **Alaska** Department of Enterprise Technology – Billed services methodology review – 2012.
- ◆ **Louisiana** Office of Aircraft Services – Billed services methodology development and rate calculation – 2019.
- ◆ **Louisiana** Office of Computing Services – Billed services rate calculation – 2012.
- ◆ **Louisiana** Human Capital Management – Billed services rate calculation – 2015 - current.
- ◆ **Louisiana** Office of State Procurement – Billed services rate calculation – 2015.
- ◆ **Louisiana** Division of Admin Law – Billed services rate calculation – 2013 and 2014.
- ◆ **South Carolina** Division of State Information Technology – Billed services methodology and rate calculation – 2012.

Mr. Schlyer also has significant experience in projects designed to maximize federal funding for state agencies. He has participated on federal revenue enhancement projects for the following state agencies: Alabama Department of Mental Health and Mental Retardation, Arizona Health Care Cost Containment System, Connecticut Department of Social Services, Delaware Department of Aging, Florida Department of Children & Families, Kansas Department of Social & Rehabilitative Services, Kansas Health Policy and Authority, New Jersey Department of Addiction Services, New Jersey Department of Mental Health Services, and New Mexico Department of Health.

As a result of his experiences, Mr. Schlyer is nationally recognized as an authority on federal cost principles and its impact on state and local governments. He has made numerous presentations and published articles for governmental organizations on the development and application of federal cost allocation plans, indirect cost rates, and charge-back rates. He has provided training at several state Association of Governmental Accountants and Governmental Finance Officer Association professional development conferences. In addition, he has given presentations on federal costing principles, cost analysis, and cost recovery subjects to state agencies and local entities in Alabama, Arizona, Colorado, Florida, Kansas, Louisiana, Nebraska, New Jersey, New Mexico, and Oklahoma.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



MS. ELISE D'AUTEUIL – SENIOR MANAGER – PROJECT MANAGER

Ms. d’Auteuil is a Senior Manager with over 30 years of governmental experience. She joined MGT in 2007 as a Senior Consultant after holding consulting positions with the Financial Services Division of MAXIMUS, Inc. for over 18 years. As Project Manager, Ms. D’Auteuil will manage and participate in the day-to-day operations of the project, including data gathering, data summation, creating the cost allocation model, and meeting with State staff on-site to gather information and delivery of reports.

She has participated in the development of SWCAPs and Section II information for the following states and territory:

- ◆ **Louisiana** (1995, 1996, and 2001)
- ◆ **New Mexico** (1990-1992 and 2007-current) as Project Manager
- ◆ **Texas** (1992-current) as Project Manager
- ◆ **The U.S. Virgin Islands** (2009-current) as Project Manager

Through her participation on the SWCAPs Ms. d’Auteuil has acquired extensive experience in negotiating the approval of SWCAPs, Section II billed services methodologies and rates, and agency indirect cost rates with CAS. On all SWCAPs projects on which she participated, she was actively involved in the defense, negotiation and revision of the SWCAPs.

She also has extensive experience in assisting state agencies in the preparation and submission to federal cognizant agencies of indirect cost rates and indirect cost allocation plans. She has completed ICRP, CAP, and indirect cost rate projects for state agencies, several annually for over 15 years. State and territorial agencies for which she has developed ICRPs and CAPs include:

- ◆ **Texas.** Office of the Governor, Office of the Attorney General, Office of the Comptroller of Public Accounts, Texas Veterans Commission, Department of Agriculture, Office of the Secretary of State, Department of Public Safety, Department of State Health Services, and Texas Workforce Commission.
- ◆ **Washington.** Department of General Administration and Department of Personnel.
- ◆ **U.S. Virgin Islands.** Department of Agriculture, Department of Education, Department of Health, Department of Human Services, Department of Justice, Department of Labor, Department of Planning and Natural Resources, Department of Police, Department of Public Works, and Emergency Management Agency.

She has also assisted in the development of service charge-back rates for state agencies, and successfully negotiated their approval with CAS. On all state agency service rate projects on which she participated, she was actively involved in the review and development of the methodology; the actual preparation of service rates based on the methodology; the negotiation of approval of the methodology and rates with CAS; and in assisting the agency in the implementation, application, and clarification of the rates with users. This has provided her with an extensive knowledge of both the theoretical development of rates and the practical side of developing and applying rates in a state government setting. She has assisted in the development of service rates and charge-back methodologies for the following state agencies:

- ◆ **Texas** Office of the Attorney General – Legal services billing methodology and rates – Annually 1992-current.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



- ◆ **Texas** Office of the Comptroller of Public Accounts – Information Services Division cost allocation plan – Annually 2003-2016.
- ◆ **Texas** Department of Information Resources – Billing methodologies and rates, and resolution of issues identified by CAS – 2006 and 2007.
- ◆ **Washington** Department of General Administration – Billing methodologies and rates for Central Mail Services, Engineering and Architectural Services, Facility Management, Materials Management Center, State Motor Pool, State Procurement, and Surplus Property – 2008 and 2009.

MR. JERRY MCKENZIE – SENIOR MANAGER – PROJECT CONSULTANT

Mr. McKenzie is a Senior Manager with MGT and has over 25 years of experience providing cost allocation, user fee, cost allocation, and utility rate and financial forecasting services to local governments. He will be responsible for data analysis and summarization during the project, with a focus on Section I.

During his career he has been responsible for assisting in the annual preparation and negotiation of the SWCAP and Section II information with CAS for the following states and territory:

- ◆ **Kansas** (1987-2006)
- ◆ **Louisiana** (1986-2006, 2012-current)
- ◆ **Nevada** (2012-current)
- ◆ **North Dakota** (2011-current)

Mr. McKenzie is a Senior Manager with MGT and has over 25 years of experience providing cost allocation, user fee, cost allocation, and utility rate and financial forecasting services to local governments. He has extensive experience in assisting state agencies in the preparation and submission to federal cognizant agencies of indirect cost rates and indirect cost allocation plans. He has completed ICRP, CAP, and indirect cost rate projects for state agencies, several annually over the course of his career. State agencies for which he has developed ICRPs and CAPs include:

- ◆ **Arizona.** Arizona Office of the Governor.
- ◆ **Kansas.** Kansas Corporation Commission, Kansas Department of Agriculture, Kansas Department of Commerce, Kansas Department of Health & Environment, Kansas Department of Wildlife, Parks & Tourism, and Kansas Historical Society.
- ◆ **Louisiana.** Louisiana Department of Corrections, Louisiana Department of Natural Resources, Louisiana Department of Public Safety, and Louisiana Department of Wildlife and Fisheries.
- ◆ **Oklahoma.** Department of Public Safety and Department of Transportation.

He has also assisted in the development of service charge-back rates for state agencies, and successfully negotiated their approval with federal cognizant agencies. On all state agency service rate projects on which he participated, he was actively involved in the review and development of the methodology; the actual preparation of service rates based on the methodology; the negotiation of approval of the methodology and rates; and in assisting the agency in the implementation, application, and clarification of the rates with users. This has provided him with an extensive knowledge of both the theoretical development of rates and the practical side of developing and applying rates in a state government setting.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



MR. JOEL NOLAN – DIRECTOR – TECHNICAL ADVISOR

Mr. Nolan is Certified Government Financial Manager with over 30 years of governmental consulting and SWCAP experience with a BS in Accounting from Texas Tech University. He will serve the state as Technical Advisor and Quality Assurance Officer and will be responsible for the overall quality control of the MGT deliverables. In addition to his quality assurance responsibilities, Mr. Nolan will also be available on an as-needed basis to advise on development of the SWCAP, and to assist with the negotiations of the rates with the federal cognizant agency.

Prior to joining MGT in May 2007, he held senior management positions with the Financial Services Division of MAXIMUS, Inc. for over 20 years. He has extensive experience in assisting state agencies in the preparation and submission to federal cognizant agencies of indirect cost rates and indirect cost allocation plans. He has completed numerous indirect cost rate proposal (ICRP), departmental cost allocation plan (CAP), and indirect cost rate projects for state and territorial agencies in Alabama, Alaska, Arizona, Kansas, Louisiana, New Mexico, Nevada, Oklahoma, Texas, Washington, and the U.S. Virgin Islands for over 25 years.

State and territorial agencies for which he has developed ICRPs and CAPs include:

- ◆ **Alabama.** Department of Conservation and Natural Resources.
- ◆ **Alaska.** Court System, Department of Commerce, Department of Community and Economic Development, Department of Corrections, Department of Education, Department of Fish and Game, Department of Labor and Workforce Development, Department of Law, Department of Public Safety, Department of Revenue, and Department of Transportation.
- ◆ **Arizona.** Office of the Governor, Office of the Attorney General, Department of Agriculture, Department of Corrections, Department of Environmental Quality, Department of Game and Fish, Department of Health Services, and Department of Water Resources.
- ◆ **Kansas.** Department of Agriculture, Department of Commerce, and Department of Health and Environment.
- ◆ **Louisiana.** Board of Regents, Department of Corrections, Department of Labor, Department of Public Safety, and Department of Wildlife and Fisheries.
- ◆ **Nevada.** Division of Forestry.
- ◆ **Oklahoma.** Department of Agriculture, Department of Commerce, Department of Education, Department of Environmental Quality, Department of Health, Department of Mines, Department of Public Safety, Department of Transportation, and Department of Wildlife Conservation.
- ◆ **Texas.** Office of the Governor, Office of the Attorney General, Office of the Secretary of State, Commission for the Blind, Commission on Alcohol and Drug Abuse, Department of Agriculture, Department of Assistive and Rehabilitative Services, Department of Commerce, Department of Mental Health and Mental Retardation, Department of Public Safety, Department of Rural Affairs, Department of State Health Services, Natural Resources and Conservation Commission, Texas Education Agency, and Texas Workforce Commission.
- ◆ **Washington.** Department of General Administration, Department of Personnel, and Higher Education Coordinating Board.
- ◆ **U.S. Virgin Islands.** Department of Agriculture, Department of Education, Department of Health, Department of Human Services, Department of Justice, Department of Labor, Department of

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



Planning and Natural Resources, Department of Police, Department of Public Works, and Emergency Management Agency.

During his career he has been responsible for directing the annual preparation and negotiation of the SWCAP and Section II information with CAS for the following states and territory:

- ◆ **Alaska** (1989-2006)
- ◆ **Arizona** (1992 and 1993)
- ◆ **Idaho** (1991-1993)
- ◆ **Kansas** (1987-2006)
- ◆ **Louisiana** (1986-2006, 2012-current)
- ◆ **Nevada** (2007-current)
- ◆ **New Mexico** (1987-2000, 2005-current)
- ◆ **Oklahoma** (1988-2006)
- ◆ **Texas** (1987-current)
- ◆ **Washington** (2010-current)
- ◆ **The U.S. Virgin Islands** (2009-current)

Throughout his career he has also provided technical support in the preparation and negotiation of SWCAPs for the states of Alabama, Colorado, Florida, Mississippi, Montana, and North Carolina.

Mr. Nolan has also acquired extensive experience negotiating the approval of service rate methodologies with federal cognizant agencies. In addition to negotiating approval of all service rate methodologies he has developed, Mr. Nolan has annually assisted state agencies in the negotiation of approval of service rate methodologies and the resolution of audit findings for over 25 years. He has developed federally compliant charge-back methodologies and service rates for the following state agencies:

- ◆ **State of Alaska** Department of Administration – Divisions of Central Mail, Enterprise Technology, Facility Management, Procurement, and Personnel.
- ◆ **State of Alaska** Department of Law – Legal service billing rates.
- ◆ **State of Alaska** Department of Transportation and Public Facilities – Divisions of Equipment Services.
- ◆ **State of Arizona** Department of Administration – Divisions of Equipment Services, Information Technology, and Facility Management.
- ◆ **State of Kansas** Department of Administration – Divisions of Facility Management, Data Processing Services, Motor Pool, and Printing.
- ◆ **State of Louisiana** Division of Administration – Divisions of Building Management, Office of Computer Processing, Office of Risk Management, and Office of Telecommunications.
- ◆ **State of Nevada** Office of the Attorney General – Legal service billings.
- ◆ **State of New Mexico** General Services Department – Office of Information Processing (now Department of Information Technology), Motor Pool, and Property Management (facility management), and State Printing Office.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



- ◆ **State of Oklahoma** Office of Finance – Divisions of Data Processing and Telecommunications.
- ◆ **State of Oklahoma** Department of Central Services – Divisions of Facility Management, Motor Pool, and Printing.
- ◆ **State of Texas** Office of the Attorney General – Legal service billing rates.
- ◆ **State of Texas** Comptroller of Public Accounts – Cost allocation plan for the Information Technology Division.
- ◆ **State of Texas** Department of Information Resources – Assisted in acquiring approval of the Department’s cost recovery processes and rates from the U.S. Department of Health and Human Services.
- ◆ **State of Washington** Department of General Administration – Reviewed the financial status of all services provided and funds administered by the Department; developed a central services cost allocation plan and service rate model for the Department; reviewed the methods and processes utilized by the Department to establish budgets, cost services, and develop service billing rates; and assisted in the development of service budgets and rates.

Mr. Nolan has been instrumental in the resolution of audit findings in several states. He has assisted state agencies in Alaska, Idaho, Kansas, Louisiana, Montana, New Mexico, Oklahoma, and Texas in the resolution of findings related to over-billing and/or inconsistent billing of federal programs. These findings have included billings by state entities providing data processing, facilities, motor pools, printing, retirement systems, risk management, and telecommunication services. He has assisted states in resolving issues at the federal department level, the appeals level, and in federal court.

As a result of his experience, Mr. Nolan is nationally recognized as an authority on federal costing principles and its impact on state and local governments. He annually makes numerous presentations to governmental organizations on the development and application of federal cost allocation plans, indirect cost rates, and charge-back rates. He has provided training at the American Institute of Certified Public Accountants governmental training program, Association of Governmental Accountants professional development conferences, Governmental Finance Officer Association development conferences, National Association of State Comptrollers annual conferences, the Texas CPAs Single Audit in Texas Conference on OMB Circular A-87, and the Texas Finance Officers Academy. In addition, he has given presentations on federal cost principles, cost analysis, and cost recovery subjects to state agencies and local entities in Alaska, Arizona, Colorado, Florida, Kansas, Idaho, Louisiana, Montana, Oklahoma, and Texas.

PROJECT TEAM RESUMES

The resumes for the project team are provided on the following pages.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



BRET SCHLYER

Vice President, Financial Solutions
MGT CONSULTING GROUP | bschlyer@mgtconsulting.com

Mr. Schlyer is a Vice President in the MGT Financial Solutions division. He has over 24 years of experience with state and local programs and organizations. His prior work experiences with the Kansas Corporation Commission and consulting project experiences have provided him with both theoretical and practical experience in the analysis and costing of governmental operations. Through his participation on numerous state and local government management and costing projects, he has developed extensive experience with federal cost determination standards; generally accepted accounting principles and procedures; and governmental budgeting, finance, accounting, and operations.

AREAS OF EXPERTISE

- ◆ Development of cost allocation plans (CAPs) in accordance with generally accepted accounting principles (GAAP).
- ◆ Development of CAPs in accordance with federal principles (2 CFR Part 200).
- ◆ Development and negotiation of statewide cost allocation plans (SWCAPs).
- ◆ Development and negotiation of charge-back rate methodologies and rates for Internal Service Funds.
- ◆ Development and negotiation of indirect cost rate proposals (ICRPs).
- ◆ Development of indirect cost policies, procedures, and models for sub-grantees.
- ◆ Development of activity based cost of services and user fee studies.
- ◆ Development and implementation of random moment sampling systems and other personnel activity reporting systems.
- ◆ Development and negotiation of jail rate studies and federal daily housing costs.
- ◆ Assisting agencies in maximizing general fund cost recoveries from federally funded programs, enterprise and special revenue funds, and other non-general fund sources.
- ◆ Developing claims for reimbursement from the State Criminal Alien Assistance Program (SCAAP) program.

EDUCATION

B.S., Business Accounting, University of Kansas

WORK EXPERIENCE

MGT of America Consulting, LLC, *Director, Financial Services*, 2008-Present

Maximus, Inc., *Director, Financial Services Division*, 2000-2008

David M. Griffith & Associates, LTD. (DMG), *Consultant*, 1994-1998

Kansas Corporation Commission, *Administrative Officer*, 1993

STATE GOVERNMENT EXPERIENCE

Mr. Schlyer has extensive experience and knowledge of 2 CFR Part 200 and its application and relevance to state governments in a variety of settings including the development and negotiation of cost allocation plans (CAP), statewide cost allocation plans (SWCAPs) and indirect cost rate proposals (ICRP). He also has experience with implementing and administering random moment sampling systems, and rate setting and administrative claiming for the Medicaid program.

Mr. Schlyer's SWCAP clients have included:

- Kansas Department of Administration – SWCAP. Assisted with the annual preparation of the State's SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Louisiana Office of Statewide Reporting & Accounting Policy – SWCAP. Responsible for the annual preparation of the State's SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



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- Nevada Department of Administration – SWCAP. Responsible for the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- New Mexico Department of Administration – SWCAP. Assisted with the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- North Dakota Department of Fiscal Management – SWCAP. Responsible for the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Oklahoma Office of State Finance – SWCAP. Assisted with the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Texas Office of the Governor – SWCAP. Assisted with the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Washington Office of Financial Management – SWCAP. Responsible for the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.

Mr. Schlyer’s State internal service rate setting clients have included:

- Alaska Division of Enterprise Technology Services – Billed Services Methodology Review. Responsible for reviewing the SWCAP Section II billed services methodology for the division and determining areas for improvement.
- Alaska Division of Enterprise Technology Services – Billed Services Rate Model Development. Developed an Excel-based rate model for the Division to calculate billed services rates based on budgeted and actual costs of providing services.
- Kansas Department of Social and Rehabilitation Services – Rate Setting. Developed market-based service rates for Medicaid Targeted Case Management services.
- Louisiana Office of Computing Services – Cost Allocation & Rate Development. Responsible for preparing budget-based cost allocation model each fall to set rates for the department. Project also includes a cost allocation plan based on actual expenditures each spring to calculate the profit/loss by line of service.
- Louisiana Office of State Procurement – Created a rate model and billing methodology for the Office to charge customers for purchasing services in accordance with 2 CFR Part 200.
- Louisiana Office of Human Capital Management – Created a rate model and billing methodology for the Office to charge customers for personnel services in accordance with 2 CFR Part 200.
- Louisiana Division of Administrative Law – Created rate model and billing methodology for the Division to charge customers for judicial services provided by the Division in accordance with 2 CFR Part 200.
- North Carolina Office of Administrative Hearings – Reviewed the Office’s existing cost allocation methodology and provided recommendations for improvements to align the calculations with 2 CFR Part 200 requirements.

Mr. Schlyer’s State cost allocation and indirect cost rate clients have included:

- Arizona Department of Game & Fish – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- Arizona Department of Forestry – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Negotiated with and approved by the U.S. Department of Agriculture.
- Arizona Governor’s Office – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rate proposal. Annually negotiated with and approved by the U.S. Department of Justice.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



BRET SCHLYER

Vice President, *Financial Solutions*
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- Arizona Attorney General – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rate proposal. Annually negotiated with and approved by the U.S. Department of Health & Human Services.
- Florida Agency for Workforce Innovation – WIA Sub-Grantee Policies and Procedures. Assisted in the development of policies and procedures to be utilized by Florida regional workforce boards (RWB) to annually develop Workforce Investment Act (WIA) and 2 CFR Part 200 compliant cost allocation plans (CAP) for one-stop centers; and the development of policies and procedures to be followed by the Agency in annually reviewing and approving the CAPs. The project also included the provision of three one day training seminars for the RWBs, the review and written analysis of the initial cost allocation plans and resource sharing agreements submitted to the Agency by each RWB, and recommendations for approval or disapproval by the Agency for each RWB CAP with any deficiencies identified and correction actions to remedy any deficiency identified.
- Alaska Department of Community Commerce and Economic Development – ICRP and User Fee Study. Prepared indirect cost rate proposal and a user fee study for divisions within the department.
- Alaska Department of Environmental Conservation, Division of Water – Cost Allocation Model. Prepared an Excel-based cost allocation model to distribute the administrative costs of the Division across all its programs.
- Kansas Corporation Commission – ICRP. Responsible for the preparation and negotiation of the Commission’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Energy.
- Kansas Department of Agriculture – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Agriculture.
- Kansas Department of Commerce – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Labor.
- Kansas Department of Labor – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Labor.
- Kansas Department of Health & Environment – ICRP. Responsible for the preparation and negotiation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Kansas Department of Wildlife, Parks & Tourism – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- Kansas Historical Society – ICRP. Assisted with the annual preparation of the Society’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- Louisiana Department of Corrections – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Justice.
- Louisiana Department of Transportation and Development – ICRP. Prepared the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of Transportation, Federal Highway Administration.
- Louisiana Department of Labor – WIA Sub-Grantee Policies and Procedures. Assisted in the development of policies and procedures to be utilized by Louisiana regional workforce boards (RWB) to annually develop Workforce Investment Act (WIA) and 2 CFR Part 200 compliant cost allocation plans (CAP) for one-stop centers; and the development of policies and procedures to be followed by the Department in annually reviewing and approving the CAPs. The project also included the provision of a training seminar for the RWBs and the preparation of CAPs for the Bastrop Job Center, Calcasieu Workforce Center, Hammond One-Stop Center,

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



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Jefferson Parish One-Stop Center, and New Orleans One-Stop Center. These CAPs were subsequently provided to other RWBs as examples.

- Louisiana Department of Natural Resources – ICRP. Responsible for the preparation and negotiation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Environmental Protection Agency.
- Louisiana Department of Public Safety – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Justice.
- Louisiana Department of Wildlife & Fisheries – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- North Carolina Department of Environment & Natural Resources – ICRP. Responsible for the preparation of the annual cost allocation plan and indirect cost rate development for the Department. Annually negotiated with and approved by the U.S. Environmental Protection Agency.
- Ohio Department of Health – ICRP. Responsible for the preparation and negotiation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Washington Student Achievement Council – ICRP. Responsible for the preparation and negotiation of the Department’s cost allocation plan and indirect cost rate proposal. Negotiated with the U.S. Department of Education.
- Texas Secretary of State – ICRP. Responsible for the preparation and negotiation of the Department’s indirect cost rate proposal. Negotiated with the U.S. Election Assistance Commission.
- Virginia Department of Mines & Minerals – ICRP. Responsible for the preparation and negotiation of the Department’s indirect cost allocation plan and indirect cost rate proposal. Negotiated with the U.S. Department of Interior.

LOCAL GOVERNMENT AND NOT-FOR-PROFIT EXPERIENCE

Mr. Schlyer also has significant experience with local government and not-for-profit cost recovery operations through his career. Specific types of projects he has managed include:

- Development of Federal and GAAP (Full Cost) allocation plans and indirect cost rate proposals.
- Development of Activity Based Costing and User Fee models
- Charge back rate studies for internal service funds
- Jail Per-diem Rate Studies
- Administrative claiming for the Medicaid and IV-E programs
- Claims for the State Criminal Alien Assistance Program

His experiences have included managing and preparation of indirect cost rate proposals (ICRP), cost allocation plans (CAP) in accordance with GAAP for the identification of general fund costs provided to non general fund entities, charge-back rates for billed services, and activity based cost of service and user fee studies. He has successfully negotiated ICRPs with the U.S. Departments of Health and Human Services, Housing and Urban Development and Education, Department of Education, and the Department of Defense. His responsibilities have included the collection and analysis of organizational, financial and performance data; the preparation of detail and summary reports; negotiation of ICRPs with state and federal agencies; assisting agencies in the application of indirect cost rates;

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



BRET SCHLYER

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development of cost of service models; development of user fee pricing models; and presenting executive summaries to departments, councils and commissions.

- Completion of ICRP and CAP projects for cities across the US including New Orleans (LA), Tulsa (OK), Wichita (KS), Carrollton (TX), Kansas City (KS), Murrieta (CA), Nashville, (TN), Kalamazoo (MI), and Farmington (NM).
- Completion of ICRP and CAP projects for counties and parishes including Orange County (CA), Jefferson Parish (LA), Sedgwick County (KS), Shawnee County (KS), Johnson County (KS), Harris County (TX), Bexar County (TX), Galveston County (TX), Los Alamos County (NM), and Yuma County (AZ).
- Completion of cost of service and user fee studies for the City of Miami (FL), Kansas City (KS), Johnson County (KS), Tulsa (OK), Broken Arrow (OK), Steamboat Springs (CO), and the Kansas City Missouri Police Department.
- Developed and submitted to the Texas Juvenile Probation Commission and the Texas Department of Protective and Regulatory Services Department budgets, implementation plans, and quarterly claims on behalf of Texas counties for the reimbursement of costs associated with Title IV-E activities. Texas counties for which services were provided included Bexar, Galveston, and Harris.
- Developed and submitted implementation plans and quarterly claims to the Texas Department of State Health Services, on behalf of Harris County for the reimbursement of costs associated with Medicaid administrative services.
- Developed and submitted for U.S. Federal Marshal approval daily rate proposals for the reimbursement of costs associated with housing federal prisoners for detention facilities in Arizona, Kansas, Louisiana and Oklahoma. Mr. Schlyer also prepared detailed analyses of county jail costs utilizing activity-based costing principles and developed daily rates to secure reimbursement for county detention services.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



ELISE D'AUTEUIL

Senior Manager

MGT CONSULTING GROUP | edauteuil@mgtconsulting.com

Elise d'Auteuil is a Senior Manager assigned to the MGT Financial Services Division. She has over 35 years of experience with state and local governments and organizations. Her prior work experiences with Dallas County, Texas and consulting project experiences have provided her with both theoretical and practical experience in the analysis and costing of governmental operations. Through her management and participation on numerous state and local government projects, she has acquired an extensive knowledge of federal cost determination standards, generally accepted accounting principles and procedures, governmental budgeting, finance, accounting, and operations.

AREAS OF EXPERTISE

- ◆ Development of activity based cost of service and user fee studies.
- ◆ Development of cost allocation plans (CAPs) in accordance with generally accepted accounting principles (GAAP).
- ◆ Development of CAPs in accordance with federal principles.
- ◆ Development and negotiation of statewide cost allocation plans (SWCAPs).
- ◆ Development and negotiation of indirect cost rate proposals (ICRPs).
- ◆ Development and negotiation of charge-back rate methodologies and rates.
- ◆ Development of indirect cost policies, procedures, and models for sub-grantees.
- ◆ Development and review of sub-grantee indirect cost rates
- ◆ Development and implementation of random moment sampling systems and other personnel activity reporting systems.
- ◆ Development of information system advanced planning documents.
- ◆ Assisting agencies in maximizing general fund cost recoveries from federally funded programs, enterprise and special revenue funds, and other non-general fund sources.

EDUCATION

B.A., George Washington University, Washington DC

WORK EXPERIENCE

MGT of America Consulting, LLC, *Senior Consultant, Senior Manager*, 2007-Present

Maximus, Inc., *Senior Manager, Manager, Senior Consultant*

Dallas County Mental Health and Mental Retardation Center, *Budget Officer*, 1983-1988

Dallas County Budget Office, *Budget Analyst*, 1979-1983

SPECIFIC EXPERIENCE OR PROFESSIONAL HISTORY

Ms. d'Auteuil has worked on hundreds of state and local cost allocation plans, indirect cost rate proposals and cost of services studies. Additionally, Elise has extensive experience at the state level of government.

State Government

Ms. d'Auteuil has acquired an extensive knowledge of U.S. Office of Management and Budget Circular 2 CFR Part 200 (formerly OMB A-87) and state agencies operations through her consulting experiences in the states of Louisiana, New Mexico, Texas, and Washington. Her state experiences have included the preparation of SWCAPs; state agency CAPs, indirect cost rates and ICRPs; charge-back rates for billed services in accordance with 2 CFR PART 200; activity-based cost of services studies; and organizational and operational reviews. She has assisted in the successful negotiations of SWCAPs, ICRPs and/or charge-back rates with U.S. departments of Health and Human Services (USDHHS), Justice (USDOJ), Agriculture (USDA) and Transportation (USDOT).

Her responsibilities have included the collection and analysis of organizational, financial and performance data; the preparation of detail and summary report in accordance with 2 CFR PART 200; the preparation of 2

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



ELISE D'AUTEUIL

Senior Manager

MGT CONSULTING GROUP | edauteuil@mgtconsulting.com

CFR PART 200 fund reconciliations for Section II billed services; assisting in the negotiation of SWCAPs and ICRPs with federal agencies; assisting agencies in the application of indirect cost rates; development of billing rate methodologies and charge-back rates that comply with 2 CFR PART 200; and the costing of services for which a fee is charged or possibly charged. State government projects which she has managed and/or participated on include the following:

Statewide Cost Allocation Plan Projects – USDHHS is Federal Cognizant Agency

- ◆ Louisiana SWCAP - Louisiana Division of Administration – 1995, 1996 and 2001
- ◆ New Mexico SWCAP - New Mexico Department of Finance and Administration – 1990, 1991, 1992, 2007 - current
- ◆ Texas SWCAP - Texas Office of the Governor – annually 1992 – current
- ◆ Washington SWCAP – Office of Financial Management – annually 2009 – current
- ◆ US Territory of the Virgin Islands – annually 2009 - current

Cost Allocation Plan and Indirect Cost Rate Projects

- ◆ Texas Office of the Attorney General – USDHHS is Federal cognizant agency - Annually 1992 - current
- ◆ Texas Office of the Governor – USDHHS is Federal cognizant agency – Annually 1995 – current
- ◆ Texas Department of Agriculture – USDA is Federal cognizant agency – Annually 2012 – current
- ◆ Texas Veterans Commission – USDOL is Federal cognizant agency – Annually 2016 - current
- ◆ Texas Department of Public Safety – USDOT is Federal cognizant agency – Annually 1995 through 2007
- ◆ Texas Department of State Health Services – USDHHS is Federal cognizant agency – Annually 2004 through 2007

Other State Agency Projects

- ◆ Texas Office of the Comptroller of Public Accounts, Information Services Division - Developed cost allocation plan. Annually 2003 through 2007, 2010 - 2016
- ◆ Louisiana Department of Social Services - Assisted in the development of an Advance Planning Document required for obtaining federal approval and funding for the acquisition and implementation of a statewide child welfare information system. 2002
- ◆ Texas Office of the Attorney General - Developed legal services billing methodology in accordance with 2 CFR PART 200 and annually prepared legal services billing. Annually 1992 - current
- ◆ Texas Office of the Attorney General, Child Support Division - Developed and analyzed costs according to the state of Texas, Council on Competitive Government Cost Methodology for the purpose of recommending operational improvements and to compare in-house costs with private vendor service fees. 1996
- ◆ Texas Health and Human Services Commission - Assisted in the assessment of the current and future cost recovery issues related to the reorganization of 12 health and human services agencies into five new agencies. 2004 and 2005
- ◆ Texas Health and Human Services Commission - Assisted in the review and assessment of the methods utilized by the Commission and its agencies to charge and/or allocate the costs associated with facility and information services to programs and funding sources. Based on assessment, assisted in development of methods for the recovery of facility and information services that were approved by the Commission's cognizant federal agencies. 2005
- ◆ Texas Department of Information Resources - Assisted in resolving issues related to the consolidation of information technology services with U.S. Department of Health and Human Services. 2006 and 2007
- ◆ Texas Guaranteed Student Loan Corporation - Assisted in the development of an organization to process student loans regionally and developed projected costs by activity for the development of service fees. 1996
- ◆ Washington Department of General Administration - Assisted in a comprehensive review of the following ISF's administered by the Department: Central Mail Services, Engineering and Architectural Services, Facility Management, Materials Management Center, State Motor Pool, State Procurement, and Surplus Property. The

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



ELISE D'AUTEUIL

Senior Manager

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review included the review of current methodologies and processes, provision of recommendations for improvements, development of rate models, assistance in the development of FY 2009-11 biennium rates, and provision of training. 2008 and 2009

Local Government

In addition to Ms. d'Auteuil's prior work experiences with the Dallas County Budget Office and the Dallas County Mental Health and Mental Retardation Center, she has acquired an extensive knowledge of local government operations through her project experiences as a consultant. Her experiences have included the preparation of ICRPs, CAPs in accordance with GAAP for the identification of general fund costs provided to non-general fund entities, charge-back rates for billed services, activity based cost of services and user fee studies, and organizational and operational reviews. Local government projects on which she has participated have included the following:

- ◆ Completion of ICRP and CAP projects for counties including the Texas counties of Bexar, Collin, Galveston, Harris, Travis, and Tarrant.
- ◆ Completion of ICRP and CAP projects for transportation authorities including the Los Angeles County Metropolitan Transportation Authority, the Southern California Regional Rail Authority and the Greater Cleveland Regional Transit Authority.
- ◆ Developed and submitted to the Texas Attorney General Child Support Division, budget and quarterly claims on behalf of Texas counties for the reimbursement of costs associated with Title IV-D activities. Texas counties for which services were provided included Bexar and Tarrant.
- ◆ Developed and submitted to the Texas Juvenile Probation Commission and the Texas Department of Protective and Regulatory Services Department budgets, implementation plans, and quarterly claims on behalf of Texas counties for the reimbursement of costs associated with Title IV-E activities. Texas counties for which services were provided included Bexar, Galveston, Harris, and Travis.
- ◆ Developed and submitted implementation plans and quarterly claims to the Texas Department of State Health Services, on behalf of Harris County for the reimbursement of costs associated with Medicaid administrative services.
- ◆ Reviewed and provided recommendation to Texas Regional Councils of Governments on the adequacy of regional councils of governments' ICRPs and their compliance with 2 CFR PART 200 principles and procedures.
- ◆ Developed and submitted for U.S. Federal Marshal approval daily rates for the reimbursement of costs associated with housing federal prisoners. Ms. d'Auteuil also prepared detailed analyses of county jail costs utilizing activity-based costing principles and developed daily rates to secure reimbursement for county detention services.
- ◆ Developed and analyzed activity-based costs for the Tarrant County Domestic Relations Office for the purpose of determining the cost effectiveness of a Child Support Case Monitoring unit in conjunction with a cooperative agreement with the Office of the Attorney General Child Support Division.
- ◆ Responsibilities with the Dallas County Budget Office and the Dallas County Mental Health and Mental Retardation Center included the preparation and maintenance of budgets; grant and contract program activities necessary to assure compliance with applicable state and federal policies and procedures; preparation of financial reports and ICRPs; negotiation of contracts and ICRPs with applicable state and federal agencies; and the resolution of audit findings with state and federal program and financial auditors.

REPRESENTATIVE CLIENTS

Counties / Special Districts

- ◆ Los Angeles County Metropolitan Transportation Authority (LACMTA) ICRP
- ◆ Southern California Regional Rail Authority ICRP

States

- ◆ State of Texas SWCAP
- ◆ State of New Mexico SWCAP

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



ELISE D'AUTEUIL

Senior Manager

MGT CONSULTING GROUP | edauteuil@mgtconsulting.com

- ◆ Greater Cleveland Regional Transit Authority ICRP
- ◆ Harris County, Texas ICAP
- ◆ Galveston County, Texas ICRP & Jail Per Diem Rate
- ◆ Collin County, Texas ICRP
- ◆ North Texas Tollway Authority CAP & Cost of Services Study
- ◆ Pinal County, Arizona ICAP
- ◆ Southwest Florida Water Management District (SWFWMD) ICRP
- ◆ United States Territory of the Virgin Islands GWCAP & Departmental ICRPs
- ◆ Texas Office of the Governor ICRP
- ◆ Texas Office of the Attorney General ICRP & Legal Billing Rate Study
- ◆ Texas Comptroller of Public Accounts Innovation Technology CAP
- ◆ Texas Department of Agriculture ICRP
- ◆ Texas Veterans Commission ICRP

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



JERRY MCKENZIE

Senior Manager

MGT CONSULTING GROUP | jmckenzie@mgtconsulting.com

Mr. McKenzie has an extensive background in cost accounting concepts and practical applications. He is a Senior Associate with the MGT Consulting Group and has been responsible for managing hundreds of successful engagements in both the governmental and electric utility environments for over 26 years. Mr. McKenzie has been directly responsible for the development and review of cost allocation plans created in accordance with federal guidelines (i.e. 2 CFR Part 200). These guidelines establish the procedures necessary for governmental entities to recover indirect costs associated with programs funded through grants. In this capacity, he has dealt with several reviewing agencies on behalf of his clients. In addition, he has developed "Full Cost" plans which enable clients to bill the full cost of support services to enterprise funds, special revenue accounts, etc. This process involves an in-depth analysis of general fund support provided to enterprise-funded activities such as Utilities and Golf Course operations. Another related area in which Mr. McKenzie has extensive experience is in the costing of internal services. He has developed and implemented numerous charge back models and billing algorithms for facilities, fleet maintenance programs, information technology funds, and miscellaneous other internal service type charge back systems. In addition, Mr. McKenzie has been directly responsible for the review and analysis of alternative revenue sources for governmental clients. This activity primarily involves the development and implementation of User Fee Cost Recovery Programs, as well as the identification of "new" potential revenue areas for the governmental units. Finally, he has an extensive 35+ year background in cost accounting concepts and practical applications. This includes providing services such as rate forecasting, benchmarking, A&G capitalization, joint ownership cost allocation, and accounting research and analysis. Since 1990, Jerry has served as the instructor for the American Public Power Association's "Public Utility Accounting" course.

AREAS OF EXPERTISE

- ◆ Development of internal service fund rates & methodologies
- ◆ Development of local government charge back (billing) models
- ◆ Development of state government charge back (billing) models
- ◆ Development of activity based cost of services studies
- ◆ Development of cost allocation plans in accordance with 2 CFR Part 200
- ◆ Development of enterprise fund forecasting models
- ◆ Development of statewide cost allocation plans
- ◆ Development & negotiation of indirect cost rate proposals
- ◆ Development of jail rate studies & US Marshal daily housing rates
- ◆ Assisting in maximizing general fund cost recoveries from-
 - Federally funded programs
 - Enterprise funds
 - Internal service funds & other external sources
- ◆ Accounting services provided to electric utilities include-
 - Instructor for APPA's *Public Utility Accounting* course since 1990
 - Electric rate forecasting Models
 - Benchmarking and research/analysis
 - A&G capitalization models and joint owner cost allocation

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



JERRY MCKENZIE

Senior Manager

MGT CONSULTING GROUP | jmckenzie@mgtconsulting.com

EDUCATION

BS, Business Administration/ Accounting, Wichita State University

WORK EXPERIENCE

MGT of America Consulting, LLC, Senior Manager, 2008 – Present

Maximus, Inc., Vice President, 1989 – 2008

Kansas Gas & Electric, Assist Controller/Acct Manager, 1980-1989

REPRESENTATIVE CLIENTS

Cities and Counties

- ◆ City of Wichita
- ◆ City of Tulsa
- ◆ City of Topeka
- ◆ Unified Government (Kansas City)
- ◆ Johnson County, KS
- ◆ Sedgwick County, KS
- ◆ City of New Orleans
- ◆ Jefferson Parish, LA
- ◆ Lafayette Consolidated Govt. (LA)

Electric Utilities

- ◆ The American Public Power Association
- ◆ Omaha Public Power District
- ◆ Kansas City Board of Public Utilities
- ◆ Colorado Springs Utilities
- ◆ Kansas Municipal Energy Agency and Kansas Power Pool
- ◆ Kansas Municipal Utilities
- ◆ Developed 75+ Municipal Electric Rate Forecast Models
- ◆ Taught “Public Utility Accounting” to over 3k Municipal Utility Accountants and Managers
- ◆ Madison Gas & Electric
- ◆ Santee Cooper
- ◆ Southern California Edison
- ◆ San Diego Gas & Electric
- ◆ Georgia Power

Internal Service Funds

- ◆ Coconino County AZ (Fleet)
- ◆ Riverside County CA (Purchasing & Fleet)
- ◆ Jefferson County CO (Fleet, IT & Bldg.)
- ◆ City of San Antonio, TX (IT)
- ◆ San Mateo County CA (HR)
- ◆ City of Rifle CO (Fleet & IT)
- ◆ City of Topeka KS (Facilities)

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



JOEL NOLAN

Technical Advisor

MGT CONSULTING GROUP | jnolan@mgtconsulting.com

Mr. Nolan joined MGT as National Director of MGT Financial Services, after holding management positions with the Financial Services Division of MAXIMUS, Inc. for over 20 years. He is experienced in all aspects of development, negotiation, and application of cost principles and strategies in the public sector. He is a Certified Government Financial Manager with over 38 years of experience, of which more than 30 years have been directly involved with federal, state, and local government programs and organizations. His knowledge of government programs and organizations provides extensive insight into the most appropriate financial representation and application of cost principles, the recovery of costs associated with federally funded programs, and the proper methods for costing governmental services.

The wide variety of engagements Mr. Nolan has been responsible for during his consulting career have included preparing and negotiating cost allocation plans (CAPs), indirect cost rates, indirect cost rate proposals (ICRPs), internal service billing rates, and jail per diem rate studies that were prepared in accordance with federal and generally accepted accounting principles and procedures; performing cost of services, cost of ownership, privatization analyses, user fee, and revenue maximization studies; performing organization, operation, and process improvement studies; and providing audit resolution and appeal assistance. He has also served in a financial management capacity in his various roles while employed in state and local government.

EDUCATION

B.A., Accounting, Texas Tech University

WORK EXPERIENCE

MGT of America Consulting, LLC, *Technical Advisor, National Director*, 2007 – Present

Maximus, Inc., *Vice President, Financial Services Division*, 1984– 2007

Red Arrow Tools, Inc., *Vice President*, 1979 – 1984

Rice Research Center, *Vice President/Treasurer*, 1976 – 1979

Houston-Galveston Area Council of Governments, *Finance Director*, 1974 – 1976

West Texas Council of Governments, *Finance Director*, 1973 – 1974

Texas Office of the Governor, *Budget Analyst*, 1972 – 1973

Faris, Sims & Green CPAs, *Associate*, 1970 – 1972

AREAS OF EXPERTISE

Mr. Nolan is one of the leading authorities on 2 CFR Part 200 (formerly OMB Circular A-87) and its impact on states and local governments. He has applied his knowledge in the preparation and negotiation of local and statewide and agency CAPs, indirect cost rates, ICRPs, public assistance cost plans, and internal service billing rates; assisting in the resolution of audit findings; and assisting in the appeal of findings to the Grants Appeal Board and federal courts.

As a leading authority on 2 CFR Part 200, he has presented numerous seminars on topics related to direct and indirect cost recovery on federal programs. He has provided training on topics related to federal cost recovery requirements at the American Institute of Certified Public Accountants (CPAs) governmental training program, Association of Governmental Accountants professional development conferences, Governmental Finance Officer Association development conferences, National Association of State Comptrollers annual conferences, the Texas CPA's Single Audit in Texas Conference on OMB A-87, and the Texas Finance Officer's Academy. As part of these plan preparations and negotiations, he has also prepared and negotiated methodologies, billing

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



JOEL NOLAN

Technical Advisor

MGT CONSULTING GROUP | jnolan@mgtconsulting.com

rates, and fund reconciliations for Section II billed services. Mr. Nolan has performed management studies and developed billing rates for state agencies.

Mr. Nolan's statewide CAP experience has included the preparation of plans for Alaska, Arizona, Colorado, Idaho, Kansas, Louisiana, Montana, Nevada, New Mexico, Oklahoma, and Texas. These plans have been successfully negotiated with the U.S. Department of Health and Human Services. As part of these plan preparations and negotiations, he has also prepared and negotiated methodologies, billing rates, and fund reconciliations for Section II billed services.

Mr. Nolan has also prepared numerous state agency ICRPs, which included the development of a CAP and indirect cost rate(s). Types of agencies for which he has been involved include agriculture, attorney general, board of regions, children and youth, civil defense, commerce, corporation commission, corrections, court systems, education, environmental quality, fire marshals, fish and game, general services, handicap concerns, health and social services, historical societies, labor, law, land offices, mental health and mental retardation, mines, parks and wildlife, public safety, rehabilitation, revenue, transportation, and water resources.

Mr. Nolan's experience with health and human services agencies has included preparing public assistance cost plans and ICRPs, organizational reviews, assisting in the development of random moment sampling systems, assisting in identifying and recovering additional federal funds, and costing of services. His clients have included the Alaska Department of Health and Social Services, Colorado Department of Social Services, Oklahoma Department of Mental Health, South Dakota Department of Social Services, Texas Commission for the Blind and Visually Impaired, Texas Commission on Alcohol and Drug Abuse, Texas Department of Aging and Disability Services, Texas Department of Assistive and Rehabilitative Services, Texas Department of Family and Protective Services, Texas Department of Mental Health and Mental Retardation, Texas Department of State Health Services, and Texas Health and Human Services Commission.

Mr. Nolan has performed management studies and developed billing rates for state agencies. Management studies focusing on the operational review and costing of services by activity have been performed for the Alaska departments of Administration, Law, Revenue, and Transportation; Arizona departments of Administration, Agriculture, Corrections, Health Services, and Water Resources; Texas departments of Attorney General, Commerce, Information Resources, Mental Health and Mental Retardation, State Health Services, and Texas Workforce Commission; Louisiana Division of Administration; New Mexico General Services Department, Oklahoma Office of Finance; and Utah departments of Administrative Services, Public Safety, and Transportation. Studies for the Alaska Department of Law and the Texas Office of the Attorney General included reviewing and recommending changes to their organizational structure, timekeeping system, and billing rate methodology; and developing billing rates. Other studies have focused on providing recommendations for operational improvements, development of service structures, establishing service forecasting systems, and developing billing rate methodologies, procedures, and rates for state organizations responsible for such services as equipment and vehicle maintenance, printing, facility maintenance and operations, data processing, mail, procurement, and telecommunications.

Mr. Nolan has been instrumental in the resolution of audit findings in several states. He has assisted state agencies in Alaska, Idaho, Kansas, Louisiana, Montana, New Mexico, Oklahoma, and Texas in the resolution of findings related to overbilling and/or inconsistent billing of federal programs. These findings have included billings by state entities providing data processing, facilities, motor pools, printing, retirement systems, risk management, and telecommunication services. He has assisted states in resolving issues at the federal department level, the appeals level, and in federal court.

In addition to his MAXIMUS, Inc. experience, Mr. Nolan was a financial analyst with the Office of the Governor, state of Texas. In that capacity he was responsible for the implementation of a uniform grant management and

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



JOEL NOLAN

Technical Advisor

MGT CONSULTING GROUP | jnolan@mgtconsulting.com

accounting system for 24 regional councils of governments throughout the state of Texas. He also assisted in developing indirect cost policies for state agencies and subgrantees. This work included the preparation and negotiation of annual agency budgets and indirect cost proposals.

LOCAL GOVERNMENT

Mr. Nolan is well versed in the issues facing local governments. He has been involved in preparing CAPs, cost of services studies, jail per diem rate studies, revenue maximization studies, user fee studies, privatization studies, and management studies for numerous cities and counties.

Mr. Nolan has extensive experience in developing user fee, revenue, and cost of services studies for city and county governments. His experience includes the development of comprehensive user fee studies that reviewed all fee services provided by all city/county departments and studies focusing on specific department and/or services. Counties for which he has completed comprehensive user fee studies include Arizona counties of Apache, Cochise, Coconino, Maricopa, Pinal, and Yuma; and Texas counties of Galveston, Harris, and San Patricio. Cities for which he has completed comprehensive user fee studies include Arizona cities of Flagstaff, Peoria, and Tucson; Kansas City, Kansas; Louisiana cities of Baton Rouge, Lafayette, New Orleans and Shreveport; Nevada cities of Las Vegas and Reno; Oklahoma cities of Oklahoma City and Tulsa; and Texas cities of Arlington, Corpus Christi, Dallas, Fort Worth, Houston, and Longview. He has been involved in management studies focused on all operations of government entities and studies focused on specific activities. Entity-wide organizational and operational reviews on which he has participated include Tucson, Arizona; Kansas City, Kansas; and Texas cities of Fort Worth and San Angelo. Activity specific studies have been completed on departments providing the following types of services: data processing, development services, equipment maintenance, facility maintenance and operation, financial, human resources, mail, motor pool, printing, procurement, and risk management. Entities for which he has completed activity or service-specific studies have included the Arizona counties of Coconino, Maricopa, Pima, and Pinal; City of Tucson, Arizona; Texas counties of Galveston, Harris, Patricio, and Travis; and Texas cities of Austin, Fort Worth, and San Antonio.

Mr. Nolan's CAP clients have included the following jurisdictions: Arizona cities of Peoria, Surprise, Tucson, and Yuma; Texas cities of Abilene, Arlington, Austin, Corpus Christi, Dallas, Denton, El Paso, Fort Worth, Houston, Lubbock, Midland, Odessa, and San Antonio; Louisiana cities of Baton Rouge, New Orleans, and Shreveport; Oklahoma City and Tulsa, Oklahoma; Kansas City, Kansas; and Las Vegas, Nevada. County clients have included: Apache, Cochise, Coconino, Gila, Graham, Maricopa, Mohave, Navajo, Pinal, Santa Cruz, and Yuma counties of Arizona; Cameron, El Paso, Galveston, Harris, San Patricio, Tarrant, and Travis counties of Texas; Beaugard and Jefferson Parishes, Louisiana; and Johnson, Sedgwick, and Shawnee counties, Kansas. He has also participated on engagements in Alaska, Idaho, New Mexico, and Utah.

Mr. Nolan has prepared and/or managed the preparation of Workforce Investment Act (WIA) compliant CAPs for local governments and nonprofit agencies. Projects have included the preparation of CAP for the Bastrop Job Center, Calcasieu Workforce Center, Hammond One-Stop Center, Jefferson Parish One-Stop Center, and New Orleans One-Stop Center. He has reviewed the methods and procedures utilized by one-stop operators in Florida and Louisiana, provided a report on their compliance with WIA requirements, and provided training for one-stop operator on developing CAPs and resource sharing agreements. He has also managed the review of the cost allocation methods utilized by Texas councils of government to recover costs when they are a one-stop operator, and has provided guidance and assistance to the Texas Workforce Commission on WIA cost allocation related issues.

2. PROJECT TEAM EXPERIENCE AND QUALIFICATIONS



JOEL NOLAN

Technical Advisor

MGT CONSULTING GROUP | jnolan@mgtconsulting.com

Furthermore, Mr. Nolan has assisted local governments in Arizona and Texas in maximizing the recovery of costs incurred in the provision of federally funded services. In Arizona he managed a study for all Arizona counties that identified allowable Medicaid reimbursable activities associated with eligibility determination of Sixth Omnibus Budget Reconciliation Act (SOBRA) mothers and their children. He subsequently managed the negotiation of a federally accepted cost identification and claiming system that resulted in additional annual recovery of over \$10 million to Arizona counties. In Texas he has supervised the provision of services associated with maximizing federal reimbursement of Title IV-E and Title IV-D services provided by the following counties: Bexar, Galveston, Harris, Tarrant, and Travis.

Mr. Nolan's local government experience includes responsible positions with multimillion-dollar organizations, funded by taxes, donations, grants, and fee for services. These positions included Director of Administration of the Houston-Galveston Area Council of Governments, Director of Administration of the West Texas Council of Governments, Vice President/Treasurer of the Rice Research Center, and auditor with CPA firms. His responsibilities included budgeting, accounting, banking, revenue, and audit activities.

3. CLIENT REFERENCES

MGT hereby grants permission to the State to contact any of the following references, project contacts previously identified in our proposal, and any others who may have pertinent information regarding MGT's qualifications and experience to perform the services required by the RFP.

The following SWCAP references are for engagements completed within the last five years by our project team members.

<p>STATE OF NEW MEXICO</p>	<p>Prepared and negotiated the approval of the FY2010 through FY2016 Statewide Cost Allocation Plans. SWCAPs for FY2017-FY2019 have been submitted and are currently under review by the CAS Western Field (San Francisco) Office. <i>MGT Project Consultants:</i> Joel Nolan, Elise d'Auteuil and Bret Schlyer Value: >\$25,000 annually</p> <p><i>Contact:</i> Richard Torrence, CPA <i>Title:</i> CAFR Accountant, Department of Finance and Administration <i>Phone:</i> 505-476-8533 <i>E-Mail:</i> richard.torrence@state.nm.us <i>Address:</i> 407 Galisteo Street Santa Fe, New Mexico 87501</p>
<p>STATE OF WASHINGTON</p>	<p>Prepared and negotiated the approval of the FY 2012 through FY 2018 SWCAPs. The SWCAP for FY2019 has been submitted and is currently under review. Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office. <i>MGT Project Consultants:</i> Joel Nolan and Bret Schlyer, Elise d'Auteuil. Value: >\$30,000 annually</p> <p><i>Contact:</i> Michael Schaub <i>Title:</i> Senior Staff Consultant <i>Phone:</i> 360-725-0225 <i>E-Mail:</i> michael.schaub@ofm.wa.gov <i>Address:</i> Helen Sommers Building 106 11th Ave SW, Suite 2100 Olympia, WA 98501</p>

3. CLIENT REFERENCES



U.S. TERRITORY OF THE VIRGIN ISLANDS	<p>Prepared and negotiated the approval of the FY 2010 through FY 2018 Territory-Wide SWCAP and indirect cost rate proposal (ICRP) for ten USVI Departments with the U.S. Department of Interior. Assigned consultants were Ms. d’Auteuil, Mr. Nolan and Mr. Schlyer. Value: >\$50,000 annually</p>
	<p><i>Contact:</i> Vincent Thomas</p>
	<p><i>Title:</i> Associate Director, Office of Management and Budget</p>
	<p><i>Phone:</i> 340-774-5313</p>
	<p><i>E-Mail:</i> vincent.thomas@omb.vi.gov</p>
	<p><i>Address:</i> 41 Norre Gade Emancipation Garden Station, 2nd Floor Charlotte Amalie, St. Thomas, VI 00802</p>
STATE OF LOUISIANA	<p>Prepared and negotiated the approval of the FY 2014 through FY 2017 SWCAPs. The FY 2018 and FY 2019 SWCAP has been completed and is pending approval. Approval of the SWCAPs was negotiated with the CAS Central Field Office (Dallas). MGT Project Consultants: Bret Schlyer, Jerry McKenzie and Joel Nolan. Value: >\$25,000 annually</p>
	<p><i>Contact:</i> Sean Langlois</p>
	<p><i>Title:</i> State Accounting System Supervisor</p>
	<p><i>Phone:</i> 225-342-5509</p>
	<p><i>E-Mail:</i> Sean.langlois@la.gov</p>
	<p><i>Address:</i> Office of Statewide Reporting & Accounting Policy Claiborne Building 1201 N. Third Street, Suite 6-130 Baton Rouge, LA 70802</p>

4. PROJECT APPROACH AND METHODOLOGY

UNDERSTANDING OF THE SWCAP AND INDIRECT COST RECOVERY PROCESS

West Virginia state agencies expend considerable resources in the administration and support of federally funded programs. To recover the costs associated with those resources from federal funding sources, state agencies must comply with federal cost principles and procedures as presented in 2 CFR Part 200.

2 CFR Part 200 acknowledges the total cost of administering a program is comprised of allowable direct costs of the program, plus a program's appropriated share of allowable indirect costs (administrative and support costs). Direct costs are costs which can be specifically identified with a particular program or activity. Indirect costs are those incurred for a common purpose benefiting more than one program or activity, and not readily assignable to programs specifically benefited without effort disproportionate to results achieved. Indirect costs are incurred at the statewide level and at the department level.

The process enabling a state program to maximize indirect cost recovery from federally funded programs and non-federally funded activities consists of three principal components:

- 1** The first component is the annual **preparation, submittal, and subsequent negotiation and approval of a SWCAP.**
- 2** The second component includes the **preparation, submittal, and subsequent negotiation and approval** of department indirect cost rate proposals; the inclusion of indirect costs in federal program budgets approved by federal funding agencies; and the actual claiming of indirect costs on federal grants. In many states, the second component is the responsibility of each state department and agency.
- 3** The third component is the establishment of **on-going educational and support program** to provide continued guidance to departments on issues and requirements of the 2 CFR Part 200 and other related cost recovery issues.

Failure to appropriately identify costs and/or complete each component of the indirect cost recovery program will impact a state's ability to recover indirect costs and the amount that may be recovered. A detailed description of each component follows.

FIRST COMPONENT: SWCAP PREPARATION, SUBMITTAL, AND APPROVAL

To identify and recover the costs of centralized services benefiting multiple state agencies and programs from federally funded programs, the State must annually prepare a Statewide Cost Allocation Plan (SWCAP) which must be submitted to the Cost Allocation Services (CAS) of the U.S. Department of Health and Human Services (DHHS), for negotiation and approval within six months prior to the beginning of the fiscal year in which it proposes to claim central service costs. The SWCAP must identify all central service costs that may be claimed. This includes the costs of billed services such as printing, information systems and communications, building rates, and purchasing; and allocated indirect costs such as payroll, accounting, personnel, and budgeting. A SWCAP submission is actually comprised of two documents: a central services cost allocation plan (Section I) and a document providing 2 CFR Part 200



required information on billed services (Section II). Following receipt of the SWCAP submission documents, CAS will begin to review, question and eventually negotiate with the State an agreement which permits the State to use the SWCAP for cost recovery from federal programs and grants. In summary, the SWCAP process is comprised of three principal tasks:

- ◆ Preparation of a central services cost allocation plan.
- ◆ Development of information on billed services.
- ◆ Submittal, negotiation, and approval of the SWCAP by CAS.

Although almost all states provide the same central services, states greatly differ on how they provide and fund each service, and the level of service provided. Services such as personnel and payroll services may be treated as an allocated cost in some states and as a billed service in other states. In addition, the methods for either allocating or billing services may differ between states. For example, one state may allocate or bill the cost of centralized payroll based on the number of funded positions and another state may allocate or bill based on the number of payroll warrants issued.

A knowledgeable and proactive process of dealing with the CAS negotiators will greatly reduce the State's financial risk and significantly reduce the level of effort State staff will need to spend clarifying information and/or responding to requests for additional information.

FIRST COMPONENT, TASK ONE: SWCAP—SECTION I ALLOCATED SERVICES

A central services cost allocation plan (CSCAP) will be prepared that includes and allocates the costs of all central services that are not billed to state agencies. The CSCAP will be completed by December 1st of each year to allow for the review of the CSCAP by the State. The final version will be provided to the State by December 30th each year for submittal to CAS (U.S. Department of Health and Human Services). The cost of each central service will be identified and allocated in the statewide CSCAP to all benefiting state agencies utilizing an allocation base that reasonably results in the allocation of costs in accordance with the relative benefit provided or received. The costs that are allocated to each state agency in the statewide CSCAP may be subsequently claimed by each state agency through further allocation of these costs to the programs they administer or through their inclusion in the development of an indirect cost rate for the agency. In order to maximize the potential recovery of the states non-billed central service costs, a complete review of all state departments will be conducted by MGT to identify all statewide central services and the agencies benefited by each service.

Allocated indirect costs are approved as Section I costs on the SWCAP cost allocation agreement. Per 2 CFR Part 200, the statewide CSCAP must include for each allocated central services a brief description of the service, an identification of the unit rendering the service and the operating agencies receiving the service, the items of expense included in the cost of the service, the method used to distribute the cost of the service to benefited agencies, and a summary schedule showing the allocation of each service to the benefited agencies.

We will utilize **MGTCAP**, MGT's proprietary cost allocation software to allocate the non-billed central service costs and prepare the statewide CSCAP. The software incorporates years of refinements and continual field use by MGT consultants. The software has been utilized to develop statewide and state

The MGT cost allocation system calculates costs and presents results in a similar manner to the system utilized by the State's prior consultant.



agency CSCAPs that have been reviewed by numerous federal agencies, including CAS. It is the tool we use to generate all the 2 CFR Part 200 we prepare on behalf of city, county, and state clients each year. **MGT** uses a double iteration (two step-down allocating mechanism) methodology insuring the full allocation of all costs. The software enables the allocation of an unlimited number of cost pools using multiple allocation bases. Report outputs include detailed schedules that will reconcile all costs allocated in statewide CSCAP to state financial statements. It also provides a number of summary and management reports which identify the changes to plan inputs and allocation results year over year, making identifying the root cause of changes to the plan easier to identify for both MGT staff and our clients.



FIRST COMPONENT, TASK TWO: SWCAP—SECTION II BILLED SERVICES

The State is required to provide service descriptions, financial, rate methodology, billing, and 2 CFR Part 200 reconciliation information on all billed central services. Billed central services are approved as Section II billed costs on the negotiation agreement. Billed services which are not identified on the SWCAP cost allocation agreement as approved Section II billed costs may not be charged to federal programs. Therefore, it is essential that all of the State’s billed services be identified, properly documented, and included on the agreement with CAS.

In addition to state policies and GAAP, 2 CFR Part 200 cost principles should be considered in the development of service rate methodologies due to the likely funding of those charges by state agencies from federal funding sources. Rate methodologies and working capital balances are required to be submitted annually as part of the SWCAP process. Failure to fully document each billed service and/or to develop billing rates in compliance with 2 CFR Part 200 requirements could result in service rates being classified as unallowable costs for federal programs, and/or required refunds of “over billings” to the federal government.

As many states have experienced, CAS has been increasingly emphasizing the importance of compliance to 2 CFR Part 200 by internal service funds, self-insurance funds and other billed services. As a result of the number of State billed services, our project team will be available to assist the State in responding to Section II inquiries from CAS, and educating and assisting State staff in complying with 2 CFR Part 200 requirements as they relate to billed services.

Section II billed services are often used to reduce the State’s reliance on general funds. However, unless the methodologies and procedures used to develop service rates and fees are structured correctly and the costs determined in accordance with 2 CFR Part 200, the State may be reducing the amount of costs that can be recovered from federally funded programs. Each billed cost should be developed and identified by activity to assure all costs remain allowable. It should be further realized that whether the billed activity is established as an internal service fund or not, financial statements will need to be annually prepared and reconciled to 2 CFR Part 200 requirements.

MGT will assist with the preparation of the 2 CFR Part 200 financial reconciliations for each billed service, and will annually review the financial statements and billing rate development methodology.



As part of our fixed fee, we will provide guidance to the State and service agency management on compliance with federal requirements. We will assist the State and agency management in understanding issues raised by CAS during their annual review and formulating an approach to addressing issued raised by CAS.



FIRST COMPONENT, TASK THREE: SWCAP—SUBMITTAL & NEGOTIATION OF SWCAP APPROVAL

The final task is the submission and negotiation of the approval of the SWCAP (both Section I and Section II) with the CAS Field Office. This task requires responding to CAS’s inquiries concerning the statewide CSCAP and Section II information. During the annual review of the SWCAP, the assigned CAS negotiator usually makes an on-site visit to review the SWCAP and to schedule meetings with selected managers of Section II billed services to acquire a firsthand knowledge of each service’s rate development methodology and process. The final outcome of this task is the receipt by the State from CAS of a cost allocation agreement approving the Section I allocated costs and Section II billed costs.

Although reliant upon CAS’s schedule, MGT will strive to negotiate approval of the SWCAP as quickly as possible.



- ◆ **We will be on-site during any SWCAP reviews by the CAS negotiator and will attend all meetings with the CAS negotiator.**
- ◆ **We will be available to assist the State in responding to inquiries concerning the SWCAP, 2 CFR Part 200 issues, and billed services issues beginning with the date of our contract through the period covered by the SWCAP.**
- ◆ **If the SWCAP should be audited or questioned, regardless of when, MGT will be available to respond to questions and provide documentation in support of the SWCAP.**

Although MGT’s experience in preparing SWCAPs is important to the State, we believe that of most importance is our project team’s extensive experience negotiating SWCAPs with CAS in multiple regions of the country. Our experience in negotiating SWCAPs with CAS will enable us to obtain the best results for the State. It will also enable us to initially provide the information to CAS that we know the negotiator wants and in the format they prefer; and to minimize state staff efforts in responding to additional requests for information and clarification of costs.

SECOND COMPONENT: DEPARTMENT INDIRECT COST RECOVERY

Although statewide indirect costs are identified and their allowability negotiated through the SWCAP, the recovery of these costs from federal and non-federal programs is reliant on individual State departments. In order to recover SWCAP costs, each department that administers federally funded programs must prepare a department CSCAP and indirect cost rate(s). The department CSCAP and rate must include all department indirect costs, including those allocated to the department in the SWCAP Section I and/or billed to a department. The department CSCAP and indirect cost rate(s) must be submitted to and approved by each department’s federal cognizant agency.

2 CFR Part 200 requires a state department wishing to recover costs of agency indirect costs from federally funded programs to annually prepare an indirect cost rate proposal (ICRP). The ICRP must include documentation on all costs that are billed to or recovered from federally funded programs utilizing an allocation or billing methodology, and/or through the utilization of an indirect cost rate. At a minimum, the ICRP must include a certification, department CSCAP, indirect cost rates, schedules reconciling costs to a department’s official financial statements, and documentation on any billed or allocated costs. The ICRP must be submitted to the department's federal cognizant agency for review and approval.

4. PROJECT APPROACH AND METHODOLOGY



Once a department receives approval of its ICRP, a department may utilize approved indirect cost rates to recover indirect costs. However, indirect costs must be an approved cost of a federal grant, contract or award before it may be claimed. Grant budgets and contracts with federal awarding agencies must be amended to include the approved rate. Once this is completed, departments may apply rates to claims and recover the State's indirect costs.

In addition to their SWCAP experience, all MGT consultants to be assigned to the SWCAP project have extensive experience in preparing CSCAPs, indirect cost rates, and ICRPs for state departments and negotiating their approval with cognizant federal agencies; are fully knowledgeable of 2 CFR Part 200 requirements; understand how to maximize indirect costs within federally allowable limits; and understand and are experienced with state accounting systems, funding, budgeting, and appropriation issues. This will enable them to provide continuing support to state agency on the recovery of indirect costs from both federal and non-federal funded programs.

Tasks required to complete component two are not included in the requested scope of work and are the responsibility of each state agency. MGT is not proposing to develop ICRPs for state agencies.

However, we will at the request of the State provide training on indirect cost recovery and ICRP development for state agencies. We will also be available to respond to state agency questions concerning the development and negotiation of ICRPs and the application of indirect cost rates.

THIRD COMPONENT: INDIRECT COST RECOVERY TRAINING AND SUPPORT

There are many factors which strongly support a state's establishment of an ongoing program and/or resources available to state staff that provides training and support on indirect cost recovery. Although 2 CFR Part 200 established principles and procedures for the development, submittal and approval of indirect cost rate proposals, there are many vague cost issues and varying interpretations. State departments are often unfamiliar with cost allocation concepts and do not fully identify and/or appropriately allocate costs to federal programs. The understanding and interpretation of 2 CFR Part 200 also varies greatly between and within federal agencies.



The federal regulations and related cost recovery issues are continually changing and evolving. State staff retirements and turnover also significantly impact departments.

These factors and other make it essential that the State engage a firm with consultants that are knowledgeable, experienced, and on top of current federal interpretations and audit issues related to indirect cost recovery. ***MGT is that firm.***

Mr. Joel Nolan, our Technical Advisor for this SWCAP project, is nationally recognized as an authority on 2 CFR Part 200 and its impact on state and local governments. He has made numerous presentations to governmental organizations on the development and application of 2 CFR Part 200 cost allocation plans, indirect cost rates, and charge-back rates. He has provided training at the American Institute of Certified Public Accountants governmental training program, Association of Governmental Accountants professional development conferences, Governmental Finance Officer Association development conferences, National Association of State Comptrollers annual conferences, the Texas CPAs Single Audit in Texas Conference on OMB Circular A-87, and the Texas Finance Officers Academy. In addition, he has provided presentations on the current version of federal cost principles, cost analysis, and cost recovery subjects to state agencies and local entities in Alaska, Arizona, Colorado, Florida, Kansas, Idaho, Louisiana, Montana, and Texas.

4. PROJECT APPROACH AND METHODOLOGY



Our Project Executive Mr. Bret Schlyer also has extensive SWCAP and 2 CFR Part 200 training experience. He annually makes presentations to clients and governmental organizations on the creation and applications of 2 CFR Part 200 cost allocation plans, indirect cost rates, and billed service rates and methodologies and is located in Wichita, KS.

In addition to our project team, MGT has other experienced consultants that are strong and diversified in the areas of state government cost analysis, charge-back rate development, operational analysis, program structuring and compliance.

We have extensive files, reports, opinions, and data that can be made available to the State. These materials include:

- ◆ user fee analyses for state agencies,
- ◆ performance measurement,
- ◆ productivity analyses,
- ◆ costs of services comparisons, and
- ◆ indirect cost policies adopted by other states, and more.

Our experts in data processing, rate development, statistics, and finance can all be called in to answer questions or provide professional advice to produce the best possible indirect cost recovery program for the State.

At the request of the State, we will provide training on indirect cost recovery and ICRP development for state agencies. We will also be available to respond to state agency questions concerning the development and negotiation of ICRPs and the application of indirect cost rates.

OUTLINE OF WORK - SCOPE OF SERVICES

MGT is committed to providing the scope of services as identified in the request for proposal:

- a. Review prior plans, negotiation agreements and all related correspondence from CAS, and/or related audits. Complete understanding of the plans for 2016 through 2018 is necessary before the new plan can be prepared.
- b. Review the State's agency, commission, board, and university structure to ensure that recipients of federal dollars are identified in the plan to maximize reimbursement to the State of West Virginia.
- c. Analyze central services agencies and review related expenditures, including unallocated expenditures, to ensure all costs flowing through the plan are identified and the maximum allowable under CFR 200 may be reimbursed. Conduct interviews with central service agencies at needed to ensure thorough understanding of financial and statistical data provided.
- d. Prepare the Statewide Cost Allocation Plan for FY-21, based on actual costs for the fiscal year ending June 30, 2019, including these basic steps: (1) analyze financial information; (2) gather allocation statistics; (3) review direct billings; (4) eliminate unallowable; (5) compute costs; (6) develop roll-forward adjustments, and (7) finalize narratives.

4. PROJECT APPROACH AND METHODOLOGY



- e. Review internal service funds (Section II) for the various billing methodologies used to directly bill agencies for services and prepare 2 CFR Part 200 required documentation. Identify whether these methodologies: (1) properly bill all costs according to Federal cost principles; (2) reconcile charges for under/over costs of services, and; (3) maximize recovery of costs by maximizing charges to Federal programs. Further, evaluate previous findings of regional negotiators concerning internal service funds: (1) surpluses and reserves; (2) interest costs; (3) actuarial projections, and; (4) revenue vs. expense reconciliations.
- f. Present the plan for review by the Department of Administration Finance Division by December 1st, 2019. Make any adjustments identified in the review process to present the final plan by December 20th, 2019. Plans will include summary reports of carry forward calculations for each central service department and a summary of the proposed fixed cost amounts to be submitted to DHHS, Cost Allocation Services.
- g. Submit the plan to DHHS, Cost Allocation Services by December 31st, 2019 and provide copies of the plan and all other required documentation to the Department of Administration Finance Division.
- h. Represent the State of West Virginia, Department of Administration in all aspects of negotiating the plan with DHHS, Cost Allocation Services. MGT will be onsite for any visits or meetings requested by the Division of Cost Allocation Services, will provide the Finance Division with detailed documentation of all issues discussed during negotiations, and will provide recommendations for actions to be taken by the state to resolve negotiation issues until approval by federal official is obtained.
- i. If the SWCAP should be subsequently audited or questioned, regardless of when, MGT will advise, review, respond and resolve any audit findings or issues.

DELIVERABLES

MGT is committed to providing the following deliverables:

- a. Deliver a specific plan for performing the work along with a proposed timeframe and dates of meetings within 15 days of the award of this contract. A preliminary, but thorough work plan and timeline are included in this proposal.
- b. Review existing mechanisms for billing central services costs directly to user agencies, including internal service and risk management funds, and devise alternate mechanisms if applicable to maximize recovery of costs through allowable charges to the federal government
- c. Complete a draft of the SWCAP and present to the State no later than December 1st.
- d. Provide a final SWCAP to the State no later than December 20th for each fiscal year ending June 30th, with appropriate narrative descriptions of Section I and Section II services, including roll-forward adjustments and a summary of fixed costs. MGT will provide 2 final copies, including one unbound hard copy and one electronic copy.
- e. Provide the State with copies of all approved documents and agreements with federal officials, as well as supporting documentation developed in the negotiation process. MGT will provide 2 final copies, including one unbound hard copy and one electronic copy.

MGT also offers the following additional deliverable to the State:



At the option of the State, we will provide a training session on 2 CFR Part 200 and federal cost recovery issues for State personnel. We will provide a two to three-hour session in space to be provided by the State for up to 75 attendees. Delivery date – once annually.

WORK PLAN

We are committed to developing a SWCAP and related items on time, and meeting with State staff as frequently as necessary to assure a quality product, a full understanding of project results and federal issues, and assisting the State in developing methods and procedures for the full recovery of central services costs from non-general fund sources.

To meet our commitment and timeline, we will utilize a work plan that has been used by our project team members to prepare numerous SWCAPs for over 20 years. Our technical approach will meet the State's objectives through interviews with state agency managers, a comprehensive data collection and review process, and proven cost allocation software. Embedded within our approach is our philosophy of close communications with our client on the progress of our work. Our management philosophy calls for interactive communication with State staff because it fosters an understanding of the work being performed and improves client satisfaction with our work. This will also be beneficial to the State staff that will have responsibility for assisting state agencies in the actual recovery of SWCAP costs.

Given access and availability of state staff to provide organization, service and financial information, MGT is qualified and fully staffed to complete all activities and tasks of the project. We will only require access to state agency staff for brief interviews related to services provided and their duties.

Our work plan for completion of the project each year is comprised of six primary tasks and over 40 subtasks. Following is a brief description of our work plan tasks and subtasks associated with providing the requested services.

TASK 1.0: PROJECT INITIATION AND ADMINISTRATION

- I.1 At the onset of the project, MGT will meet with the State to confirm the objectives, deliverables, and schedule of the project. MGT staff understands the general objectives going into the engagement. However, having an initial meeting to set and determine specific objectives ensures the final product will meet expectations. If necessary, any refinements in approach or schedule will be identified, discussed, and incorporated into a revised work plan and timeline, and submitted to the State for approval.

Also, at this meeting a State project coordinator should be designated. This individual's involvement will include the scheduling of interviews with key department personnel. This individual will also be involved in establishing and coordinating activities to ensure a timely flow of information and interaction between MGT and the State. The designated individual should be thoroughly knowledgeable of State central service operations.

- I.2 Identify the contact people in each central service agency and each billed service agency. Agency would be identified for which contacts are needed during the first week of the project.
- I.3 As the project progresses, deliver a regular project status report to the State project coordinator, until all documents are completed and submitted to CAS.



- 1.4 After CAS responds to the SWCAP submission, we will ensure the State is informed of all conversations and correspondence until all outstanding issues are resolved.

TASK 2.0: PREPARATION OF THE SECTION I CENTRAL SERVICES COST ALLOCATION PLAN

- 2.1 Review the prior SWCAPs, audit documentation, and correspondence related to SWCAPs prepared based on actual expenditures for the previous three years. This review will provide us an understanding of the State's current allocated and billed services, and enable us to identify improvement recommendations. It will also enable us to identify and assist the State in addressing any current or potential 2 CFR Part 200 related issues with allocated and/or billed services. We will need the State lead to provide or direct us to the documents or to the individuals that have access to the documents.
- 2.2 Obtain electronic (preferable) or hard copies of actual expenditures for state central services.
- 2.3 As necessary, meet with central service agencies included in central services cost allocation plan (CSCAP) or identified as a result of our review to brief them on the process and purpose. We expect that the agency meetings will be completed during the first week of project commencement. During these meetings, we will discuss services provided; determine if the current CSCAP service model is still appropriate; and discuss allocation of costs among multiple services. We will also discuss CSCAP allocation logic and current allocation base, and examine alternatives that might now be available. We anticipate each meeting will last approximately one hour.
- 2.4 Provision by central service agencies of allocation data and other necessary information to the State project lead or directly to our consultants, at the discretion of the State. We anticipate the State may want the project lead to coordinate and manage the collection of documents generated at central service agencies, but MGT is willing to gather the data on our own.
- 2.5 When the data from the central service agencies is available, enter cost and allocation statistics into our proprietary cost allocation plan software.
- 2.6 Review, update, and prepare the description of service and allocation base for each central service department.
- 2.7 Prepare carry-forward calculations on a service-by-service basis for each State agency.
- 2.8 Prepare a draft Section I CSCAP.
- 2.9 Prepare an analysis comparing the total amount of cost allocated and the amount allocated to each state agency for the current year to the previous year. The analysis will include a description of significant revisions, and increases and decreases in allocation to state agencies. MGT will also prepare a written analysis of the amount of indirect cost recoveries of the CSCAP, with an explanation of any year-over-year variances.
- 2.10 Provide a draft CSCAP with an analysis/comparison to the project coordinator for review and comment. Electronic copies of the draft CSCAP and analysis will be provided to the State.
- 2.11 Hold a meeting with the State to review the draft CSCAP and analysis/comparison. The intent of this meeting is to ensure State understanding of the CSCAP, the accuracy and validity of the results, and the identification and discussion with the State of any potential issues with CAS. Potential impacts on federal cost recovery by state agencies will also be presented and discussed.

4. PROJECT APPROACH AND METHODOLOGY



- 2.12 Provide a final CSCAP to the State project coordinator incorporating any revisions identified during its review of the draft CSCAP within 10 days of the receipt of any comments or requested revision from the State. Up to three copies of the final CSCAP will be provided to the State, along with electronic (PDF/Excel) versions of the document.

TASK 3.0: PREPARATION OF SECTION II BILLED SERVICES DOCUMENTATION

- 3.1 Identify all statewide Section II billed services. Assistance by the State will likely be required in identifying billed services.
- 3.2 Collect descriptions of services provided. We anticipated the agencies will send the information to the project coordinator and they will forward it to MGT.
- 3.3 Collect and review descriptions of billing and rate development methodologies. We anticipate the agencies will send the information to the project coordinator and they will forward it to MGT.
- 3.4 Collect and review existing billing mechanisms for all internal service funds, self-insurance funds, fringe benefit funds, and any other billed service which are or may be billed to federally funded programs. We anticipated the agencies will send the information to the project coordinator and they will forward it to MGT.
- 3.5 Collect rate schedules/tables. We anticipate the agencies will send the information to the project coordinator and they will forward it to MGT.
- 3.6 Obtain and review financial statement for the internal service funds from the State's Comprehensive Annual Financial Report (CAFR).
- 3.7 Obtain cost center level reports showing the breakdown of expenditures and revenues for each service. The reports should reconcile the cost center information to the CAFR financial reports for each internal service fund. We anticipated the agencies will send the information to the project coordinator and they will forward it to MGT.
- 3.8 For non-internal services funds, obtain depreciation schedules for each service. We anticipated the agencies will send the information to the project coordinator and they will forward it to MGT.
- 3.9 If necessary, obtain the average daily cash balances data for each internal service fund, and the average State Treasury rate of return to calculate imputed interest for internal service funds. We anticipated the project coordinator will acquire the information and forward it to MGT.
- 3.10 Prepare the required federal retained earnings reconciliation schedules for each billed service.
- 3.11 Compile the information on all Section II services into a single statewide Section II document with a section on each service.
- 3.12 Provide a draft statewide Section II billed services document to the project coordinator for review and comment.
- 3.13 A meeting will be held with the State to review the draft Section II billed services document. The intent of this meeting is to ensure understanding of the results, the accuracy and validity of the results, and the identification and discussion with the State of any potential CAS issues.
- 3.14 Provide a final Section II billed services document to the project coordinator incorporating any revisions identified by the State during its review of the draft document within 10 day of the

4. PROJECT APPROACH AND METHODOLOGY



receipt of any comments or requested revision by the State. Up to three copies of the final CSCAP will be provided to the State, along with electronic (PDF/Excel) versions of the document.

TASK 4.0: SUBMISSION AND NEGOTIATION WITH CAS

- 4.1 MGT will submit, or assist with the submission if preferred by the State, the SWCAP (Section I CSCAP, Section II Billed Services Document) to the CAS Field Office.
- 4.2 MGT will contact CAS at least quarterly to find out the status of their review and notify the State of the status.
- 4.3 Provide negotiation services with CAS, coordinating responses, revising submission documents, and generating corrected documents as needed, until all documents are acceptable to CAS and the State. It is important to note that some federal exceptions unrelated to SWCAP preparation or accuracy may interfere with SWCAP approval, such as claims for federal financial participation reimbursements that result in protracted negotiations. MGT will ensure that all of our products are satisfactory to the State and comply with 2 CFR Part 200. Although reliant upon CAS's schedule, we will strive to negotiate approval as quickly as possible.
- 4.4 Attend any on-site review meetings with the CAS negotiator.

TASK 5.0: PROVISION OF CONTINUING SUPPORT TO STATE ON SWCAP AND 2 CFR PART 200 ISSUES

- 5.1 Our continuing service work plan includes the provision of telephone and electronic support in response to questions or interpretations associated with federal cost recovery issues for the term of the contract. MGT considers communications with state agencies, internal service fund managers, and users of SWCAP data an essential element in assisting the State to maximize the recovery of State funds expended on federal programs. We will also provide continued guidance to the State on the requirements of and issues related to 2 CFR Part 200. As new procedures and interpretations are developed and issued, we will assist the State in responding. As with most issues there will likely be many alternatives for addressing each issue. We will attempt to direct the State to those with the least cost and most benefit to the State.
- 5.2 We will be available to assist the State in responding to inquiries concerning the SWCAP, 2 CFR Part 200 issues, cost allocation plan, and billed services issues for the term of the contract. MGT will complete any additional tasks that may reasonably relate to preparation, negotiation, or defense of the SWCAP.
- 5.3 If the SWCAP should be audited or questioned, regardless of when, MGT will be available to respond to questions and provide documentation in support of the SWCAP.
- 5.4 At the option of the State, we will provide a training session on 2 CFR Part 200 and federal cost recovery issues for State personnel. We will provide a two to three-hour session at no additional cost to the State for up to 75 attendees.



INTERNAL CONTROLS AND QUALITY ASSURANCE PROCESS

MGT is committed to providing quality project deliverables and client satisfaction. We are used to having our work audited or reviewed by state and federal negotiators and auditors. We have established the following process to ensure the accuracy and quality of our work.

- ◆ Detailed work papers and schedules are prepared, reconciled, and referenced to State source documents.
- ◆ Work papers are maintained by cost allocation plan and billed service section to enable rapid response to questions or issues that may arise during the review of the SWCAP, cost allocation plan or billed service document by CAS or state auditors.
- ◆ All schedules and interim project deliverables are continually reviewed and cross-checked by the Project Director/Manager.
- ◆ All schedules and work papers are reviewed by an MGT Executive prior to the development of interim reports, and draft and final deliverables.
- ◆ MGT's quality assurance coordinator ensures all work papers are properly identified and maintained in accordance with State and 2 CFR Part 200 requirements.

When planning a project, MGT utilizes common project management tools to identify tasks and assign resources to projects. As part of our establishment of the task time and durations, we build-in the possibility that issues may arise during the project that cause the task time or duration of the project to need modification.



Embedded within our approach is our philosophy of **close communication with our client on the progress of our work**. We are committed to meeting with and providing progress reports to the State's Project Coordinator and management team as often as necessary to ensure quality deliverables are provided in accordance with project timelines and State expectations.

5. PROJECT SCHEDULE

Assuming the data needed to perform the calculations are available, MGT will provide the draft SWCAP and related documents by December 1st of each year, with final versions of the reports being provided no later than December 20th of each year. This timeframe will allow the State sufficient time each year to facilitate review of the documents prior to submittal of the final SWCAP and information to the U.S. Department of Health and Human Services.

Should deadline extensions be necessary due to unavailability of data, MGT will work with the State to create a custom project timeline each year. We do have flexibility in the level of staffing assigned to this project and can speed up our processes by adding resources to the project if needed.

The following table outlines the estimated schedule for completion of the project by task and subtask.

PROPOSED TASK-SUBTASK	MONTH			ONGOING AS REQUESTED
	Month 1	Month 2	Month 3	
TASK 1.0				
1-1 Kickoff	■			
1-2 Identify contacts	■			
1-3 Status reports				■
1-4 CAS status updates				■
TASK 2.0				
2-1 Review prior SWCAPS	■			
2-2 Obtain expenditures	■			
2-3 Meet with agencies	■			
2-4 Obtain allocation data	■			
2-5 Enter expense and allocation data		■		
2-6 Update allocation descriptions		■		
2-7 Prepare carry-forward		■		
2-8 Prepare a draft Section I CSCAP		■		
2-9 Analysis of variances		■		
2-10 Provide draft Section I CSCAP & variance analysis		■		
2-11 Review draft Section I CSCAP with KSDOA			■	
2-12 Provide final Section I CSCAP after any revisions			■	

5. PROJECT SCHEDULE



TASK 3.0				
3-1 Identify Section II services	■			
3-2 Collect descriptions of Section II services	■			
3-3 Collect and review billing methodologies	■			
3-4 Collect and review billing mechanisms	■			
3-5 Collect rate schedule	■			
3-6 Obtain financial statements		■		
3-7 Obtain detail expenditures and revenues		■		
3-8 Obtain depreciation schedules		■		
3-9 Calculate imputed interest		■		
3-10 Prepare retained earnings reconciliations		■		
3-11 Compile data into Section II document		■		
3-12 Provide draft Section II document to KSDOA		■		
3-13 Review Section II document with KSDOA			■	
3-14 Provide final Section II document after any revisions			■	
TASK 4.0				
4-1 Submit SWCAP to CAS			■	
4-2 Contact CAS				■
4-3 Negotiation with CAS				■
4-4 Attend CAS meetings				■
4-5 Determine impact of findings				■
4-6 Revise SWCAP if necessary				■
4-7 Provide final SWCAP copies upon agreement with CAS				■
TASK 5.0				
5-1 On-going 2 CFR Part 200 guidance				■
5-2 SWCAP inquiries support				■
5-3 Audit Support				■
5-4 2 CFR Part 200 training session				■

6. EXHIBIT A: COST SHEET

Exhibit A: Cost Sheet

COST INFORMATION BELOW AS DETAILED IN THE REQUEST FOR QUOTATION

- **Cost Proposal for Fiscal Year 2019** (each item is an All-Inclusive Cost):

FY2019 SWCAP \$ 23,500.00

- **Cost Proposal for Fiscal Year 2020** (each item is an All-Inclusive Cost):

FY2020 SWCAP \$ 23,900.00

- **Cost Proposal for Fiscal Year 2021** (each item is an All-Inclusive Cost):

FY2021 SWCAP \$ 24,300.00

- **Cost Proposal for Fiscal Year 2022** (each item is an All-Inclusive Cost):

FY2022 SWCAP \$ 24,700.00

- **Grand Total of Cost Proposal for Fiscal Year 2019, 2020, 2021 and 2022:**

Total \$ 96,400.00

7. EXHIBIT B: VENDOR RESPONSE SHEET

Provide a response regarding the following: firm qualifications and experience in completing similar projects; and references.

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 vendor must have a minimum of at least 40 employees.

MGT is a national management consulting and research firm based in Tallahassee, Florida, specializing in providing services to public-sector clients. Founded in 1974, MGT has grown to 103 professionals located across the country with regional offices located in 10 different states.

MGT's most recently filed Equal Opportunity Employee Information Report, filed 3/18/2019, is attached as **Appendix A** and indicates 103 employees.

3.2. The vendor must have prepared and successfully negotiated a minimum of three (3) statewide cost allocation plans for the respective state's most recently three(3) SWCAP filings, and must provide a minimum of three (3) positive references of this prior experience.

STATEWIDE INDIRECT COST ALLOCATION PLANS

MGT annually prepares hundreds of central service cost allocation plans for state and local government, including statewide central service cost allocation plans (SWCAP) for states.

- ♦ **All project team members each have over 20 years of experience with SWCAP projects.**
- ♦ **In just the past five years the MGT project team has prepared SWCAPs for six (6) states (Louisiana, Nevada, New Mexico, North Dakota, Texas, and Washington) and the U.S. Territory of the Virgin Islands.**

In general, these projects have included the following scope of work:

- ♦ Preparation and submittal to the Cost Allocation Services (CAS) division of the U.S. Department of Health and Human Services of a 2 CFR Part 200 compliant central service cost allocation plan that identified and fully allocated cost of the State's Section I allocated costs.
- ♦ Collection and submittal of all Section II billed cost information required by 2 CFR Part 200 and CAS on internal service funds, self-insurance funds, fringe benefits, and other billed services.
- ♦ Negotiation of the Section I statewide central services cost allocation plan and Section II billed services information with CAS.
- ♦ Securing of a negotiation agreement on the Section I costs and Section II billed services.
- ♦ Guidance on the implementation of Section I results.
- ♦ Guidance on Section II cost and fund balance issues.

7. EXHIBIT B: VENDOR RESPONSE SHEET



- ◆ Continuing guidance on issues and requirements related to 2 CFR Part 200.
- ◆ Educational support to the State on federal costing issues, Section I, Section II, and federal cost recovery.

Following are details on SWCAP projects MGT consultants have completed during the last five years.

- ◆ **State of Nevada** – Prepared and negotiated the approval of the SWCAP annually since FY 2008. Approval of the SWCAPs is negotiated with the CAS Western Field Office, with responsibility for approval transferred to the Central Field Office with the 2017 actual SWCAP.
- ◆ **State of New Mexico** – Prepared and negotiated the approval of the SWCAP annually since FY 2007. Approval of the FY 2011 SWCAP and prior SWCAPs were negotiated with the CAS Central Field (Dallas) Office. Approval of the FY 2012 and subsequent SWCAPs have been negotiated with the CAS Western Field Office.
- ◆ **State of Louisiana** – Prepared and negotiated the approval of the SWCAP annually since FY 2012. Approval of the SWCAPs is negotiated with the CAS Central Field Office (Dallas).
- ◆ **State of North Dakota** – Prepared and negotiated the approval of the SWCAP annually since FY 2011. Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office.
- ◆ **State of Texas** – Prepared and negotiated the approval of the SWCAP annually since FY 2009. Approval of the SWCAPs is negotiated with the CAS Central Field Office (Dallas).
- ◆ **State of Washington** – Prepared and negotiated the approval of the SWCAP annually since FY 2012. Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office.
- ◆ **The U.S. Territory of the Virgin Islands** – Prepared and successfully negotiated approval of the FY 2009 through FY 2018 Territory-wide Cost Allocation Plans (TWCAP). Responsibility for the review and negotiation of the TWCAP has been transferred from the CAS to the U.S. Department of Interior.

Below are four SWCAP projects MGT consultants have completed during the last five years, including client contacts who can provide positive references.

State of New Mexico – Prepared and negotiated the approval of the FY 2007 through the current year SWCAP. Approval of the FY 2011 SWCAP and prior SWCAPs were negotiated with the CAS Central Field (Dallas) Office. MGT Project Consultants: Elise d’Auteuil and Bret Schlyer.

Contact: Mr. Richard H. Torrence, CPA
Title: Department of Finance and Administration, CAFR Accountant
Phone: 505-476-8533
E-Mail: Richard.torrence@state.nm.us

7. EXHIBIT B: VENDOR RESPONSE SHEET



State of Texas – Prepared and negotiated the approval of the FY 2009 through the current year SWCAP. Approval of the SWCAPs is negotiated with the CAS Central Field Office (Dallas). MGT Project Consultants: Elise d’Auteuil, Joel Nolan and Bret Schlyer.

Contact: Theresa Boland
Title: Office of the Governor, Budget Manager, Financial Services Division
Phone: 512-936-0166
E-Mail: tboland@governor.state.tx.us

State of Washington – Prepared and negotiated the approval of the FY 2012 through the current year SWCAP. Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office. MGT Project Consultants: Bret Schlyer and Joel Nolan.

Contact: Michael Schaub
Title: Office of Financial Management, State Financial Senior Consultant
Phone: 360-725-0225
E-Mail: Michael.Schaub@OFM.WA.GOV

State of North Dakota – Prepared and negotiated approval of the FY 2014 through the current year SWCAP was negotiated with the CAS Western Field (San Francisco) Office. MGT Project Consultants: Bret Schlyer and Brooke Brandenburg.

Contact: Crystal Hoggarth
Title: Office of Management and Budget
Phone: 701-328-1666
E-Mail: cnhoggarth@nd.gov

- **3.3. The vendor must provide a copy of the most recent audited financial statements of the company.**

Please see MGT’s most recent audited financial statements attached as Appendix B.

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: J. Bradley Burgess, Executive Vice President, MGT of America Consulting, LLC

Authorized Signature:  Date: July 26, 2019

State of California

County of Sacramento, to-wit:

Taken, subscribed, and sworn to before me this 26 day of July, 2019.

My Commission expires 3-6-2020, 20 .

AFFIX SEAL HERE See attached for seal. NOTARY PUBLIC Michael Romanishin

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Sacramento

Subscribed and sworn to (or affirmed) before me on this 26
day of July, 2019, by

J. Bradley Burgess
proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature

[Handwritten Signature]

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: FAR2000000001

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) *No amendments posted on wvoasis*

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

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

MGT of America Consulting, LLC

Company

Authorized Signature

July 26, 2019

Date

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

APPENDIX A: MGT EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER INFORMATION REPORT

MGT's Equal Employment Opportunity Employer Information Report, dated 3/18/19, is included on the following page as proof of 103 employees.

CO= GM00325

U= GM00325

EQUAL EMPLOYMENT OPPORTUNITY
2018 EMPLOYER INFORMATION REPORT
CONSOLIDATED REPORT - TYPE 2

SECTION B - COMPANY IDENTIFICATION

1. MGT OF AMERICA CONSULTING LLC
516 NORTH ADAMS STREET

TALLAHASSEE, FL 32301

2.a. MGT OF AMERICA CONSULTING LLC
516 NORTH ADAMS STREET

TALLAHASSEE, FL 32301
LEON COUNTY

c. Y

SECTION C - TEST FOR FILING REQUIREMENT

1-Y 2-N 3-N DUNS NO.: EIN :810890071

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 541611 Administrative Management
and General Management Consulting
Services

SECTION D - EMPLOYMENT DATA

Table with columns for Job Categories, Hispanic or Latino (Male/Female), Not-Hispanic or Latino (Male/Female), and Overall Totals. Rows include Executive/Sr Officials & Mgrs, First/Mid Officials & Mgrs, Professionals, Technicians, Sales Workers, Administrative Support, Craft Workers, Operatives, Laborers & Helpers, Service Workers, Total, and Previous Report Total.

SECTION F - REMARKS

DATES OF PAYROLL PERIOD: 10/16/2018 THRU 10/31/2018

SECTION G - CERTIFICATION

CERTIFYING OFFICIAL:
EEO-1 REPORT CONTACT PERSON:
EMAIL: acctpay@mgtconsulting.com

JENNIFER NICCOLAI
Louise Lopez

TITLE: HR DIRECTOR
TITLE: HR DIRECTOR
TELEPHONE NO: 8503863191

CERTIFIED DATE[EST]: 03/18/2019 02:12 PM

APPENDIX B: MGT AUDITED FINANCIAL STATEMENTS

**MGT of America, LLC
and Subsidiaries**

June 30, 2018 and 2017

**Consolidated Financial Statements and
Independent Auditor's Report**



Table of Contents

Independent Auditor's Report	3-4
Consolidated Balance Sheets June 30, 2018 and 2017	5
Consolidated Statement of Operations for the year ended June 30, 2018.....	6
Consolidated Statement of Changes in Members' Equity	7
Consolidated Statement of Cash Flows for the year ended June 30, 2018	8
Notes to Consolidated Financial Statements.....	9-17

INDEPENDENT AUDITOR'S REPORT

To the Members
MGT of America, LLC and Subsidiaries
Tampa, Florida

We have audited the accompanying consolidated financial statements of MGT of America, LLC and Subsidiaries ("Company"), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the consolidated statement of operations, consolidated statement of changes in members' equity, and consolidated statement of cash flows for the year ended June 30, 2018 and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 overall presentation of the consolidated financial statements.

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

Experienced, resourceful and passionate about your needs

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MGT of America, LLC and Subsidiaries as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Is and company
Is and company

St. Petersburg, Florida
November 20, 2018

MGT of America, LLC and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,472,861	\$ 1,173,587
Accounts receivable, net	4,552,784	3,301,202
Unbilled accounts receivable	2,172,756	1,962,355
Prepaid expenses	202,887	111,024
Total current assets	8,401,288	6,548,168
Property and equipment, net	503,687	99,664
Other assets:		
Goodwill	5,013,724	4,781,475
Intangible assets, net	307,680	349,989
Due from related party	31,619	-
Deposits	57,232	53,160
Total other assets	5,410,255	5,184,624
Total assets	\$ 14,315,230	\$ 11,832,456
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	\$ 1,195,105	\$ 1,838,648
Accrued liabilities	1,475,866	330,106
Capital lease, current portion	91,000	-
Line of credit	2,959,195	2,213,286
Deferred revenue	159,563	1,081,749
Term loan, current portion	292,579	1,208,900
Related party notes payable, current portion	221,632	88,936
Total current liabilities	6,394,940	6,761,625
Long-term liabilities:		
Capital lease, less current portion	138,300	-
Accrued benefits	514,066	498,889
Term loan, less current portion	981,400	69,485
Related party notes payable, less current portion	1,657,513	672,571
Total long-term liabilities	3,291,279	1,240,945
Total liabilities	9,686,219	8,002,570
Members' equity:	4,629,011	3,829,886
Total liabilities and members' equity	\$ 14,315,230	\$ 11,832,456

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

MGT of America, LLC and Subsidiaries
Consolidated Statement of Operations
For the year ended June 30, 2018

Sales	\$ 24,040,737
Cost of sales	
Salaries and employee benefits	10,426,609
Contract labor	6,872,091
Travel	<u>1,813,444</u>
Total cost of sales	<u>19,112,144</u>
 Gross profit	 <u>4,928,593</u>
General and administrative expenses	
Operating expenses	2,087,757
Occupancy	466,721
Interest	245,535
Depreciation and amortization	<u>95,132</u>
Total general and administrative expenses	<u>2,895,145</u>
 Other income	 <u>359,000</u>
 Net income	 \$ <u><u>2,392,448</u></u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

MGT of America, LLC and Subsidiaries
Consolidated Statement of Changes in Members' Equity
For the Year Ended June 30, 2018

	<u>Total</u>	<u>Common Units</u>	<u>Preferred Units</u>	<u>Strategos Retention</u>
Balances at June 30, 2017	\$ 3,829,886	\$ 1,861,168	\$ 1,876,462	\$ 92,256
Net income	2,392,448	2,476,508	-	(84,060)
Priority charge	-	(191,934)	191,934	-
Common units vested/purchased	136,907	136,907		
Units redeemed	(1,727,970)	(121,464)	(1,606,506)	
Distributions	<u>(2,260)</u>	<u>(2,260)</u>	<u>-</u>	<u>-</u>
Balances at June 30, 2018	\$ <u>4,629,011</u>	\$ <u>4,158,925</u>	\$ <u>461,890</u>	\$ <u>8,196</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

MGT of America, LLC and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flow from operating activities:	
Net income	\$ 2,392,448
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	95,132
Gain on preferred member unit redemption	(359,000)
Change in operating assets and liabilities:	
Accounts receivable and unbilled AR	(1,461,983)
Prepaid expenses	(91,863)
Due to related party	(32,063)
Other assets	(4,072)
Deferred revenue	(922,186)
Accounts payable and accrued expenses	517,394
Net cash used in operating activities	<u>133,807</u>
Cash flows from investing activities:	
Purchase of property and equipment	(185,439)
Acquired acquisition	(232,249)
Payments on capital lease agreements	(42,107)
Payments on related party note payable	(31,619)
Distributions to members	(2,260)
Net cash used in investing activities	<u>(493,674)</u>
Cash flows from financing activities:	
Increase in LOC, net	745,909
Principal payments on long-term debt	(1,314,406)
Proceeds from long-term debt	1,310,000
Principal payments on related party debt	(92,362)
Proceeds from related party debt	10,000
Net cash provided by financing activities	<u>659,141</u>
Increase in cash	299,274
Cash, beginning of year	<u>1,173,587</u>
Cash, end of year	<u>\$ 1,472,861</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 245,535</u>
Supplemental schedule of noncash financing and investing activities:	
Related party notes with former founders in exchange for their preferred interests	<u>\$ 1,206,000</u>
Equipment purchased with assumption of capital leases	<u>\$ 271,407</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

1. Description of Business

MGT of America, LLC (MGT) along with its subsidiaries (MGT of America Consulting, LLC and Strategos Public Affairs, LLC) (collectively called “the Company”) is a nationwide professional services firm that delivers a diverse range of consulting services to public and public related agencies in the following markets: financial services, educational transformation, PK-12, higher education, facilities, disparity, human resources, and cyber security.

2. Basis of Presentation and Consolidation

The accompanying audited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and reflect the financial statement presentation and disclosure requirements under U.S. GAAP. The consolidated financial statements include the accounts of MGT along with its subsidiaries as noted above. All significant intercompany transactions have been eliminated in consolidation.

3. Summary of Significant Accounting policies under US GAAP

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash or deposits with financial institutions and deposits in highly liquid money market securities. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. Amounts over the FDIC insurance limit at June 30, 2018 and 2017 were approximately \$1,409,600 and \$963,500, respectively.

Accounts Receivable, Net

The Company carries its accounts receivable at face value less an allowance for doubtful accounts. The allowance for doubtful accounts is established to cover probable and reasonably estimable losses. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience, aging analyses, specifically identified troubled receivable balances that are past due and other currently available information, including macroeconomic factors. Uncollectible receivables are charged to bad debt expense when that determination is made. There was no bad debt expense for the year ended June 30, 2018. Allowance for doubtful accounts was \$29,000 and \$25,000 for the years ended June 30, 2018 and 2017.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

3. Summary of Significant Accounting policies under US GAAP - Continued

Property and Equipment, Net

Property and equipment is carried at cost, net of accumulated depreciation and amortization. Maintenance repairs and minor improvements are expensed as incurred. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, as follows:

Technology equipment and software	3 to 5 years
Furniture and fixtures	15 years
Leasehold improvements	Term of lease

Goodwill and Intangible Assets

Goodwill consists of the excess of purchase price over the fair value of identifiable net assets of companies acquired. In accordance with the Accounting Standards Codification (“ASC”) 350 “Intangibles-Goodwill and Other”, the carrying amount of goodwill and intangible assets is to be reviewed at least annually for impairment, and losses in value, if any, will be charged to operations in the period of impairment. ASU 2011-8 permits an entity to evaluate qualitative factors to assess whether impairment is more likely than not to have occurred. The test for impairment was completed for the years ended June 30, 2018 and 2017. Goodwill was determined to not be impaired for the years ended June 30, 2018 and 2017.

In August 2017, the Company acquired the assets of Anderson Strickler (AS), a management consultancy firm for \$50,000 at closing, \$286,000 payable over the next three years based on AS achieving certain earn out targets. Earn out targets for the first payoff of \$50,000 due in August 2018 were not achieved and was recorded against Goodwill as of June 30, 2018. The achievements of the remaining targets are doubtful. The acquisition added one director and four staff and strengthened the Company’s capabilities in higher education.

Intangible assets are recorded at their estimated fair value at the date of acquisition. Intangible assets are amortized using the straight-line method over 15 years. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Assets that are deemed to be potentially impaired are evaluated for recoverability based upon management’s estimates of future discounted cash flows. If the carrying value exceeds the recoverable amount of the asset, the deficiency is recorded as an impairment loss. No fixed or intangible assets impairment charges were recorded for the years ended June 30, 2018 and 2017.

Fair Value Measurements

The Company’s financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt. The fair value of cash, accounts receivable, and accounts payable approximate carrying value since they are relatively short-term in nature. The carrying value of debt approximates fair value due either to length of maturity or existence of interest rates that approximate the prevailing market rates.

Read accompanying Independent Auditor’s Report.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

3. Summary of Significant Accounting policies under US GAAP - Continued

Income Taxes and Priority Charges

The Company operates as a partnership for U.S. federal and state income tax purposes with a calendar year end. Generally, the tax liability related to income earned represents obligations of the individual members and has not been reflected in the consolidated financial statements. In the operating agreement, preferred members earn a 4% dividend on capital invested payable at the discretion of management with board approval. This obligation is not charged against earnings but shown as priority charge in the Statement of Changes in Members' equity.

The Company accounts for uncertain tax positions, if any in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Company recognizes tax positions only to the extent management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements for the year ended June 30, 2018. The Company believes that its income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effect on the Company's consolidated balance sheet, consolidated statement of operations or consolidated cash flows. Accordingly, the Company has not recorded any accruals for interest and penalties for uncertain income tax positions at June 30, 2018.

The Company's income tax returns are subject to examination by taxing authorities since its formation. As of June 30, 2018 the following tax years are subject to examination

Jurisdiction
Federal

Open Years for Filed Returns
December 31, 2016 and 2017

Revenue Recognition

Revenues include all amounts billable to clients. Revenues are principally recognized as services are rendered by employees of the Company and subcontractors working under the authority of the Company. The impact of performance variances to engagement revenues recognized to date, from changes in expected revenues, are recorded in the period in which these changes become known. Unbilled accounts receivable represents revenues for services rendered and expenses incurred that have not yet been billed. Billings in excess of services rendered are recorded as deferred revenues until the applicable revenue recognition criteria are met. The Company also derives revenues from engagements with incentive-based contracts and other contracts that condition fees on the ability to deliver certain defined goals. Revenues from such engagements are not recognized until a defined goal or milestone is met.

Advertising Costs

Advertising costs are charged to expense as incurred. Related expenses included in operating expenses in the accompanying consolidated statement of operations approximated \$11,000 for the year ended June 30, 2018.

Read accompanying Independent Auditor's Report.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

3. Summary of Significant Accounting policies under US GAAP - Continued

Credit Risks

The Company provides professional services to many geographically diverse customers primarily across the public sector. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. Accounts receivable are reviewed on a periodic basis and an allowance for doubtful accounts is recorded where such amounts are determined to be uncollectible. Due to the large number of client accounts and the type of client base, management does not believe that a significant exposure from a concentration of credit risk exists.

4. Property and Equipment, net

Property and equipment, net consists of the following at June 30:

	2018	2017
Computer equipment	\$ 485,398	\$ 183,663
Software	174,086	172,022
Furniture and equipment	80,655	80,655
Leasehold improvements	36,170	36,170
Assets under construction	151,200	-
	927,509	472,510
Less accumulated depreciation	(423,822)	(372,846)
	\$ 503,687	\$ 99,664

Depreciation expense for the year ended June 30, 2018 was approximately \$53,000.

5. Intangible Assets, net

Intangible assets consist of the following:

	2018	2017	Estimated Useful Life (Years)
Non-compete agreements	\$ 771,277	\$ 771,277	15
Customer Relationships	1,088,000	1,088,000	15
	1,859,277	1,859,277	
Less accumulated amortization	(1,551,597)	(1,509,288)	
	\$ 307,680	\$ 349,989	

Estimated future amortization is estimated to be approximately \$42,000 each year through 2026. Amortization expense was approximately \$42,000 for the year ended June 30, 2018.

Read accompanying Independent Auditor's Report.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

6. Line of Credit

The Company has two lines of credit. One line has a limit of \$3,500,000 with an interest rate of prime plus one percent. The other line has a limit of \$150,000 with an interest rate of the Wall Street Journal Prime Interest Rate. The rate on the \$3,500,000 line was 5%. The rate on the \$150,000 line at June 30, 2018 was 5%. Interest on both lines is due monthly and the outstanding principal balance is due in full on demand. The outstanding balances owed on the lines of credit at June 30, 2018 were approximately \$2,849,195 and \$110,000. The outstanding balances owed on the lines of credit at June 30, 2017 were approximately \$2,163,287 and \$50,000. The line of credit of \$3,500,000 is collateralized by all assets of the Company. The line of credit of \$150,000 is collateralized by all assets of Strategos Public Affairs, LLC. As of June 30, 2018 and 2017, the Company is in compliance with all covenants.

7. Long Term Debt

In February 2018, the Company replaced its \$1,200,000 term loan with a new \$1,300,000 term loan and restructured the terms of its lines of credit to finance continued growth of the business.

Long Term debt consists of the following:

	2018	2017
Term loan due in monthly installments of \$24,883, including interest at 5.5% through January 2023, secured by assets of the Company and guaranteed by a member of the Company.	\$ 1,204,494	\$ -
Term loan due in monthly installments of \$4,500.28, including interest at 5% through October 2019, secured by all assets of Strategos Public Affairs, LLC.	69,485	107,563
Term loan due in monthly installments of \$8,800 including interest at 6% for July 2017 and August 2017. Final balloon payment due September 2017. Loan was extended month to month with same terms until refinancing in February 2018. Secured by assets of the Company.	-	1,170,822
	1,273,979	1,278,385
Less current installments of long-term debt	292,579	1,208,900
Long-term debt, excluding current installments	\$ 981,400	\$ 69,485

Read accompanying Independent Auditor's Report.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

7. Long Term Debt - Continued

As of June 30, 2018, the annual maturities of long-term debt are as follows:

<u>June 30,</u>		
2019	\$	292,579
2020		269,332
2021		265,893
2022		280,891
2023		<u>165,284</u>
	\$	<u><u>1,273,979</u></u>

8. Lease Obligations

The Company leases various operating facilities in Florida, Michigan and California with non-cancelable lease terms through 2025. The leases require payments of taxes and certain other expenses. Office rent expense was approximately \$466,000 in 2018. The following is a schedule of future minimum rental commitments required under non-cancelable leases that have a minimum initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2018:

Year Ending		
<u>June 30,</u>		
2019	\$	272,000
2020		278,000
2021		155,000
2022		149,000

In 2018, the Company began leasing certain computer equipment under leases classified as capital leases. The leased equipment is amortized on a straight line basis over 3 years. Total accumulated amortization related to the leased equipment was approximately \$17,100 in 2018. The following is a schedule showing the future minimum lease payments under capital leases:

Year Ending		
<u>June 30,</u>		
2019	\$	91,000
2020		90,500
2021		<u>96,600</u>
		278,100
Less interest		<u>(48,800)</u>
Total		<u><u>229,300</u></u>

Read accompanying Independent Auditor's Report.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

8. Lease Obligations - Continued

The interest rate related to the lease obligation is six percent with a maturity date in 2021. Total property under capital lease is \$271,407.

9. Retirement Plan

The Company has adopted a 401(k) profit sharing plan. Eligible employees may contribute elective pre-tax deferrals subject to Internal Revenue Service limitations. The Company matches contributions up to 3% of an employee's compensation. Employee contributions vest over a six year period. Total employer contributions for the year ended June 30, 2018 was approximately \$222,000.

10. Related Party Transactions

In June, the former founders exchanged their preferred interests for long term notes with an original principal balance of \$1,206,000, payable in 96 monthly principal payments of \$12,706 plus interest of 4.25%. In 2014, CPI, a company majority owned by former stock holders of MGT of America, Inc. entered into a loan agreement with an original principal balance of \$ 1,000,000 with the Company to fund ongoing operations payable monthly through July 15, 2025 plus interest of 6.25%.

Related party notes consist of the following:

	<u>2018</u>	<u>2017</u>
Related party debt due in monthly payments of \$12,706 plus interest of 4.25% through July 2026.	\$ 1,197,396	\$ -
Related party debt due in monthly payments of \$9,288 plus interest of 6.25% through September 2025. Secured by accounts receivable of the Company.	671,749	751,507
Due to partner	<u>10,000</u>	<u>10,000</u>
	1,879,145	761,507
Less current installments of long-term debt	<u>221,632</u>	<u>88,936</u>
Long-term debt, excluding current installments	<u>\$ 1,657,513</u>	<u>\$ 672,571</u>

Read accompanying Independent Auditor's Report.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

10. Related Party Transactions – Continued

As of June 30, 2018, the annual maturities of related party debt are as follows:

June 30,		
2019	\$	221,632
2020		222,460
2021		233,864
2022		245,876
2023		258,528
Thereafter		696,785
	\$	1,879,145

During 2018, the Company incurred rent expense of approximately \$226,000; legal costs of \$124,000; travel costs of \$115,000 and \$72,000 of refinancing costs to entities that are owned by members.

11. Commitments and Contingencies

The Company is involved in litigation arising in the ordinary course of business. Some of the actions and proceedings have been brought on behalf of various claimants and certain of these claimants seek damages of unspecified amounts. While the ultimate outcome of litigation matters cannot be predicted with certainty, it is the current opinion of management that the resolution of such litigation is not likely to have a material adverse effect on the consolidated financial statements.

12. Voting rights

Common units includes two classes - Class A common unit which has total voting rights while Class C common unit has limited voting rights and can be redeemed subject to cash availability and board approval. There were 483,646 and 458,479 vested units and 509,229 and 483,646 issued units Class A unit at June 30, 2018 and 2017, respectively. Class C common units vested and issued were 23,132 and 23,132 and 32,850 and 32,850 at June 30, 2018 and 2017, respectively. At June 9, 2018, Class C units were redeemed as part of the related party transaction described in Note 10.

Preferred units include three types – Preferred A, Preferred B and Preferred C. Preferred A units have no voting rights. They were issued at \$1,000 per unit and can be redeemed at any time at the discretion of the Board. They accrue dividends at Prime plus 3% per annum, payable monthly, which should be cumulative and payable with preference over common units. All of the 687 issued and outstanding units except 59 were redeemed during June 2018 for notes payable – see note 10. Preferred B units have no voting rights. They were issued at \$12 per unit and can be redeemed at any time at the discretion of the Board. They accrue dividends at 5% of Agreed Value, cumulative, payable monthly, with preference over common units. All of the 65,384 units were redeemed during June 2018 for notes payable. See note 10.

MGT of America, LLC and Subsidiaries
Notes to Consolidated Financial Statements
As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018

12. Voting rights - Continued

Preferred Class C units have limited voting rights and accrue dividends at 4% to be paid at the discretion of the Board with preference over common units. There were 515,205 units outstanding as of June 30, 2018 and 2017.

13. Subsequent Events

Management has evaluated subsequent events through November 20, 2018, the date on which the consolidated financial statements were available to be issued. No subsequent events were identified that would require adjustment to, or disclosure in, the consolidated financial statements.