



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

## Header

List View

**General Information** | [Contact](#) | [Default Values](#) | [Discount](#) | [Document Information](#) | [Clarification Request](#)

Procurement Folder: 860293

Procurement Type: Central Contract - Fixed Amt

Vendor ID: 

Legal Name: SUTTLE &amp; STALNAKER PLLC

Alias/DBA:

Total Bid: \$115,500.00

Response Date:  Response Time: Responded By User ID:  First Name: Last Name: Email: Phone: 

SO Doc Code: CRFQ

SO Dept: 0404

SO Doc ID: SBA2100000001

Published Date: 4/23/21

Close Date: 4/29/21

Close Time: 13:30

Status: Closed

Solicitation Description: 

Total of Header Attachments: 2

Total of All Attachments: 2



Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	GOVERNMENT AUDITING SERVICES				115500.00

Comm Code	Manufacturer	Specification	Model #
93151607			

**Commodity Line Comments:**

**Extended Description:**

Reference Exhibit A Pricing Page

EXHIBIT A Pricing Page

Description	Quantity	Unit Cost	Extended Cost
Independent Audit Services for Fiscal Year 2021	1	\$23,500.00	\$23,500.00
FY 2021 - Additional Cost for Federal Funds *	1	\$5,000.00	\$5,000.00
Independent Audit Services for Fiscal Year 2022 (2nd year optional renewal)	1	\$23,500.00	\$23,500.00
FY 2022 - Additional Cost for Federal Funds * (2nd year optional renewal)	1	\$5,000.00	\$5,000.00
Independent Audit Services for Fiscal Year 2023 (3rd year optional renewal)	1	\$24,000.00	\$24,000.00
FY 2023 - Additional Cost for Federal Funds* (3rd year optional renewal)	1	\$5,000.00	\$5,000.00
Independent Audit Services for Fiscal Year 2024 (4th year optional renewal)	1	\$24,500.00	\$24,500.00
	1	\$5,000.00	\$5,000.00
<b>TOTAL BID AMOUNT</b>			\$115,500.00

\* In any year the SBA utilizes Federal funds, this is the additional cost to be paid for the preparation of documents relating to the Single Audit Act. Any year the SBA does not have Federal Funds then this cost will not be paid.

**Please provide vendor contact information below:**

**VENDOR CONTRACT MANAGER NAME - Chris Lambert, CPA, CGMA, CCIFP, Member**

**VENDOR NAME - Suttle & Stalnaker, PLLC**

**VENDOR ADDRESS - 1411 Virginia Street East, Suite 100, Charleston, WV 25301**

**VENDOR PHONE NUMBER - 304-343-4126**

**VENDOR FAX NUMBER - 304-343-8008**

**VENDOR CONTACT E-MAIL - CSLambert@suttlecpas.com**

---

COMMITMENT TO SERVE

**School Building Authority of West Virginia**



A Professional Limited Liability Company



School Building Authority of West Virginia

Auditing Services

Response to Request for Quotation  
CRFQ 0404 SBA2100000001

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

Contact Person:



---

Chris Lambert, CPA, CGMA, CCIFP, Member

April 29, 2021



## TABLE OF CONTENTS

TRANSMITTAL LETTER	4 - 5
RFQ – QUALIFICATIONS AND MANDATORY REQUIREMENTS	6
WORK PLAN TIMELINE	11
INDEPENDENCE & LICENSED TO PRACTICE IN WEST VIRGINIA	12
CPA’S AUDIT YEARS OF EXPERIENCE WITH GOVERNMENTAL ENTITIES	12 - 17
FIRM EXPERIENCE WITH GOVERNMENTAL ENTITIES	17 - 20
PEER REVIEWS	21 - 25
NUMBER OF CPA’S IN FIRM’S AUDIT PRACTICE	26
FINAL AUDIT REISSUE EXPERIENCE	26
AICPA’S GOVERNMENTAL AUDIT QUALITY CENTER MEMBERSHIP	26
SPECIFIC WORK PLAN	27 - 38
COST	See Separate File Uploaded
APPENDIX	
QUALITY CONTROL DOCUMENT	Upon Request
REQUEST FOR QUOTATION	39





TRANSMITTAL LETTER





April 29, 2021

School Building Authority of West Virginia  
2300 Kanawha Boulevard East  
Charleston, West Virginia 25301

We are pleased to submit our proposal to serve as independent Certified Public Accountants to perform the annual audit of the financial statements of the School Building Authority of West Virginia (the SBA) for the year ended June 30, 2021 with the option to audit the SBA's financial statements for each of the three subsequent fiscal years and to provide technical assistance to the SBA's accounting staff in the preparation of financial statements, reports and documents necessary for compliance with the Comprehensive Annual Financial Report of the State of West Virginia and the requirements of the West Virginia Financial Accounting and Reporting Section of the Department of Administration. Suttle & Stalnaker, PLLC welcomes this opportunity to serve you. We are particularly well suited to serve you since our experience is especially strong in working with West Virginia State government and governmentally funded organizations.

The team which we have assembled to serve the SBA has a long-standing relationship with various State and local government organizations which means that we know and understand the difficult issues and how to address them. Our primary team members have extensive technical knowledge of and experience with Federal and State grants and will be available at your request. Your engagement member will be Kelly Shafer. She has worked with the SBA on several past engagements, including the financial statement audit, and serves as engagement partner for a number of other governmental organizations.

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

Very truly yours,

A handwritten signature in black ink that reads 'Suttle &amp; Stalnaker, PLLC'.

Suttle & Stalnaker, PLLC

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

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

The Rivers Office Park  
200 Star Avenue | Suite 220  
PO Box 149  
Parkersburg, WV 26102

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

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

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

suttlecpas.com  
cpa@suttlecpas.com

RFQ - QUALIFICATIONS AND  
MANDATORY REQUIREMENTS



## QUALIFICATIONS

We certify that we meet the following qualifications of the RFQ as demonstrated below and in greater detail in our responses to the *Mandatory Requirements* that follows in this section.

**3. QUALIFICATIONS:** *The Firm or Firm's staff, if requirements are inherently limited to individuals rather than corporate entities, shall meet or exceed minimum qualifications. Qualifications will be verified with the West Virginia Board of Accountancy or other licensing bodies where applicable. Bid submissions not meeting the mandatory specifications and qualifications will be disqualified. The minimum qualifications are as follows:*

**3.1** *The successful Firm must have three (3) years of experience with the auditing of Governmental financial statements for West Virginia governmental entities and Governmental Accounting Standards (GASB).*

**3.1.1** *The successful Firm must be in compliance with all applicable rules and regulations of the West Virginia Board of Accountancy, as required by West Virginia Accountancy law.*

**3.1.2** *All Public Accounting Firms must comply with firm organization and registration requirements and annually renew their registrations with the West Virginian Accountancy Board.*

**3.1.3** *The successful Firm must be authorized by the West Virginia Board of Accountancy to perform attest services within the State of West Virginia.*

**3.2** *Each employee, member or associate assigned to this contract must be either licensed to practice as a Certified Public Accountant ("CPA") in West Virginia or subordinate/support staff supervised by a licensed CPA.*

**3.3** *No change in personnel assigned to the project will be permitted without the written approval of the SBA's Administration or his/her designee.*

**3.4** *If subcontractors are used, the successful Firm must identify any subcontractors who will be used during the engagement and disclose the qualifications of each subcontractor or each person associated with a subcontracted firm to the SBA. Any changes to subcontractors or subcontractor personnel must be submitted to the SBA for written approval of the SBA Administration or his/her designee.*

**3.5** *Compliance with experience requirements will be determined prior to contract award by the SBA through references provided by the Firm with its bid or upon request, through knowledge or documentation of the Firm's past projects, or some other method that the State determines to be acceptable. The Firm should provide a current résumé which includes information regarding the*



*number of years of qualification, experience, and training, and relevant professional education for each individual who will be assigned to this project. The Firm must provide any documentation requested by the SBA to assist in confirmation of compliance with this provision. References, documentation, or other information to confirm compliance with this experience requirement are preferred with the bid submission but may be requested after bid opening and prior to contract award.*

Suttle & Stalnaker, PLLC, Certified Public Accountants, has offices located at 1411 Virginia Street East, The Virginia Center, Suite 100, Charleston, West Virginia 25301; at The Rivers Office Park, 200 Star Avenue, Suite 220, PO Box 149, Parkersburg, West Virginia 26102; and at Wharf District, 68 Clay Street, Suite C, Morgantown, WV 26501. **The Firm currently consists of the following personnel: members/partners - 16, managers, seniors and staff accountants - 51, support staff - 15. We have 41 accounting professionals on staff that hold a CPA certificate in West Virginia.** Currently there are approximately 15 individuals in our governmental audit staff. The work performed will be coordinated by our Charleston office. We anticipate 4 to 5 full-time personnel assigned to the engagement. Various members and employees of the Firm are members of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, Government Finance Officers' Association, and other professional organizations. **Suttle & Stalnaker, PLLC has been in business since 1973 and has performed governmental audits for over 47 years.**

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

## ABOUT ALLINIAL GLOBAL



Allinial Global is an accounting firm association of legally independent accounting and consulting firms with offices in North America and throughout the world through international members and partnerships.

Allinial Global firms have the flexibility to find not just a good solution to your business challenges—but the best solution for you. Working with an Allinial Global firm means that you have access to the experience and knowledge of every firm in our organization through our Transfer of Excellence.

And because the Allinial Global structure is fluid, our reach is broader and our member firms can be more responsive, both locally and globally. There aren't many business challenges that can't be resolved or questions that can't be answered by members of our association or their connections. Put the agility of Allinial Global to work for you.

### Quick Stats:

Locations: 688

Member Firms: 248

Partners: 4,035

Staff: 26,011

Countries: 88

Net Fees: 4.178 billion

Largest Firm (millions): 440

Average Firm (millions): 13



The member firms of Allinial Global share education, marketing resources, and technical knowledge in a wide range of services and sectors. They have access to a broad array of resources and support that benefit both our member firms and their clients in eight key impact areas:



### Learning & Development

- Become a leader you'd want to follow through progressive leadership development.
- Trust the guidance of an advisor up-to-date on the highest levels of technical training.



### Human Resources

- Improve employee retention through the Retaining Employees Through Active Involvement Now (RETAIN©) program and develop talent from hire to retire.
- Collaborate with advisors who are in it for the long haul and dedicated to your continued success.



### International Connection

- We'll go wherever we need to secure the highest quality solutions to your business needs, whether in or outside of our association.
- You're covered wherever you do business: get the best solution, not the best available.



### Technical Support

- Depend on your Allinial Global Technical Support liaison to connect you directly to an experienced specialist.
- Have confidence that your advisor will provide a tailored solution to all your business needs.



### Communities of Practice

- Tap our collective experience in a wide range of industries and service lines through our online portal and both in-person and virtual events.
- When advisors keep abreast of industry trends, you work with leaders who keep you ahead of the competition.





### Marketing Resources



### Information Technology



### Practice Management

- Reduce your learning curve by connecting to peers who've already implemented the marketing projects you're considering.
- An Allinial Global firm won't bombard you with self-congratulatory promotions. Get the educational content that will help you make sound business decisions.
- IT services are like umpires: you shouldn't even notice they're at work. Keep your technology on track with our education and best practices-sharing.
- Rest assured that your personal data is protected by advisors who value your security and keep abreast of security best practices.
- Go through your firm with a fine-toothed comb: learn how you can improve your processes with the Firm Management Review and benchmarking tools.
- Work with a dynamic firm devoted to continuous improvement. Allinial Global firms are proud, but never satisfied.

At Suttle & Stalnaker, PLLC, our goal is to be your most trusted advisors, both locally and globally. Allinial Global helps us deliver. For more information, please visit [www.allinialglobal.com](http://www.allinialglobal.com).



## MANDATORY REQUIREMENTS

### 4 MANDATORY REQUIREMENTS:

#### 4.1 **Mandatory Contract Services Requirements and Deliverables:** *The Contract Services must meet or exceed the Mandatory Requirements listed below:*

**4.1.1** *Prior to beginning field work, the Firm must provide a detailed work plan that will identify the major tasks to be accomplished and be used as a scheduling and managing tool, as well as the basis for invoicing. The work plan must be submitted in accordance with the Schedule for Mandatory Contract Services and Deliverables (EXHIBIT C). The detailed work plan must conform to the tasks and the timeline included herein and on EXHIBIT C. Specifically, the audit work plan should describe, in detail, the audit approach actuarially for the various SBA Funds.*

Deliverables/Event	Time Period	Payment Schedule
Entrance Conference (Planning Event)	Within 2 weeks of award	
Any interim work must be completed	July 31, 2021	25%
Field work to begin	August 1, 2021	
Draft of the Authority reports and financial statements for review	September 15, 2021	50%
Final signed report for the Authority submitted to the Authority and to the Financial Accounting and Reporting Section of the Department of Administration	October 15, 2021	25%
Presentation to the Authority Board	November or December 2021 Board Meeting	





**4.12** *The Firm must be independent and licensed to practice in West Virginia.*

Suttle & Stalnakar, PLLC and all key professional staff are independent and properly licensed to practice in West Virginia.



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

*The entity listed below was issued a*  
**FIRM PERMIT**  
*for the period beginning*  
*July 1, 2020 through June 30, 2021*



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

*The entity listed below was issued an*  
**Authorization to Perform**  
**Attest and/or Compilation Services**  
*for the period beginning*  
*July 1, 2020 through June 30, 2021*

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

  
 Board President

  
 Executive Director

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

  
 Board President

  
 Executive Director

**4.13** *All directors, principals or partner equivalents on the engagement must be licensed CPA's with at least five (5) years of audit experience with governmental entities. All manager level employees on the engagement must be CPA's with three (3) years of experience on governmental engagements. The SBA retains the right to approve or reject replacements based upon their qualifications, experience, or performance.*

**PERSONNEL QUALIFICATIONS AND EXPERIENCE**

We firmly believe that the true quality of service can be linked directly to competent people dedicated to excellence. The professionals selected to serve the SBA all have extensive governmental experience. We will provide for an organizational structure that ensures ongoing and knowledgeable supervision by management to ensure maximum efficiency. All members and managers assigned to your engagement have over 5 years of experience auditing governmental entities.

The following individuals will have responsibility to ensure that our services meet your requirements. Their CPA licenses are included below, and their resumes are included in section II.





Chris Lambert, CPA, CGMA, CCIFF  
Member

Chris will serve as the Engagement and Coordinating Member of Suttle & Stalnaker, PLLC. Chris will have overall responsibility for engagement activities and deliverables. Chris will work closely with management to coordinate and execute the engagement. Chris will be on-site to review the work of all staff assigned.

Name: Chris S. Lambert, CPA, CGMA, CCCIFP, Member  
 Address: Suttle & Stalnaker, PLLC  
 The Virginia Center, Suite 100  
 1411 Virginia Street East  
 Charleston, West Virginia 25301  
 Telephone: (304) 720-3102 direct  
 (304) 343-4126 main  
 Fax: (304) 343-8008  
 Email: CSLambert@suttlecpas.com



Chris Deweese, CPA, CGMA  
Member

Chris Deweese, Member, will serve as Independent Review Member. Chris is an audit and consulting Member. Chris has served on numerous State of West Virginia engagements, including the West Virginia Department of Transportation, the West Virginia Division of Highways, WORKFORCE West Virginia, the West Virginia Lottery, the West Virginia Public Employees Insurance Agency, West Virginia Public Defender Services, West Virginia Consolidated Public Retirement Board, and for Suttle & Stalnaker, PLLC's portion of the State of West Virginia Single Audit. Chris also worked closely with the West Virginia Department of Administration regarding the implementation of GASB 45, *Other Post Employment Benefits*.



Marie Long, CPA  
Senior Manager

Marie will be responsible for supervising staff assigned during the course of the engagement and executing the engagement plan. She is a Senior Manager who works primarily in the audit, accounting, and consulting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out engagement plans, supervising other staff and senior accountants, communication with clients during the course of the fieldwork, completion of final reports.



## CPA Licenses



## CHRIS LAMBERT, CPA, CGMA, CCIFP Member

- Chris will serve as the Engagement and Coordinating Member of Suttle & Stalnakar, PLLC. Chris will have overall responsibility for engagement activities and deliverables. Chris will work closely with management to coordinate and execute the engagement. Chris will be on-site to review the work of all staff assigned.
- Over 30 years of public accounting experience. Industry experience includes construction, pension, government and other not-for-profit entities. Additional experience in accounting systems, internal audit assistance, financial reporting consultation, audit preparation consulting, internal control systems, and operational improvement reviews. Chris has extensive consulting and audit experience with government clients.
- Bachelor's degree with a major in accounting from Marshall University.
- Chris is a certified public accountant, and a Chartered Global Management Accountant. He is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants (WVSCPA), and the Charleston Chapter of the WVSCPA. Chris has also achieved the designation of Certified Construction Industry Financial Professional. Chris has served on the board of the Susan G. Komen Foundation WV Affiliate, Big Green Scholarship Foundation, Charleston Quarterback Club, West Virginia Soccer Club and was a member of Leadership WV's Class of 2012.



**CHRIS DEWEESE, CPA, CGMA****Member**

---

- Chris will serve as the Independent Review Member of S&S. Chris is an audit and consulting Member and will be available to provide technical assistance as requested by the Board. He has served as engagement member for the audits of many government entities.
- Chris has over 25 years of public accounting experience. Industry experience includes non-profit, government, energy and other for-profit entities. Additional experience in accounting systems, internal audit assistance, financial reporting consultation, audit preparation consulting, internal control systems, and operational improvement reviews, including SOX consulting and compliance. Chris has extensive GASB 34 consulting and audit experience with Boards of Education and is a frequent speaker for this industry.
- Chris has a bachelor's degree with a major in accounting from the University of Charleston.
- Chris is a certified public accountant, and a Chartered Global Management Accountant. He is a member of the American Institute of Certified Public Accountants, a member of the West Virginia Society of Certified Public Accountants (WVSCPA), Past-President of the WVSCPA Executive Committee, and is the Past-President of the Board of Directors of the Charleston Chapter of the WVSCPA, past chair of the Accounting and Audit subcommittee of the WVSCPA, and past service on the West Virginia Accounting Procedures Committee. Chris also serves on several not-for-profit boards in the area. Chris was the 2004 recipient of the WVSCPA Young CPA of the Year Award.



**MARIE LONG, CPA****Senior Manager**

---

- Marie is a Senior Manager who works primarily in the audit, accounting, and consulting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out engagement plans, supervising other staff and senior accountants, communication with clients during the course of the fieldwork, and completion of final reports.
- Marie has over 14 years of experience in public accounting during which time she has specialized in audits of governmental and non-profit entities similar to the client being proposed on.
- Marie graduated from West Virginia State University with a Bachelor of Science degree in business administration with major concentrations in accounting, finance, and management and a minor in economics. She is a certified public accountant having received certificate number 4616 from the State of West Virginia.
- Marie is a member of the American Institute of Certified Public Accountants (AICPA), the West Virginia Society of Certified Public Accountants (WVSCPA) and the Charleston Chapter of the WVSCPA. Marie serves as the accountability chair and a past president of the Charleston Chapter of the Association of Governmental Accountants. Marie is the Chair of the Board of the West Virginia Children's Home Society and a member of the Finance Committee.
- Marie was the recipient of the 2014 WVSCPA Young CPA of the Year Award.



### Other Staff

Audit staff assigned to the engagement will be responsible for carrying out the audit plan, completing the detailed testing, etc. Audit staff will be responsible for performing detailed testing of transactions and account balances.

### **ABILITY TO MAINTAIN QUALITY OF STAFF**

Suttle & Stalnaker, PLLC realizes that our number one resource in effectively and efficiently serving our clients begins with our staff. As such, every effort will be taken to provide for staff continuity on your engagement team. In preparing and planning for the future success of Suttle & Stalnaker, PLLC and in an effort to provide our clients with the highest quality professional services, Suttle & Stalnaker, PLLC has established human resources policies that allow each individual the flexibility to establish personal work commitments, continuing education goals, and career goals while ensuring that our commitments to our clients are met. This flexibility in today's work environment has been an instant success in helping to attract dynamic career oriented personnel dedicated to achieving success for our clients. The direct results of this program for Suttle & Stalnaker, PLLC have been a significantly lower turnover than other firms in public accounting. This results in an increased ability to assign a core group of the same individuals to recurring engagements, thus improving client service, and audit effectiveness. However, over the course of the engagement, there may well be a need to change staff assigned to the engagement. We believe our hiring, promotion, and personnel assignment policies and practices will ensure the quality of staff assigned to the engagement.

**If any key staff or specialists need to be changed during the engagement, we will provide Workforce WV a resume similar to the ones included in this proposal, to ensure that Workforce WV agrees that the new person is suitable for the engagement based on their qualifications, experience and performance. We will also maintain the same mix of credentials throughout the audit engagement.** Suttle & Stalnaker, PLLC continually strives to hire the best personnel available to serve our clients. As outlined in the Quality Control Section of this proposal, we are committed to this effort in order to provide our clients with the high quality service they deserve.

**4.1.4** *The Firm must have experience auditing/consulting with three (3) different state (does not have to be West Virginia) government entities (agencies) over the past five (5) years. The Firm must submit a list of these state audits/consulting engagements.*

### **Vendor Response:**

#### **STATE OF WEST VIRGINIA AND THE SBA PROGRAMS**

Suttle & Stalnaker, PLLC has a long history of serving the State of West Virginia, having served virtually every major division and department in some capacity, including participating as a joint venturer/subcontractor in every Single Audit of the State of West Virginia. As part of the Single Audit, Suttle & Stalnaker, PLLC personnel have audited major programs across numerous state agencies, including the West Virginia Department of Health and Human Resources, Workforce West Virginia, and the West Virginia Department of Education.



Other engagements with the State of West Virginia over the past five years have included auditing component units, divisions, or programs to be incorporated into the State of West Virginia's Comprehensive Annual Financial Reports. These engagements include the West Virginia Division of Highways, West Virginia Offices of the Insurance Commissioner, West Virginia Consolidated Public Retirement Board, West Virginia State Rail Authority, West Virginia Parkways Authority, West Virginia Racing Commission, West Virginia Regional Technology Park, West Virginia Division of Corrections and Rehabilitation, Southern West Virginia Community and Technical College, West Virginia Osteopathic School of Medicine, New River Community and Technical College, Fairmont State University, Pierpont Community and Technical College, Eastern West Virginia Community and Technical College, BridgeValley Community and Technical College, and West Virginia Council for Community and Technical College Education. These engagements demonstrate our ability to meet the time parameters required by the Department of Administration's Financial and Reporting Section, as well as our ability to effectively and efficiently complete audits in the complex State government environment.

## OUR GOVERNMENT AND NONPROFIT PRACTICE

Suttle & Stalnaker, PLLC has specialized in governmental and nonprofit agency auditing and accounting for over 47 years. This segment currently makes up the largest industry concentration of our audit practice, with our professional staff spending well over 25,000 hours per year on audits of governmental and nonprofit entities and programs. Virtually all of the governmental audits are for financial statements prepared in accordance with accounting standards promulgated by the Governmental Accounting Standards Board (GASB). Every member of our audit staff has both training and experience in governmental and nonprofit accounting and auditing.

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

## CLIENTS SERVED

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

- Workforce West Virginia
- West Virginia Offices of the Insurance Commissioner
- Single Audit of the State of West Virginia, including the following:
  - Department of Health and Human Resources
    - Temporary Assistance for Needy Families
    - Social Services Block Grant



- Low Income Housing and Emergency Assistance Program
- Special Supplemental Nutrition Program for Women, Infants and Children
- Foster Care - Title IV
- Adoption Assistance
- Child Care Development Fund
- Child Support Enforcement
- Medicaid
- Supplemental Nutrition Assistance Program
- Bureau of Employment Programs
  - Unemployment Insurance Programs
  - Employment Services
  - JTPA Programs
  - WIA Programs
- West Virginia Development Office
  - Community Development Block Grant Program
- Department of Education
  - Child Nutrition Cluster
  - Office of Special Education
  - Vocational Education
  - Title I - Grants to Local Education Agencies
- Department of Environmental Protection
  - Office of Abandoned Mine Lands
- West Virginia Lottery - Drawing auditors
- Five County Boards of Education - Single Audits
- West Virginia Consolidated Public Retirement Board
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Division of Corrections and Rehabilitation
- West Virginia Parkways Authority
- West Virginia Regional Technology Park
- West Virginia Racing Commission
- Southern West Virginia Community and Technical College
- New River Community and Technical College
- West Virginia School of Osteopathic Medicine
- Glenville State College
- Mountwest Community and Technical College
- Fairmont State University
- Pierpont Community and Technical College
- BridgeValley Community and Technical College
- Eastern West Virginia Community and Technical College
- West Virginia Council for Community and Technical College Education





REFERENCES OF PRIOR ENGAGEMENTS WITH THE STATE OF WEST VIRGINIA

Engagement	Scope of Work	Date	Engagement Member	Avg. Annual Hours	Client Contact	Telephone Number
Single Audit of the State of WV Building 1, Room E-119 1900 Kanawha Blvd., E. Charleston, WV 25305-0120	Participation in financial and compliance auditing for several departments, including numerous federal award programs	1986 thru present	Chris Deweese	3,500	Stephanie Bailes	304.558.4083
WV Division of Highways Building 5, Room 109 1900 Kanawha Blvd., E. Charleston, WV 25305-0403	Annual Financial Statement Audit including assistance with CAFR and FARS forms, including numerous federal award programs	2001 thru 2006; 2013 - 2014, 2017 thru present	Chris Lambert / Chris Deweese / Horace Emery/ Natalie Luppold	800 to 1,000	Aaron Allred	304.347.4800
West Virginia State Rail Authority PO Box 470 Moorefield, WV 26836	Annual Financial Statement Audit	2001 thru 2006; 2013 -present	Chris Deweese	300	Lucinda Butler	304.538.2305
West Virginia Parkways Authority 3310 Piedmont Road Charleston, WV 25306-6633	Annual Financial Statement Audit including assistance with CAFR	2011 thru present	Chris Lambert	285	Parrish French	304.926.1900
WV Offices of the Insurance Commissioner 900 Pennsylvania Avenue Charleston, WV 25302	Annual Financial Statement Audit	2000 thru 2011; 2015 - present	Natalie Luppold	1,250	Melinda Ashworth Kiss	304.558.3029 X1205
West Virginia Division of Corrections and Rehabilitation 1201 Greenbrier Street Charleston, WV 25311	Annual Financial Statement Audit	2019 thru present	Chris Lambert	800 to 1,000	Bryan D. Arthur	304.558.2350
West Virginia Consolidated Public Retirement Board 4101 MacCorkle Avenue SE Charleston, WV 25304	Annual Financial Statement Audit including assistance with CAFR	2016 thru 2019	Chris Deweese	2,000	John Galloway	304.558.3570 Ext. 52426
West Virginia Racing Commission 900 Pennsylvania Avenue, Suite 533 Charleston, WV 25301	Annual Financial Statement Audit	2012 thru present	Chris Lambert	300	Joe Moore	304.558.2150



*4.15 The Firm shall submit a statement that they have not failed their two (2) most recent AICPA Peer Reviews of their audit/accounting practice and it is preferred that the firm submit the most recent review with their proposal, however, it may be requested prior to award.*


Suttle & Stalnaker's most recent two peer reviews of our system of quality control performed by an independent CPA Firm in accordance with standards established by the American Institute of Certified Public Accountants were completed in 2017 and 2020. For both years and **we received a pass rating with no deficiencies identified**. In accordance with peer review standards, the peer review included a review of selected specific governmental engagements. A copy of the reports and the AICPA acceptance letters are included in this proposal on the following four pages.





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

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

• Web [www.kigsigcpa.com](http://www.kigsigcpa.com) Member of  AICPA

## Report on the Firm's System of Quality Control

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

We have reviewed the system of quality control for the accounting and auditing practice of Suttle and Stalnaker, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

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

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

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

*Kelley Galloway Smith Goolsby, PSC*

Ashland, Kentucky  
December 14, 2020

Pikeville, KY

Cincinnati, OH





National Peer  
Review Committee

March 01, 2021

Robert Newton  
Suttle & Stalnaker, PLLC  
1411 Virginia St E Ste 100  
Charleston, WV 25301

Dear Robert Newton:

It is my pleasure to notify you that on February 24, 2021, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

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

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley". The signature is fluid and cursive.

Michael Fawley  
Chair, National PRC  
+1.919.402.4502

cc: Phillip Layne, Christopher Deweese

Firm Number: 900010069900

Review Number: 579680





**Kelley Galloway  
Smith Goolsby, PSC**

*Certified Public Accountants and Advisors*

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

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

• Web [www.ksgscpa.com](http://www.ksgscpa.com) Member of **Alliant** GLOBAL

## Report on the Firm's System of Quality Control

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

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

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

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

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

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

### Opinion

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

*Kelley Galloway Smith Goolsby, PSC*

Ashland, Kentucky  
December 6, 2017

Pikeville, KY

Cold Spring, KY

Cincinnati, OH





American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707-8110

March 16, 2018

Robert Newton  
Suttle & Stalnaker, PLLC  
1411 Virginia St E Ste 100  
Charleston, WV 25301

Dear Robert Newton:

It is my pleasure to notify you that on March 14, 2018, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

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

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,



Michael Fawley  
Chair - National PRC  
nprc@aicpa.org 919-402-4502  
National Peer Review Committee

CC: Phillip Layne, Christopher Deweese

Firm Number: 900010069900

Review Number: 551907





- 4.16** *The Firm must have at least seven (7) licensed CPA's on staff within the audit firm that are strictly audit and not tax professionals. This ensures the SBA has a Firm that has a breadth of experience that we are looking for and can substitute engagement members should turnover occur. At least five (5) of these audit professionals must all be in the same location and cannot be spread amongst other Firm locations.*

Suttle & Stalnaker, PLLC has 41 licensed CPAs: 32 in our Charleston office, of which 19 are audit professionals. The engagement will be staffed out of our Charleston office.

- 4.17** *The Firm must not have had a final audit issued by the proposing Firm that had to be reissued due to material errors or omissions discovered by the West Virginia Financial Accounting and Reporting Section or other West Virginia State Agency two (2) times or more.*

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

- 4.18** *The Firm must provide a statement that they are a member in good standing of the AICPA's Governmental Audit Quality Center, this documentation is preferred with the bid, but may be requested prior to award.*

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



SPECIFIC WORKPLAN





We will determine whether the financial statements which will include all programs administered by the Authority are presented fairly in all material respects in conformity with accounting principles generally accepted in the United States of America. In addition, we will determine whether the other financial information, including that required by the Financial Accounting and Reporting Section of the West Virginia Department of Administration, is presented fairly in all material respects in relation to the financial statements taken as a whole. The Authority's financial statements will also include unaudited supplemental information for purposes of complying with GASB. We will apply certain limited procedures to the unaudited supplementary information, principally inquiries of management regarding the methods of measurement and presentation of such information. However, we will not audit or render an opinion on such information.

We understand that all financial reports must comply with the parameters established by the State of West Virginia's Department of Administration, Financial Accounting and Reporting Section (FARS). We will respond to reasonable requests for information and attend meetings held by FARS regarding their requirements for report format, deadlines, etc.

We will issue a report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with GAS. In planning and performing our audit, we will consider the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting will not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we will report to you any matters noted involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

In addition, we will perform tests of compliance with certain provisions of laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on the Authority's financial statements. However, providing an opinion on compliance with those provisions will not be an objective of our audit and, accordingly, we will not express such an opinion. We will report to you any instances of noncompliance that are required to be reported under GAS.

Written reports will be submitted initially in draft form so that any necessary changes may be discussed and agreed upon before final acceptance.

### **Management Communication**

Because the Authority is still an integral part of the financial statements of the CAFR of the State of West Virginia, we are prepared to provide special assistance to the State's auditors, and the Financial Accounting and Reporting Section of the West Virginia Department of Administration if needed.

We will perform an audit of the Authority's financial statements as of and for the year ended June 30, 2021. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.



We will conduct the audit 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, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

An audit of financial statements also includes obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to you and to management any significant deficiencies or material weaknesses that become known to us during the course of the audit.

We will also communicate to the audit committee or its equivalent any (a) fraud involving senior management and other fraud that causes a material misstatement of the financial statements, (b) illegal acts that come to our attention (unless they are clearly inconsequential), (c) disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the entity's accounting policies and financial statements.

Management is responsible for the financial statements, including adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

The audit committee is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

If circumstances arise relating to the condition of the Authority's records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.



Our acceptance of this engagement is subject to our satisfactorily completing our normal engagement acceptance procedures, including communication with and review of the audit documentation of your previous auditors (accountants). We will notify you promptly if we become aware of anything during our acceptance procedures or the communication or review that results in our not being able to continue this engagement.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

During the course of our engagement, we may accumulate records containing data which should be reflected in the Authority's books and records. The Authority will determine that all such data, if necessary, will be so reflected. Accordingly, the Authority will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Authority personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with management. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Our professional standards require that we perform certain additional procedures, on current and previous years engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, the Authority agrees it will compensate Suttle & Stalnaker, PLLC for any additional costs incurred as a result of the Authority's employment of a partner or professional employee of Suttle & Stalnaker, PLLC.

In the event we are requested or authorized by the Authority or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the Authority, the Authority will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Professional standards and our firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors, or "experts" in a document used in a public or private offering of equity or debt securities. Accordingly, the Authority agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, the Authority also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Authority seeks such consent, we will be under no obligation to grant such consent or approval.



Any claim arising out of services rendered pursuant to this agreement shall be resolved in accordance with the laws of West Virginia. It is agreed by the Authority and Suttle & Stalnaker, PLLC or any successors in interest that no claim arising out of services rendered pursuant to this agreement by or on behalf of the Authority shall be asserted more than two years after the date of the last audit report issued by Suttle & Stalnaker, PLLC.

## SPECIFIC WORK PLAN

### Overview of Approach, Including Hours by Segment

Our approach to the audit of the Authority's financial statements is driven by the overriding consideration of public concern and perception regarding the integrity of operations. Therefore, our approach will place a greater emphasis on review and evaluation of internal controls. These considerations are further explained in the following overview of our approach.

Our audit approach consists of the following segments:

- Planning
- Consideration of the internal control structure, including complying with new risk assessment standards
- Development of the audit plan
- Testing
- Overall Conclusions and Reporting

The following is a summary of estimated hours by segment.

	<u>Member</u>	<u>Manager/ Supervisor</u>	<u>Senior</u>	<u>Staff</u>	<u>Total</u>
Planning	3	10	25	15	53
Internal Control, including risk assessments	1	10	10	10	31
Testing	3	10	40	45	98
Conclusions/Reporting	8	16	15	10	49
Exit Conference	4	4	4	-	12
Total	19	50	94	80	243

### Planning

During the planning phase of the engagement, we will perform the following activities:

- Document our understanding of the Authority's operating environment. This understanding will address both internal and external factors which significantly affect the Authority, and will include a review of such things as:



- West Virginia State Code (the Code)
  - New/proposed legislation specific to the current issues
  - Organizational structure of the Authority, if any
  - Long range plans of the Authority
  - Policy and procedure documents/manuals for significant operational areas
  - Internal financial reports
  - Significant contractual agreements
- Preliminary Analytical Review - Preliminary analytical review is utilized to increase our understanding of the Authority's operations and to help focus the audit effort on those areas which are most significant or critical to the fair presentation of the financial statements. Specific analytical procedures will include year to year comparisons, ratio analysis, and trend analysis.
  - Approach to laws, regulations, contracts, and grants - Identifying and ensuring that the Authority complies with laws and regulations is the responsibility of management. Our procedures will include appropriate inquiries of management to identify laws and regulations noncompliance with which could have a direct and material effect on financial statement amounts. We will also review relevant portions of the West Virginia Constitution, the West Virginia Code, and relevant regulations. We will test the provisions of those laws, regulations, grants and awards for noncompliance which could have a direct and material effect on financial statement amounts.
  - Meeting with Audit Committee/Commission - A critical component to the audit will be open communication with the Authority or Audit Committee. We will meet early in the planning stages to discuss audit risk issues, concerns and our audit plan. Follow-up meetings will be held as necessary.
  - Coordination with Commission Personnel - During the planning phase we will meet with Board personnel to coordinate our planned activities and procedures with your needs and requirements. Preliminary timing of the various phases of the audit will be agreed upon. Any issues that arise during the course of the audit that could cause delays in the issuance of the report or have an adverse impact on the audit opinion will be immediately communicated to the Management of the Authority, and the Chief Financial Officer of the Authority. The planned time table for the audit follows. **We are committed to meeting this timetable provided there are no significant delays in receiving required information from the Authority, or other circumstances beyond our control interfere.** If such circumstances arise, we will promptly notify you to obtain an appropriate extension of time.
  - Continuous Planning - We believe that planning is an ongoing process throughout the course of the audit. As the audit progresses, time estimates and decisions regarding critical areas and audit emphasis will be adjusted based on the results of procedures as they are performed. This process generally entails frequent communication among the staff, in-charge, manager, and member during the course of the engagement, thus assuring an effectively managed engagement.

### Consideration of Internal Control

The consideration of the internal control structure will consist of gaining an understanding of the control environment, evaluating the risk assessments made by management, understanding the information and communication systems (including the financial reporting systems), monitoring activities performed, and control activities, including internal controls over computer processing.



- Understanding the Control Environment - Our review of the control environment will encompass the organizational structure; management's philosophy and operating style, particularly regarding their approach to security and internal controls; policies and procedures adopted by the Authority; and management and employee consciousness of and attitude toward internal controls.

The control environment sets the tone of an organization and influences the control consciousness of its people. The control environment is the foundation for all other components of internal control and provides structure and discipline. The control environment of an organization includes the following factors:

- Integrity and ethical values.
  - Commitment to competence.
  - Attention and direction provided by the governing body or audit committee.
  - Management's philosophy and operating style.
  - Organizational structure.
  - Manner of assigning authority and responsibility.
  - Human resource policies and procedures.
- Evaluating Risk Assessment - Risk assessment for financial reporting purposes refers to the client's identification, analysis, and management of risks relevant to the preparation of financial statements that are fairly presented in conformity with accounting principles generally accepted in the United States of America. More simply, it can be described as identifying types of potential misstatements and designing control activities to prevent or promptly detect those misstatements. An entity's risk assessment, on the other hand, is the process of identifying, analyzing, and managing risks that affect the entity's objectives.

A key step in the risk assessment process is identifying changed conditions and taking necessary actions. This involves identifying and communicating both external and internal events or activities that may affect the organization's financial reporting objectives and analyzing the associated risks. Risks relevant to the financial reporting process may arise due to the following:

- Changes in the organization's operating environment.
  - New personnel.
  - New or revised information systems.
  - Rapid growth within the organization.
  - New technology.
  - New lines, products, or activities.
  - Restructuring within the organization.
  - New accounting pronouncements.
- Understanding of Information and Communication Systems - The information system relevant to financial reporting (the "financial reporting system") consists of methods established to identify, assemble, analyze, classify, record, and report transactions and conditions, and to maintain accountability for the organization's assets, liabilities, and equity. In addition, information systems generate information necessary to carry out many control activities. An information system may be



computerized, manual, or a combination of the two, depending on the size and complexity of the entity.

Our review of the financial reporting system will include the Authority's methods and procedures to:

- Identify and record all valid transactions.
- Provide, on a timely basis, sufficient detailed information about transactions to permit proper classification for financial reporting.
- Allow transactions to be recorded at their proper monetary value in the financial statements.
- Provide sufficient information to permit recording of transactions in the proper accounting period.
- Properly present the transactions and related disclosures in the financial statements.

Communication relates to providing a clear understanding of internal control over financial reporting, how it works, and the responsibilities of individuals within the entity related to internal control. We will review the effectiveness of the Authority's communication tools including policy manuals, memorandums, oral communications, etc.

Communication also relates to the flow of information upstream in an entity. For control activities to be effective, individuals must be able to report exceptions to the appropriate levels of management. For upstream communication to occur, there must be open channels of communication and a willingness by management to deal with problems as they occur. We will also review the effectiveness of the Authority's upstream communications.

- Understanding of Monitoring - Because of changes among personnel and changes within an organization, it is essential that internal controls be monitored over time to determine whether they continue to be relevant and able to address new risks of the organization. Monitoring is a process that assesses the quality of an organization's internal control over time and involves assessing the design and operation of controls on a timely basis and taking corrective actions as necessary. We will evaluate both the ongoing and periodic evaluations performed by staff, including any internal audit activities.
- Understanding of Control Activities - Control activities are the policies and procedures established to help ensure that management directives are carried out. Control activities may occur at all levels, and in all functions, of an entity. Control activities cover a range of activities and may include the following:
  - *Performance reviews*, such as comparison of actual results to budgets, forecasts, and prior period of performance.
  - *Information processing controls*, such as controls to check the accuracy, completeness, and authorization of individual transactions. Information processing controls include automated as well as manual controls.
  - *Physical controls*, such as physical security of assets, including adequate safeguards over access to assets and records, authorization for access to computer programs and data files, and periodic counting and comparison with amounts recorded in the accounting records.



- *Segregation of duties*, such as assigning the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets to different people within the organization.

Control activities usually involve two elements: (a) a policy that establishes what should be done and (b) the procedure that implements the policy. Policies may be communicated either orally or in writing. Also critical to control activities are the follow-up actions taken in response to identified discrepancies (for example, investigation by management of unexpected variances noted while comparing the budget to actual results).

### **Development of the Audit Plan**

Based on the information gathered in the planning and internal control structure consideration stages, we will develop an audit plan taking into consideration the audit risk assessments developed for various transaction classes and accounts. Audit programs will be tailored to focus on testing of the specific key points in processing and/or controlling financial information. Each audit program step will be designed to specifically achieve certain audit objectives. After completion of the audit program, we will meet with Division personnel to discuss the specific timing of the procedures. The audit plan will include addressing the following:

- Sampling - Sample sizes will be determined based on sound sampling plans. Statistical sampling is used whenever it is determined to be cost effective. Sampling will include both substantive tests and tests of compliance. Samples for tests of compliance, including compliance with certain laws and regulations are generally based on attribute principles. Substantive sampling procedures would normally be weighted toward higher dollar items. When statistical sampling is considered to be cost effective, we will use a computer program to determine the samples based on the assessments of inherent/control risk and the evidence provided by other audit procedures.
- Extent of use of IT Audit Software - We utilize the CCH Engagement program for our core trial balance and adjustment workpapers, for account groupings, and for certain analytical procedures and ratio analysis. We anticipate that certain financial information and schedules prepared for the auditors will be supplied on disk, which we will load on our computers and perform various tests. Other use of EDP software will be determined based on the results of the system reviews. We actively use other computer assisted audit techniques utilizing various programs such as Audit Command Language (ACL). Efficiency and effectiveness are often enhanced by computer assisted audit techniques. Examples of EDP audit applications include:
  - Analytical review
  - Year to year and trend analyses
  - Importing general ledger
  - Sampling
  - Data analysis, extraction, and manipulation
  - Edits and computations





We have access to various specialized software. We plan to make use of ACL in this role, as necessary, to perform a significant number of computer assisted procedures in a short amount of time. We will also use email to communicate with the Authority and other professionals assigned to the engagement; Microsoft EXCEL and WORD to perform analyses and document work on the engagement; and Tvalue to perform interest calculations and amortizations.

We also now make the financial statements available to our clients in a clean PDF format for posting to their website.

- **Analytical Procedures** - Analytical procedures can be powerful tools to anticipate and predict results. Therefore, actual results can be compared to these designs, and significant variances analyzed. Many expenses, such as commissions, wages and benefits, payroll taxes, rent, etc. are also susceptible to strong predictive analytical tests. The following section on Testing summarizes some of the various tests for the significant financial statement elements, demonstrating the extent to which analytical procedures are used to enhance the audit process.

## **Testing**

### Overview of Audit Testing Strategy

The following chart depicts an overview of the various interrelated sampling and analytical procedures applied to significant financial statement elements during the audit of the Authority.

	<b>Representative Sampling</b>	<b>Key Items</b>	<b>Analytical Procedures</b>	<b>Independent Confirmation</b>
Planning			✓	
Tests of Controls	✓			
Cash and Cash Equivalents		✓	✓	✓
Assets Held in Agency Capacity	✓	✓	✓	✓
Payables and Accruals		✓	✓	
Revenues	✓	✓	✓	
Expenditures	✓	✓	✓	
Other Income and Expense		✓	✓	
Compliance	✓	✓	✓	✓
Financial Reporting		✓	✓	

### **Preliminary Design of Audit Tests by Significant Audit Area**

In the previous section, we have discussed our overall general audit approach. This section is to describe in more detail how this will be utilized in auditing the various significant audit areas for the Authority. We have leveraged from our previous experience with the Authority in developing our approach. These procedures are not all inclusive.



## **Detailed Audit Approach by Key Financial Statement Element**

Cash and Cash Equivalents - Our approach in auditing cash and cash equivalents will be primarily utilizing substantive auditing procedures. These procedures will include testing the related reconciliations and evaluating the need to confirm cash and cash equivalents.

Investments and Investment Income - Our approach in auditing investments and the related investment income will include evaluating the need to confirm investments and related investment income. In addition, we will obtain an understanding of the Investment Management Board's (IMB) and Board of Treasury Investments (BTI) process regarding the allocation of investment principle and interest to the Authority. This may include making inquiries of IMB/BTI personnel, performing walkthroughs, and performing a site visit, if deemed necessary. Investment income will be tested analytically by calculating an annual yield and comparing this calculation to the anticipated or market return on the investment. We will review for appropriateness the methods used to establish the fair value for investments, including foreign exchange contracts, futures contracts, and interest rate swaps.

Assets Held in Agency Capacity - We will review for the makeup of items comprising the balance to determine the most effective method of testing. Generally testing will include review of reconciliations, confirmation of balances, review of documentation underlying transactions, and analytical analysis.

Accrued Expenses and Other Liabilities - We will obtain a detail listing of accrued expenses and other liabilities and test for clerical accuracy. We also will perform a test for unrecorded liabilities by reviewing cash disbursed subsequent to year end and reviewing for significant unpaid invoices or open contracts.

## **Overall Conclusions and Reporting**

In this final phase of the audit, we perform certain general audit procedures, conduct an overall review of the financial statements, and draw overall audit conclusions based on the results of our work. The general audit procedures performed during this phase include obtaining management and legal representations, and reviews of subsequent events, among others.

Throughout the course of the audit, we will make inquiries of management about various facets of the Authority's operations, commitments, contingencies, pending or actual suits and judgments, and obligations. Responses to our inquiries may be provided both orally and in writing. During this final phase, we will request written legal representation from the State Attorney General and representations from management to confirm the continuing appropriateness of earlier representations and to assure a mutual understanding of the subject matters relating to these representations.

Also, during this phase we will perform a review of events occurring subsequent to the date of the financial statements up to the date of our report that could have a direct and material effect on the financial statements. Our objective is to determine whether any significant direct or contingent liabilities or commitments have occurred, whether there have been any significant changes in the status of items accounted for in the financial statements on the basis of estimates or on the basis of tentative, preliminary, or inconclusive data, whether there have been any unusual adjustments to the accounts since the balance sheet date, and whether there have been any significant changes in the financial condition or operations since the balance sheet date.



We will perform an overall analytical review of the financial statements near or at the conclusion of our audit work. The purpose of this review is to satisfy ourselves that the numbers make sense in light of our understanding of your the Authority, that we have obtained explanations of significant fluctuations between years, and that the financial statements meet generally accepted presentation and disclosure standards.

In addition, we will reevaluate our materiality judgments and the adequacy of our audit procedures. In the planning phase, we determined planning materiality based on preliminary information which was used to help determine the extent and timing of tests performed. Based upon the final assessment of risk and the audited materiality base, we will consider whether the extent of substantive auditing procedures was sufficient to form conclusions concerning the information contained in the financial statements, the effectiveness of internal controls, and compliance with laws and regulations.

We will meet with management to discuss developments in the audit and/or resolve accounting or reporting issues as they arise. Such meetings will be held regularly from the beginning of fieldwork until the final report is issued. Potential financial statement adjustments identified during the course of the audit will be formally documented and we will discuss with management the effects of these adjustments. We are confident that with the appropriate dialogue between management and our team, all reporting issues will have been identified and resolved well in advance of all final reports.

The reporting phase is divided into two distinct phases. The first phase encompasses a review of the financial statement format and presentation, and a review of the significant accounting policies utilized by the Authority. This phase is accomplished early in the engagement, so that significant reporting issues can be addressed timely and effectively.

The second phase occurs at the end of the testing, when all information is accumulated and evaluated. **Any proposed adjustments are agreed upon and drafts of financial statements discussed and approved.** At this point we will be in position to prepare our reports on the financial statements and on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. If a report other than an unqualified report would be necessary, we would fully discuss the reasons with you prior to issuance of the report.

**We routinely provide PDF copies of final reports that can be distributed electronically or posted to our client's websites as desired.**

#### **Audit of Federal Programs, if needed**

If it is determined that an audit of a federal program is required, the audit plan will be modified to incorporate the testing required by the Uniform Guidance, including evaluation of internal control and compliance with the provisions of the identified major federal program(s) significant compliance requirements. We will also provide our report on compliance for each major program and on internal control over compliance required by Uniform Guidance.



REQUEST FOR QUOTATION





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

State of West Virginia  
 Centralized Request for Quote  
 Financial

<b>Proc Folder:</b> 860293		<b>Reason for Modification:</b> Addendum No. 01 is being issued to address all technical questions received.  No other changes.	
<b>Doc Description:</b> RFQ - Independent Audit Services for SBA of WV			
<b>Proc Type:</b> Central Contract - Fixed Amt			
<b>Date Issued</b>	<b>Solicitation Closes</b>	<b>Solicitation No</b>	<b>Version</b>
2021-04-23	2021-04-29 13:30	CRFQ 0404 SBA2100000001	2

**BID RECEIVING LOCATION**

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

**VENDOR**

**Vendor Customer Code:** 000000202390  
**Vendor Name :** Suttle & Stalnaker, PLLC  
**Address :** 1411 Virginia Street, East, Suite 100  
**Street :**  
**City :** Charleston  
**State :** WV **Country :** USA **Zip :** 25301  
**Principal Contact :** Chris Lambert, CPA, CGMA, CCIFP, Member  
**Vendor Contact Phone:** 304-343-4126 **Extension:** 3102

**FOR INFORMATION CONTACT THE BUYER**  
 Jessica S Chambers  
 (304) 558-0246  
 jessica.s.chambers@wv.gov

**Vendor Signature X** *Chris Lambert* **FEIN#** 55-0538163 **DATE** 04/29/2021

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

**ADDITIONAL INFORMATION**

The West Virginia Purchasing Division is soliciting bids on behalf of the School Building Authority of West Virginia (SBA), to establish a contract with a Certified Public Accounting Firm for Audit services for Fiscal Year ending on June 30, 2021, with the option to audit the SBA's financial statements for each of the three (3) subsequent fiscal years and to provide technical assistance to the SBA's accounting staff in the preparation of financial statements, reports and documents necessary for compliance with the Comprehensive Annual Financial Report of the State of West Virginia and the requirements of the West Virginia Financial Accounting and Reporting Section of the Department of Administration. The audit and technical assistance must be performed in accordance with the provisions contained in this quotation per the terms and conditions and specifications as attached.

INVOICE TO		SHIP TO	
SCHOOL BUILDING AUTHORITY 2300 KANAWHA BLVD E		SCHOOL BUILDING AUTHORITY 2300 KANAWHA BLVD E	
CHARLESTON	WV	CHARLESTON	WV
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	GOVERNMENT AUDITING SERVICES				

Comm Code	Manufacturer	Specification	Model #
93151607			

**Extended Description:**  
Reference Exhibit A Pricing Page

**SCHEDULE OF EVENTS**

<u>Line</u>	<u>Event</u>	<u>Event Date</u>
-------------	--------------	-------------------

	Document Phase	Document Description	Page 3
SBA210000001	Final	RFQ - Independent Audit Services for SBA of WV	



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

**State of West Virginia**  
**Centralized Request for Quote**  
**Financial**

<b>Proc Folder:</b> 860293			<b>Reason for Modification:</b>
<b>Doc Description:</b> RFQ - Independent Audit Services for SBA of WV			
<b>Proc Type:</b> Central Contract - Fixed Amt			
<b>Date Issued</b>	<b>Solicitation Closes</b>	<b>Solicitation No</b>	<b>Version</b>
2021-04-15	2021-04-29 13:30	CRFQ 0404 SBA210000001	1

**BID RECEIVING LOCATION**

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

**VENDOR**

**Vendor Customer Code:**  
**Vendor Name :**  
**Address :**  
**Street :**  
**City :**  
**State :** **Country :** **Zip :**  
**Principal Contact :**  
**Vendor Contact Phone:** **Extension:**

**FOR INFORMATION CONTACT THE BUYER**

Jessica S Chambers  
 (304) 558-0246  
 jessica.s.chambers@wv.gov

**Vendor Signature X** **FEIN#** **DATE**

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



**ADDITIONAL INFORMATION**

The West Virginia Purchasing Division is soliciting bids on behalf of the School Building Authority of West Virginia (SBA), to establish a contract with a Certified Public Accounting Firm for Audit services for Fiscal Year ending on June 30, 2021, with the option to audit the SBA's financial statements for each of the three (3) subsequent fiscal years and to provide technical assistance to the SBA's accounting staff in the preparation of financial statements, reports and documents necessary for compliance with the Comprehensive Annual Financial Report of the State of West Virginia and the requirements of the West Virginia Financial Accounting and Reporting Section of the Department of Administration. The audit and technical assistance must be performed in accordance with the provisions contained in this quotation per the terms and conditions and specifications as attached.

INVOICE TO		SHIP TO	
SCHOOL BUILDING AUTHORITY 2300 KANAWHA BLVD E		SCHOOL BUILDING AUTHORITY 2300 KANAWHA BLVD E	
CHARLESTON	WV	CHARLESTON	WV
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	GOVERNMENT AUDITING SERVICES				

Comm Code	Manufacturer	Specification	Model #
93151607			

**Extended Description:**  
Reference Exhibit A Pricing Page

**SCHEDULE OF EVENTS**

<u>Line</u>	<u>Event</u>	<u>Event Date</u>
-------------	--------------	-------------------

	Document Phase	Document Description	Page 3
SBA210000001	Final	RFQ - Independent Audit Services for SBA of WV	

## INSTRUCTIONS TO VENDORS SUBMITTING BIDS

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

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

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

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

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

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

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

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

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

Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting  
Revised 03/15/2021

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

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

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

Question Submission Deadline:

Submit Questions to:

2019 Washington Street, East

Charleston, WV 25305

Fax: (304) 558-4115 (Vendors should not use this fax number for bid submission)

Email:

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

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

The bid delivery address is:

Department of Administration, Purchasing Division

2019 Washington Street East

Charleston, WV 25305-0130

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

SEALED BID:

BUYER:

SOLICITATION NO.:

BID OPENING DATE:

BID OPENING TIME:

FAX NUMBER:

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

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

BID TYPE: (This only applies to CRFP)

Technical

Cost

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

Bid Opening Date and Time:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**24. E-MAIL NOTIFICATION OF AWARD:** The Purchasing Division will attempt to provide bidders with e-mail notification of contract award when a solicitation that the bidder participated in has been awarded. For notification purposes, bidders must provide the Purchasing Division with a valid email address in the bid response. Bidders may also monitor wvOASIS or the Purchasing Division's website to determine when a contract has been awarded.



## GENERAL TERMS AND CONDITIONS:

**1. CONTRACTUAL AGREEMENT:** Issuance of a Award Document signed by the Purchasing Division Director, or his designee, and approved as to form by the Attorney General's office constitutes acceptance of this Contract made by and between the State of West Virginia and the Vendor. Vendor's signature on its bid signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.

**2. DEFINITIONS:** As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.

**2.1. "Agency" or "Agencies"** means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.

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

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

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

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

**2.6. "Award Document"** means the document signed by the Agency and the Purchasing Division, and approved as to form by the Attorney General, that identifies the Vendor as the contract holder.

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

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

**2.9. "Vendor" or "Vendors"** means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

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

**Term Contract**

**Initial Contract Term:** This Contract becomes effective on \_\_\_\_\_ and the initial contract term extends until \_\_\_\_\_.

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

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

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

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

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

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

**Other:** See attached \_\_\_\_\_

**4. AUTHORITY TO PROCEED:** Vendor is authorized to begin performance of this contract on the date of encumbrance listed on the front page of the Award Document unless either the box for “Fixed Period Contract” or “Fixed Period Contract with Renewals” has been checked in Section 3 above. If either “Fixed Period Contract” or “Fixed Period Contract with Renewals” has been checked, Vendor must not begin work until it receives a separate notice to proceed from the State. The notice to proceed will then be incorporated into the contract via change order to memorialize the official date that work commenced.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Vendor must maintain:

**Commercial General Liability Insurance** in at least an amount of: \_\_\_\_\_ per occurrence.

**Automobile Liability Insurance** in at least an amount of: \_\_\_\_\_ per occurrence.

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

**Commercial Crime and Third Party Fidelity Insurance** in an amount of: \_\_\_\_\_ per occurrence.

**Cyber Liability Insurance** in an amount of: \_\_\_\_\_ per occurrence.

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

**Pollution Insurance** in an amount of: \_\_\_\_\_ per occurrence.

**Aircraft Liability** in an amount of: \_\_\_\_\_ per occurrence.

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

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

**10. [Reserved]**

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

\_\_\_\_\_ for \_\_\_\_\_

Liquidated Damages Contained in the Specifications

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revised 03/15/2021

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

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

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

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

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

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

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

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

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

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

Chris Lambert, CPA, CGMA, CCIFP, Member

(Name, Title)

Chris Lambert, CPA, CGMA, CCIFP, Member

(Printed Name and Title)

1411 Virginia Street East, Suite 100, Charleston, WV 25301

(Address)

304-343-4126 / 304-343-8008

(Phone Number) / (Fax Number)

CSLambert@suttlecpas.com

(email address)

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

Suttle & Stalnaker, PLLC

(Company)



(Authorized Signature) (Representative Name, Title)

Chris Lambert, CPA, CGMA, CCIFP, Member

(Printed Name and Title of Authorized Representative)

April 29, 2021

(Date)

304-343-4126 / 304-343-8008

(Phone Number) (Fax Number)

REQUEST FOR QUOTATION  
**Independent Auditor Services**

---

**SPECIFICATIONS**

- 1. PURPOSE AND SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of the School Building Authority of West Virginia (SBA), to establish a contract with a Certified Public Accounting Firm for Audit services for Fiscal Year ending on June 30, 2021, with the option to audit the SBA's financial statements for each of the three (3) subsequent fiscal years and to provide technical assistance to the SBA's accounting staff in the preparation of financial statements, reports and documents necessary for compliance with the Comprehensive Annual Financial Report of the State of West Virginia and the requirements of the West Virginia Financial Accounting and Reporting Section of the Department of Administration. The audit and technical assistance must be performed in accordance with the provisions contained in this quotation.

**Current Environment:** Monies received by the SBA are from the sale of Bonds, Interest Earnings on Bond proceeds invested under the Terms of the Bond Indenture, appropriations from the West Virginia Legislature and Federal Grants, when available. Currently the SBA is the fiscal agent for the State's FEMA Grants which will relocate a total of five schools within Kanawha and Nicholas Counties that were destroyed during the June 2016 Floods.

- 2. DEFINITIONS:** The terms listed below shall have the meanings assigned to them. Additional definitions can be found in Section 2 of the General Terms and Conditions.
- 2.1 "Contract Services"** means audit services for the School Building Authority of West Virginia for Fiscal Year ending June 30, 2021 as more fully described in Section 4 of this solicitation.
- 2.2 "Pricing Page"** means the pages, contained in wvOASIS, or attached hereto as **EXHIBIT A**, upon which the Firm should list its proposed price for the Contract Services.
- 2.3 "FARS"** means the Division of Accounting and Reporting Section. "FARS" is the West Virginia Department of Administration's Finance Division which provides financial information to citizens, decision-makers, and other interested parties to allow for sound financial decision-making. Reports prepared by the Department of Administration's Finance Division include the Comprehensive Annual Financial Report, Single Audit and Statewide Cost Allocation Plan.
- 2.4 "SBA"** means the School Building Authority of West Virginia
- 2.5 "FEMA"** means The Federal Emergency Management Agency which is an Agency of the United States Department of Homeland Security.

REQUEST FOR QUOTATION  
**Independent Auditor Services**

---

- 2.6** “**KRONOS**” means the State of West Virginia’s computerized system for processing employee payroll.
- 2.7** “**Government Auditing Standards**” means the Official Standards to which Government Audits are to be performed (Yellow Book). These standards are issued by the Comptroller of the United States of America.
- 2.8** “**Single Audit**” also known as an **A-133 Audit**, is required by the Office of Management and Budget for any entity with Federal Award Expenditures in excess of \$500,000 in one year. The objective of the Single Audit is to provide assurance to the United States Federal Government that Federal Assistance Funds are expended properly.

The State of West Virginia prepares a Single Audit each Fiscal Year in accordance with **A-133**. The Department of Administration is responsible for preparation of this document, and its submission to the Federal Audit Clearinghouse within nine months after the close of the Fiscal Year.

- 2.9** “**Solicitation**” means the official notice of an opportunity to supply the State with goods or services that are published by the West Virginia Purchasing Division.
- 3. QUALIFICATIONS:** The Firm or Firm’s staff, if requirements are inherently limited to individuals rather than corporate entities, shall meet or exceed minimum qualifications. Qualifications will be verified with the West Virginia Board of Accountancy or other licensing bodies where applicable. Bid submissions not meeting the mandatory specifications and qualifications will be disqualified. The minimum qualifications are as follows:
- 3.1** The successful Firm must have three (3) years of experience with the auditing of Governmental financial statements for West Virginia governmental entities and Governmental Accounting Standards (GASB).
- 3.1.1** The successful Firm must be in compliance with all applicable rules and regulations of the West Virginia Board of Accountancy, as required by West Virginia Accountancy law.



REQUEST FOR QUOTATION  
**Independent Auditor Services**

---

- 3.1.2** All Public Accounting Firms must comply with firm organization and registration requirements and annually renew their registrations with the West Virginian Accountancy Board.
- 3.1.3** The successful Firm must be authorized by the West Virginia Board of Accountancy to perform attest services within the State of West Virginia.
- 3.2** Each employee, member or associate assigned to this contract must be either licensed to practice as a Certified Public Accountant (“CPA”) in West Virginia or subordinate/support staff supervised by a licensed CPA.
- 3.3** No change in personnel assigned to the project will be permitted without the written approval of the SBA’s Administration or his/her designee.
- 3.4** If subcontractors are used, the successful Firm must identify any subcontractors who will be used during the engagement and disclose the qualifications of each subcontractor or each person associated with a subcontracted firm to the SBA. Any changes to subcontractors or subcontractor personnel must be submitted to the SBA for written approval of the SBA Administration or his/her designee.
- 3.5** Compliance with experience requirements will be determined prior to contract award by the SBA through references provided by the Firm with its bid or upon request, through knowledge or documentation of the Firm’s past projects, or some other method that the State determines to be acceptable. The Firm should provide a current résumé which includes information regarding the number of years of qualification, experience, and training, and relevant professional education for each individual who will be assigned to this project. The Firm must provide any documentation requested by the SBA to assist in confirmation of compliance with this provision. References, documentation, or other information to confirm compliance with this experience requirement are preferred with the bid submission but may be requested after bid opening and prior to contract award.

**4. MANDATORY REQUIREMENTS:**

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

- 4.1.1** Prior to beginning field work, the Firm must provide a detailed work plan that will identify the major tasks to be accomplished and be used as a scheduling

REQUEST FOR QUOTATION  
**Independent Auditor Services**

---

and managing tool, as well as the basis for invoicing. The work plan must be submitted in accordance with the Schedule for Mandatory Contract Services and Deliverables (**EXHIBIT C**). The detailed work plan must conform to the tasks and the timeline included herein and on **EXHIBIT C**. Specifically, the audit work plan should describe, in detail, the audit approach actuarially for the various SBA Funds.

- 4.1.2** The Firm must be independent and licensed to practice in West Virginia.
- 4.1.3** All directors, principals or partner equivalents on the engagement must be licensed CPA's with at least five (5) years of audit experience with governmental entities. All manager level employees on the engagement must be CPA's with three (3) years of experience on governmental engagements. The SBA retains the right to approve or reject replacements based upon their qualifications, experience, or performance.
- 4.1.4** The Firm must have experience auditing/consulting with three (3) different state (does not have to be West Virginia) government entities (agencies) over the past five (5) years. The Firm must submit a list of these state audits/consulting engagements.
- 4.1.5** The Firm shall submit a statement that they have not failed their two (2) most recent AICPA Peer Reviews of their audit/accounting practice and it is preferred that the firm submit the most recent review with their proposal, however, it may be requested prior to award.
- 4.1.6** The Firm must have at least seven (7) licensed CPA's on staff within the audit firm that are strictly audit and not tax professionals. This ensures the SBA has a Firm that has a breadth of experience that we are looking for and can substitute engagement members should turnover occur. At least five (5) of these audit professionals must all be in the same location and cannot be spread amongst other Firm locations.
- 4.1.7** The Firm must not have had a final audit issued by the proposing Firm that had to be reissued due to material errors or omissions discovered by the West Virginia Financial Accounting and Reporting Section or other West Virginia State Agency two (2) times or more.
- 4.1.8** The Firm must provide a statement that they are a member in good standing of the AICPA's Governmental Audit Quality Center, this documentation is preferred with the bid, but may be requested prior to award.

REQUEST FOR QUOTATION  
Independent Auditor Services

---

**5. CONTRACT AWARD:**

**5.1 Contract Award:** The Contract is intended to provide the SBA with a purchase price for the Contract Services. The Contract shall be awarded to the Firm that provides the Contract Services meeting the required specifications for the lowest overall total cost as shown on the Pricing Pages (**EXHIBIT A**). The Contract will be evaluated on the total bid amount and the contract will be awarded on the first year only. All subsequent years will be done via change order, initiated by the SBA, with the approval of the Firm and approved by the West Virginia Purchasing Division.

**5.2 Pricing Page:** The Firm should complete the Pricing Page by completing the Bid Schedule Provided in **EXHIBIT A**, which requires the Firm to provide the unit cost, including all travel expenses (if any), for FY2021, FY2022, FY2023 and FY2024. It also requires that the Firm provide additional costs for Federal Funds for FY2021, FY2022, FY2023 and FY2024. These additional costs are for the year(s) Federal Funds are utilized by the SBA for the preparation of documents relating to the Single Audit Act. **Any year the SBA does not have Federal Funds then this cost will not be paid.**

The Firm should enter the information on the Pricing Page in full, including the Total Bid Amount, as failure to complete the Pricing Page in its entirety may result in the Firm's Bid being disqualified.

The Firm should type or electronically enter the information into the Pricing Pages through wvOASIS, if available, or as an electronic document. In most cases, the Firm can request an electronic copy of the Pricing Pages for bid purposes by sending an email request to the following address:

[Jessica.S.Chambers@wv.gov](mailto:Jessica.S.Chambers@wv.gov).

**6. PAYMENT:** The SBA shall pay on a progressive **Payment Schedule** as shown in **EXHIBIT C**, for all Contract Services performed and accepted under this Contract. The Firm shall accept payment in accordance with the payment procedures of the State of West Virginia.

**7. TRAVEL:** The Firm shall be responsible for all mileage and travel costs, including travel time, associated with performance of the Contract. Any anticipated mileage or travel costs may be included in the flat fee or hourly rate listed on the Firm's bid, but such costs will not be paid by the SBA separately.

**8. FACILITIES ACCESS:** Performance of Contract Services may require access cards and/or keys to gain entrance to the SBA Facility. If access cards and/or keys are required:

REQUEST FOR QUOTATION  
**Independent Auditor Services**

---

- 8.1** The Firm must identify principal service personnel which will be issued access cards and/or keys to perform services.
  - 8.2** The Firm will be responsible for controlling cards and keys and will pay replacement fees if any cards or keys become lost or stolen.
  - 8.3** The Firm shall notify the SBA immediately of any lost, stolen, or missing card or key.
  - 8.4** Anyone performing under this Contract will be subject to the SBA's security protocol and procedures.
  - 8.5** The Firm shall inform all Staff of the SBA's security protocol and procedures.
- 9. FIRM DEFAULT:**
- 9.1** The following shall be considered a Firm default under this Contract:
    - 9.1.1** Failure to perform Contract Services in accordance with the requirements contained herein.
    - 9.1.2** Failure to comply with other specifications and requirements contained herein.
    - 9.1.3** Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.
    - 9.1.4** Failure to remedy deficient performance upon request.
  - 9.2** The following remedies shall be available to the SBA upon default.
    - 9.2.1** Immediate cancellation of the Contract
    - 9.2.2** Immediate cancellation of one or more release orders issued under this Contract.
    - 9.2.3** Any other remedies available in law or equity.

REQUEST FOR QUOTATION  
**Independent Auditor Services**

---

- 10. Contract Manager:** During its performance of this Contract, the Firm must designate and maintain a primary Contract Manager responsible for overseeing the Firm's responsibilities under this Contract. The Contract Manager must be available during normal business hours (8:00 a.m. to 4:00 p.m. Monday – Friday) to address any customer service or other issues related to this Contract. The Firm should list its Contract Manager and their contact information below.

**Contract Manager:** Chris Lambert, CPA, CGMA, CCIFP, Member

**Telephone Number:** 304-343-4126

**Fax Number:** 304-343-8008

**Email Address:** CSLambert@suttlecpas.com

EXHIBIT A Pricing Page

Description	Quantity	Unit Cost	Extended Cost
Independent Audit Services for Fiscal Year 2021	1	\$0.00	\$0.00
FY 2021 - Additional Cost for Federal Funds *	1	\$0.00	\$0.00
Independent Audit Services for Fiscal Year 2022 (2nd year optional renewal)	1	\$0.00	\$0.00
FY 2022 - Additional Cost for Federal Funds * (2nd year optional renewal)	1	\$0.00	\$0.00
Independent Audit Services for Fiscal Year 2023 (3rd year optional renewal)	1	\$0.00	\$0.00
FY 2023 - Additional Cost for Federal Funds* (3rd year optional renewal)	1	\$0.00	\$0.00
Independent Audit Services for Fiscal Year 2024 (4th year optional renewal)	1	\$0.00	\$0.00
	1	\$0.00	\$0.00
<b>TOTAL BID AMOUNT</b>			\$0.00

\* In any year the SBA utilizes Federal funds, this is the additional cost to be paid for the preparation of documents relating to the Single Audit Act. Any year the SBA does not have Federal Funds then this cost will not be paid.

**Please provide vendor contact information below:**

**VENDOR CONTRACT MANAGER NAME -**

**VENDOR NAME -**

**VENDOR ADDRESS -**

**VENDOR PHONE NUMBER -**

**VENDOR FAX NUMBER -**

**VENDOR CONTACT E-MAIL -**

**School Building Authority of West Virginia**  
**(A Component Unit of the State of West Virginia)**

Financial Statements,  
Required Supplementary Information,  
and Supplementary Information

Year Ended June 30, 2020  
with Independent Auditor's Reports

**MaherDuessel**

Pursuing the profession while promoting the public good©  
[www.md-cpas.com](http://www.md-cpas.com)

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

YEAR ENDED JUNE 30, 2020

## TABLE OF CONTENTS

---

### Independent Auditor's Report

### Management's Discussion and Analysis i

### Financial Statements:

Governmental Funds Balance Sheet/Statement of Net Position	1
Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities	2
Notes to Financial Statements	3

### Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (Budgetary Basis) – General Fund	31
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (Budgetary Basis) – Debt Service Fund	32
Note to Required Supplementary Information	33
Schedule of Proportionate Share of the Net Pension Liability – STRS	34
Schedule of Contributions – STRS	35
Schedule of Proportionate Share of the Net OPEB Liability – RHBT	36
Schedule of Contributions – RHBT	37



# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

YEAR ENDED JUNE 30, 2020

## TABLE OF CONTENTS

---

(Continued)

### **Supplementary Information:**

Form 7 – Deposits Disclosure	38
Form 8 – Investments Disclosure	39
Form 8a – Deposits and Investments Reconciliation	40
Form 15 – Transfers In/Out	41

### **Independent Auditor's Reports Required by the Uniform Guidance:**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42
Schedule of Findings and Responses	44

## Independent Auditor's Report

**Members  
School Building  
Authority of  
West Virginia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the School Building Authority of West Virginia (Authority), a component unit of the State of West Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages i through iv and 31 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
October 13, 2020

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

### Introduction

Our management's discussion and analysis of the School Building Authority of West Virginia's (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction the Authority's financial statements which begin on page 1.

### Financial Highlights

- The Authority's total fund balance decreased by \$31.2 million as a result of this year's operations. The fund balance of the Debt Service Fund decreased by \$16.6 million or by 11.54 percent while the fund balance of the Special Revenue Fund decreased by \$14.6 million, or approximately 16.44 percent. The fund balance of the General Fund increased by \$46,843 from the prior year.
- During the year, the Authority had revenues from intergovernmental allocations and interest income that were \$5.6 million in excess of the \$89.9 million that was spent on administrative expenses, capital project payments, and interest on long-term debt. Last year, revenues exceeded expenditures by \$21.8 million.
- Intergovernmental revenues increased in the current year to \$92.3 million (\$90.1 million in 2019). The Authority reported investment income, including realized and unrealized gains, of \$3.2 million in 2020.
- Expenses in the Authority's Governmental Fund Types activities increased by \$20.4 million, or 19.19 percent, to \$126.7 million during the year. Payments under capital grants increased by \$12.7 million, while debt service on the long-term debt increased by \$7.5 million. Personnel services and other administrative expenses increased by \$187,258 from the prior year.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

### Presentation of Condensed Financial Information

Statements of Net Position (in thousands)

	2020	2019	Change	
			Amount	Percent
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 198,843	\$ 181,434	\$ 17,409	9.60%
Investments	-	71,858	(71,858)	-100.00%
Accrued Interest Receivable	-	335	(335)	-100.00%
Due from other state agencies	9,089	-	9,089	N/A
Capital Assets, net Assets	618	639	(21)	-3.29%
<b>Total Assets</b>	<b>208,550</b>	<b>254,266</b>	<b>(45,716)</b>	<b>-17.98%</b>
<b>Deferred outflow s of resources:</b>				
Deferred loss on refunding's	4,151	4,670	(519)	-11.11%
Deferred outflow s related to pensions/OPEB	134	130	4	3.08%
<b>Total Assets and Deferred Outflow s</b>	<b>\$ 212,835</b>	<b>\$ 259,066</b>	<b>\$ (46,231)</b>	<b>-17.85%</b>
<b>Liabilities:</b>				
Current Liabilities	\$ 6,337	\$ 5,406	\$ 931	17.22%
Due to other state agencies	-	15,980	(15,980)	n/a
Net pension liability	307	420	(113)	-26.90%
Net OPEB liability	121	175	(54)	-30.86%
Long-term bonds payable	374,150	413,432	(39,282)	-9.50%
<b>Total Liabilities</b>	<b>380,915</b>	<b>435,413</b>	<b>(38,518)</b>	<b>-8.85%</b>
<b>Deferred inflow s of resources:</b>				
Deferred inflow s related to pensions/OPEB	133	173	(40)	-23.12%
<b>Total liabilities and deferred inflow s of resources</b>	<b>\$ 381,048</b>	<b>\$ 435,586</b>	<b>\$ (54,538)</b>	<b>-12.52%</b>
<b>Net position:</b>				
Net investment in capital assets	\$ 618	\$ 640	\$ (22)	-3.44%
Restricted for capital projects	74,278	88,895	(14,617)	-16.44%
Unrestricted	(243,109)	(266,055)	22,946	-8.62%
<b>Net (deficit) position</b>	<b>\$ (168,213)</b>	<b>\$ (176,520)</b>	<b>\$ 8,307</b>	<b>-4.71%</b>
<b>Statements of Changes in Net Position</b>				
<b>Revenues:</b>				
Intergovernmental	\$ 92,410	\$ 90,074	\$ 2,336	2.59%
Interest Income	2,443	5,008	(2,565)	-51.22%
Change in fair value of investments	745	3,566	(2,821)	-79.11%
	95,598	98,648	(3,050)	-3.09%
<b>Expenditures:</b>				
Capital Grants	77,803	65,087	12,716	19.54%
Interest	8,184	10,484	(2,300)	-21.94%
Other	1,304	1,289	15	1.16%
	87,291	76,860	10,431	13.57%
<b>Change in net position</b>	<b>8,307</b>	<b>21,788</b>	<b>(13,481)</b>	<b>-61.87%</b>
<b>End of year net position</b>	<b>\$ (168,213)</b>	<b>\$ (176,520)</b>	<b>\$ 8,307</b>	<b>-4.71%</b>

### The Authority's Funds

During the year ended June 30, 2020, the Authority's governmental funds reported a combined fund balance of \$202.5 million, which is a \$31.3 million decrease, or 13.35 percent less than last year's balance of \$233.8 million.

The Authority spent \$77.8 million this year on school construction projects and returned \$1.1 million of FEMA funding to the West Virginia Department of Homeland Security. Special revenue

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

balances at the beginning of the year include prior year allocations to finance these projects. Although these construction expenditures reduced the available fund balance, additional allocations from the State of West Virginia for school construction of \$55.3 million, a transfer from the Debt Service Fund of \$8.0 million, a transfer from the West Virginia Department of Homeland Security in the amount of \$1.2 million, and net investment income of \$3.2 million resulted in the fund balance being \$74.3 million at June 30, 2020.

The fund balance of the Debt Service Fund decreased by \$16.6 million this year. The ending fund balance for the Debt Service Fund was \$127.6 million at June 30, 2020, which represents amounts that are maintained by the Authority as bond sinking funds and current year debt service funds in accordance with the bond indentures.

### **General Fund Budgetary Highlights**

The West Virginia Legislature allocates the amount of the Authority's operations budget each year during their legislative session. In the current fiscal year, the Authority received its operational funds from interest income from trust fund investments as prescribed by the West Virginia Code at that time. In the 2018 legislative session, a bill was passed and was signed by the governor that allows the Authority to receive its future operating funds from the annual school construction fund allocation of \$27.2 million. The amount transferred from the Special Revenue Fund to the General Fund for operational expenses was \$1,371,182 in the current fiscal year.

The actual charges to operations (expenditures) were \$93,433 below the final budget amounts. Resources available for operations were from Special Revenue Fund transfers. The Authority transfers funds into its non-interest-bearing operational expense account in the West Virginia Treasury.

### **Debt Service Fund Budgetary Highlights**

The Authority submits an annual budget to the West Virginia Legislature each year that includes the actual debt service payments for the Series 2017 bonds from the General Revenue Fund, the Regular Lottery Fund (Series 2012 bonds, Series 2013 bonds, Series 2014 bonds, Series 2016A bonds, Series 2016B bonds, and Series 2018 bonds) and from the Excess Lottery Fund (Series 2009A bonds, Series 2009B bonds, Series 2010A bonds, Series 2010B bonds, and Series 2015 bonds).

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

### **Debt Administration**

At June 30, 2020, the Authority had \$374.2 million in bonds outstanding compared to \$413.4 million at June 30, 2019, a decrease of 9.50 percent. This decrease of \$39.3 million was primarily due to the scheduled retirement of the existing bonds.

The Authority maintains two primary categories of debt, both of which carry strong bond ratings with national rating agencies. A portion of the Authority's debt is secured by annual Legislative appropriations from the State's general revenue fund. As of June 30, 2020, those bonds maintained ratings of Aa3 from Moody's and A+ from Standard & Poor's. The remainder of the Authority's debt is secured by revenue allocations from the West Virginia Lottery Fund. All lottery revenue bonds issued by the Authority have been assigned debt ratings based on debt service coverage levels and other factors that the rating agencies deem appropriate. As of June 30, 2019, the Authority's revenue bonds maintained ratings of A1 from Moody's, and AAA from Standard & Poor's.

### **Economic Factors and Next Year's Budgets**

The State of West Virginia has been able to maintain a favorable General Fund Position as a result of conservative budgeting practices.

The Authority has received approval in the state of West Virginia budget bill that includes a \$37.0 million allocation for debt service payments for the year ending June 30, 2021. The sources of these debt service allocations are \$18.0 million from the Regular Lottery Fund and \$19.0 million from the Excess Lottery Fund.

The Authority receives its allocation for the school construction from the state of West Virginia budget bill and non-appropriated sources. These non-appropriated source allocations are part of the state code of West Virginia and any increases or decreases require a vote by both houses of the legislature and the signature of the governor. The Authority will receive a \$24 million allocation from the General Revenue Fund and a \$51 million allocation from non-appropriate sources for school construction for the year ending June 30, 2021.

This financial report is designed to provide our citizens, taxpayers, bondholders and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at 2300 Kanawha Boulevard East, Charleston, West Virginia 25311-2306.



# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION

YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>Assets and Deferred Outflows of Resources</b>						
<b>Assets:</b>						
Cash and cash equivalents	\$ 741,169	\$ 70,523,399	\$ 127,578,701	\$ 198,843,269	\$ -	\$ 198,843,269
Investments	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Due from other state agencies	-	9,089,083	-	9,089,083	-	9,089,083
Capital assets, net	-	-	-	-	618,311	618,311
<b>Total assets</b>	<b>741,169</b>	<b>79,612,482</b>	<b>127,578,701</b>	<b>207,932,352</b>	<b>618,311</b>	<b>208,550,663</b>
<b>Deferred outflows of resources:</b>						
Deferred loss on bond refundings	-	-	-	-	4,151,792	4,151,792
Deferred outflows related to pension	-	-	-	-	112,504	112,504
Deferred outflows related to OPEB	-	-	-	-	20,952	20,952
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,285,248</b>	<b>4,285,248</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 741,169</b>	<b>\$ 79,612,482</b>	<b>\$ 127,578,701</b>	<b>\$ 207,932,352</b>		
<b>Liabilities</b>						
Accounts payable	\$ 30	\$ -	\$ -	\$ 30	-	30
Capital grants payable	-	5,334,233	-	5,334,233	-	5,334,233
Compensation payable	62,807	-	-	62,807	-	62,807
Accrued interest payable	-	-	-	-	857,175	857,175
Due to other state agencies	-	-	-	-	-	-
Compensated absences	-	-	-	-	83,648	83,648
Net pension liability	-	-	-	-	307,184	307,184
Net OPEB liability	-	-	-	-	120,842	120,842
<b>Long-term debt obligations:</b>						
Due within one year	-	-	-	-	15,100,000	15,100,000
Due after one year	-	-	-	-	359,050,335	359,050,335
<b>Total Liabilities</b>	<b>62,837</b>	<b>5,334,233</b>	<b>-</b>	<b>5,397,070</b>	<b>375,519,184</b>	<b>380,916,254</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows related to pension	-	-	-	-	62,554	62,554
Deferred inflows related to OPEB	-	-	-	-	70,043	70,043
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,597</b>	<b>132,597</b>
<b>Fund Balance</b>						
Restricted - capital projects	-	74,278,249	-	74,278,249	(74,278,249)	-
Restricted - debt service	-	-	127,578,701	127,578,701	(127,578,701)	-
Unassigned	678,332	-	-	678,332	(678,332)	-
<b>Total Fund Balance</b>	<b>678,332</b>	<b>74,278,249</b>	<b>127,578,701</b>	<b>202,535,282</b>	<b>(202,535,282)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 741,169</b>	<b>\$ 79,612,482</b>	<b>\$ 127,578,701</b>	<b>\$ 207,932,352</b>		
<b>Net Position</b>						
Net investment in capital assets					618,311	618,311
Restricted for capital projects					74,278,249	74,278,249
Unrestricted					(243,109,500)	(243,109,500)
<b>Total Net Position</b>					<b>\$ (168,212,940)</b>	<b>(168,212,940)</b>

See accompanying notes to financial statements.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE/ STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
<b>Revenues:</b>						
Intergovernmental	\$ -	\$ 55,314,921	\$ 36,992,796	\$ 92,307,717	\$ 101,756	\$ 92,409,473
Interest income, net of arbitrage rebate	-	1,324,724	1,118,714	2,443,438	-	2,443,438
Increase (decrease) in fair value of investments	-	-	744,783	744,783	-	744,783
<b>Total revenues</b>	<b>-</b>	<b>56,639,645</b>	<b>38,856,293</b>	<b>95,495,938</b>	<b>101,756</b>	<b>95,597,694</b>
<b>Expenditures:</b>						
Capital grants	-	77,802,704	-	77,802,704	-	77,802,704
Debt service:						
Principal	-	-	36,765,000	36,765,000	(36,765,000)	-
Interest	-	-	10,784,463	10,784,463	(2,600,438)	8,184,025
Personal services	1,051,261	-	-	1,051,261	(77,199)	974,062
Other administrative	273,078	35,540	-	308,618	21,260	329,878
<b>Total expenditures</b>	<b>1,324,339</b>	<b>77,838,244</b>	<b>47,549,463</b>	<b>126,712,046</b>	<b>(39,421,377)</b>	<b>87,290,669</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(1,324,339)</b>	<b>(21,198,599)</b>	<b>(8,693,170)</b>	<b>(31,216,108)</b>	<b>31,216,108</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>						
Transfers - internal activities	1,371,182	6,581,733	(7,952,915)	-	-	-
<b>Total financing sources (uses)</b>	<b>1,371,182</b>	<b>6,581,733</b>	<b>(7,952,915)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>46,843</b>	<b>(14,616,866)</b>	<b>(16,646,085)</b>	<b>(31,216,108)</b>	<b>31,216,108</b>	<b>-</b>
<b>Change in Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,307,025</b>	<b>8,307,025</b>
<b>Fund Balance/Net Position:</b>						
Beginning of year	631,489	88,895,115	144,224,786	233,751,390	(410,271,355)	(176,519,965)
End of year	<u>\$ 678,332</u>	<u>\$ 74,278,249</u>	<u>\$ 127,578,701</u>	<u>\$ 202,535,282</u>	<u>\$ (370,748,222)</u>	<u>\$ (168,212,940)</u>

See accompanying notes to financial statements.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

### 1. Reporting Entity

The School Building Authority of West Virginia (Authority) was created under the provisions of Chapter 18, Article 90 (Act), of the Code of West Virginia (the State) 1931, as amended. Under the Act, the Authority is to "facilitate and provide State funds for the acquisition, construction, and maintenance of elementary and secondary public school facilities so as to meet the educational needs of the people of the State in an efficient and economical manner." The Authority's program is designed to provide modern, efficient public school facilities throughout the State by promoting the consolidation of elementary and secondary public schools, enabling the State to utilize more efficiently its educational resources.

The Authority is governed by a ten-member board appointed by the Governor. The Governor serves as President of the Authority. The remaining nine members consist of three members of the State Board of Education and six citizens, one of whom must be a representative of the construction trades. The Authority is considered a component unit of the State and its financial statements are discretely presented in the State's comprehensive annual financial report.

The Authority has considered all potential component units to be included in the Authority's reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP). These criteria include consideration of organizations for which the Authority is financially accountable, or organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. Since no organizations meet these criteria, the Authority has no component units.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

The financial statements of the Authority have been prepared in conformity with GAAP as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's significant accounting policies are described below.

---

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

### Government-Wide and Fund Financial Statements

The Authority's financial statements present the government-wide financial statements (i.e., the statement of net position and the statement of activities) and fund financial statements (i.e., the governmental funds balance sheet and statement of governmental fund revenues, expenditures, and changes in fund balances) in a combined format, which present the fund financial statements with required adjustments as a separate column and the government-wide financial statements on the same set of statements.

The government-wide financial statements report information on all activities of the Authority. The effect of interfund activity has been removed from these statements. The government-wide financial statements reflect a net deficit at June 30, 2020, which is primarily driven by future obligations related to long-term debt as disclosed in Note 7. These revenue bonds are secured by and expected to be satisfied from certain net profits of the West Virginia Lottery.

The fund financial statements are provided for all major individual governmental funds as separate columns. The Authority does not have any non-major funds.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, regardless of the timing of related cash flows. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded when payment is due.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

The Authority reports the following major governmental funds:

- *General Fund* - This fund is used to account for all financial resources, except those accounted for in another fund.
- *Special Revenue Fund* - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Funds granted from the Special Revenue Fund are used by grantees for financial resources accumulated for the acquisition, construction, and improvement of public school facilities.
- *Debt Service Fund* - This fund is used to account for financial resources accumulated to repay long-term obligations and interest thereon.

### Cash, Cash Equivalents, and Investments

Cash and cash equivalents include deposits with original maturities of less than three months, money market funds, and interest-earning deposits with the State Treasurer of West Virginia and with the West Virginia Board of Treasury Investments (BTI). The investment in BTI's West Virginia Money Market Pool and all other money market funds are carried at amortized cost, which approximates fair value.

### Investments Measured at Fair Value

The Authority measures certain investments at fair value for financial reporting purposes. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. The Authority categorizes fair value measurements within the fair value hierarchy established by GAAP in accordance with GASB Statement No. 72.

The fair value hierarchy established under GASB Statement No. 72 categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs - Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

Level 2 inputs - Inputs - other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs - Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. For the year ended June 30, 2020 the Authority did not have any investments required to be categorized by Level.

### Budgetary Accounting

The Authority's expenditures are subject to the legislative budget process of the State, with annual budgets adopted utilizing the cash basis of accounting. The cash basis is modified at year-end to allow for payment of invoices up to 31 days after year-end for goods or services received prior to year-end. Appropriated budgeted expenditures, which lapse 31 days after the end of the fiscal year, are incorporated into the Authority's overall financial plan. Expenditures are budgeted using natural categories of activity. Any revisions that alter the budgeted expenditures for the budgetary expenditure categories for the Authority as a whole must be approved by the Legislature.

### Employee Benefits

The Authority's employees are covered by the West Virginia State Teachers Retirement System (STRS), a multiple-employer contributory defined benefit pension plan. STRS covers all employees of the Authority and is funded according to matching portions of employee payroll prescribed by the plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, and information about the fiduciary net position of STRS, such information has been determined on the same basis as they are reported by STRS. The actuarial cost method used was individual entry age normal with level percent of pay amortization. Investments are reported at fair value.

The Authority's employees are eligible for the West Virginia Other Postemployment Benefit Plan, a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan, provided they meet certain requirements. The plan is accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT). The Authority is billed during the year for its portion of the premiums for each active policyholder. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and information about the fiduciary net position of RHBT, such

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

information has been determined on the same basis as they are reported by RHBT. The actuarial cost method used was the Entry Age Normal Cost Method. Investments are reported at fair value. The plan was closed to new entrants as of June 30, 2016.

Authority employees generally earn vacation and sick leave on a monthly basis. Vacation, up to specific limits, is fully vested when earned and sick leave, while not vesting to the employee prior to retirement, can be carried over to subsequent periods. Any unused vacation and sick leave accumulated at retirement vests to the employee, which may be provided in the form of post-retirement payment of a portion of the employee's health insurance premiums, or as service credits for retirement purposes. Expenditures for vacation, sick leave, and post-employment health insurance premiums are recognized as incurred. The obligation for accumulated vested vacation leave and the estimated obligation for anticipated termination payments to current employees for conversion of unused sick leave to postemployment health insurance premiums (through the Authority's participation in the State's multi-employer cost-sharing other post-employment benefits plan) are presented in the government-wide financial statements.

### Interfund Transactions

During the normal course of operations, certain transactions, including transfers of resources for Authority operations, occur between funds. Interfund transactions are recorded as operating transfers in the fund financial statements and have been eliminated in the government-wide financial statements. As provided for by the West Virginia Code, for the period ending June 30, 2020, the Authority has transferred \$7,952,915 from the Debt Service Fund to the Special Revenue Fund and \$1,371,182 from the Special Revenue Fund to the General Fund.

### Capital Assets

Capital assets are reported at historical cost net of depreciation. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated economic useful lives of the assets (five to 40 years).

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

### Fund Balance

In the governmental fund financial statements, fund balance is reported in the following two classifications:

- *Restricted* - Represents fund balance, which is restricted when constraints placed on its use of the resources are either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- *Unassigned* - Fund balance that has not been reported in any other classification.

### Net Position

In the government-wide financial statements, net position is reported as the net investment in capital assets, restricted for debt service, restricted for capital projects, or as unrestricted in accordance with GAAP. Restrictions of net position are the result of constraints placed on the use of net position, which have been imposed through debt covenants, by law through enabling legislation, and through grant agreements. When both restricted and unrestricted resources are available for use, it is generally the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

### Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority's losses on refundings of bonds result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, employer contributions made during the year subsequent to the measurement date of the pension obligation and the OPEB obligation are presented as deferred outflows of resources. Deferred outflows also consist of changes in proportion and differences between the Authority's contributions and proportionate share of contribution related to pension and OPEB.

### Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as

---



# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

aggregations of different types of deferred amounts. At June 30, 2020, deferred inflows were composed of differences between actual and expected experience, changes in proportion and differences between the Authority's contributions and proportionate share of contributions, and differences between actual and projected earnings on investments related to pension and OPEB, as well as a gain from refunding a bond issuance.

### Bond Discounts and Premiums

Bond discounts and premiums are amortized using the straight-line method over the varying terms of the bonds issued. The difference in amortization using the straight-line method versus the effective interest method is not material. Bond issuance costs are expensed as incurred.

### Arbitrage Rebate Payable

The United States Internal Revenue Code of 1986, as amended (Code), prescribes restrictions applicable to the Authority as issuer of revenue bonds, including restrictions on earnings on the bond proceeds. The Code requires payment to the federal government of investment earnings on certain bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the yield on the bonds. As of June 30, 2020, management has determined that there is no obligation to the federal government for arbitrage.

### Adopted Pronouncements

Standards requiring adoption in 2020 include GASB Statement No. 90 (Majority Equity Interests) and No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance). These standards were implemented with no significant impact to the Authority's financial statements.

### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 84 (Fiduciary Activities), 87 (Leases), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), 91 (Conduit Debt Obligations), 92 (Ominbus), 93 (Replacement of the Interbank Offered Rates), 96 (Subscription-Based Information Technology Agreements), and 97 (Certain Component Unit Criteria). Management has not yet determined the impact of these statements on the financial statements.

---

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

### 3. Reconciliation of Government-wide and Fund Financial Statements

Amounts reported in the statement of net position differ from the governmental funds balance sheet because of the following:

Total fund balances on governmental funds balance sheet	\$ 202,535,282
Capital assets used in governmental activities are not a financial resource and, therefore, are not reported in the governmental funds balance sheet.	618,311
Deferred amounts on bond refundings are recorded and amortized in the statement of net position and are not recorded on the fund financial statements.	4,151,792
Deferred inflows and outflows of resources for pension and OPEB are recorded and amortized in the statement of net position and are not recorded on the fund financial statements.	859
Net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(307,184)
Net OPEB liability is not due and payable in the current period and, therefore, is not reported in the funds.	(120,842)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(83,648)
Long-term debt obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(374,150,335)
Interest expense on long-term debt is not recognized on the fund statements until due.	(857,175)
Net position (deficit) of governmental activities	<u><u>\$ (168,212,940)</u></u>

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

Amounts reported in the statement of activities differ from the statement of governmental fund revenues, expenditures, and changes in fund balances because of the following:

Excess (deficiency) of revenues and transfers in under expenditures and transfers out - governmental funds.	\$ (31,216,108)
Changes in the net pension liability and related deferred outflows and inflows of resources do not affect current financial resources and, therefore, are not reflected in the governmental funds.	184,874
Changes in the net OPEB liability and related deferred outflows and inflows of resources do not affect current financial resources and, therefore, are not reflected in the governmental funds.	25,662
Expenses associated with compensated absences that will not be paid with current financial resources and, therefore, are not reported in governmental funds.	(31,581)
The governmental fund financial statements report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amount represents the current year amortization of these long-term debt related costs.	1,997,813
Depreciation expense related to capital assets is not reported in the governmental funds because it does not affect current financial resources.	(22,730)
Capital asset additions reported as expenses in the governmental funds reclassified to capital assets in the government-wide financial statements.	1,470
Principal payments that are reported as expenditures of governmental funds do not affect the change in net position in the government-wide financial statements.	36,765,000
Accrued interest on long-term debt does not require the use of current resources and, therefore, is not reported as an expenditure in governmental funds.	<u>602,625</u>
Change in net position - statement of activities	<u><u>\$ 8,307,025</u></u>

#### 4. Deposits and Investments

The Authority has adopted investment guidelines that are consistent with those specified in the bond trust indentures for its outstanding bonds. Those guidelines authorize the Authority to invest all bond proceeds and other revenues in obligations of the United States and certain of its agencies, certificates of deposit, direct and general obligations of states, repurchase agreements relating to certain securities, money market mutual funds, guaranteed investment contracts, and bond mutual funds. Investments are managed by

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

the financial institution serving as the trustee for the Authority in accordance with the investment guidelines as specified.

The State Treasurer has statutory responsibility for daily cash management activities of the State's agencies, departments, boards and commissions, and transfer of funds to the West Virginia Board of Treasury Investments (BTI) for investment in accordance with West Virginia Code, policies set by BTI and by provisions of bond indentures and trust agreements when applicable. Certain of the Authority's cash balances are invested by BTI in BTI's West Virginia Money Market Pool, which are carried at amortized cost in accordance with the criteria established in GASB Statement No. 79. The criteria specify that the pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. BTI does not place limitations or restrictions on participant withdrawals from the pool, such as redemption notice periods, maximum transaction amounts, and does not have any authority to impose liquidity fees or redemption gates. As of June 30, 2020, the Authority had \$1,942,803 in BTI's West Virginia Money Market Pool. These deposits are reported as cash and cash equivalents. Investment income earned is pro-rated to the Authority at rates specified by BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Authority with overnight notice. BTI's audited financial statements, including the West Virginia Money Market Pool, are available on their website [www.wvbt.com](http://www.wvbt.com).

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investments are subject to interest rate risk. As of June 30, 2020, the Authority had the following investment and maturities:

Investment Type	Fair Value	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
WV Money Market Pool	\$ 1,942,803	\$ 1,942,803	\$ -	\$ -	\$ -
Money market funds	188,363,584	188,363,584	-	-	-
	<u>\$ 190,306,387</u>	<u>\$ 190,306,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

### ***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the Authority's investment in a single corporate issuer. As of June 30, 2020, the Authority had no investment balances in a single issuer greater than 5% of the total investment balances.

### ***Credit Risk***

#### West Virginia Money Market Pool

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The West Virginia Money Market Pool has been rated AAAM by Standard & Poor's. A fund rated "AAAM" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAM" is the highest principal stability fund rating assigned by Standard & Poor's.

#### Other Investments

The Money market funds of \$188,363,584 were rated AAm by Moody's and Aaa-mf by S&P. Credit risk is managed by limiting investments to the following types of debt securities in accordance with the Authority's investment guidelines: direct obligations of or obligations guaranteed by the United States of America, the State or any other state, provided that obligations of other states meet certain requirements, obligations of certain federal agencies, certain types of indebtedness of public agencies or municipalities, corporate indebtedness meeting certain requirements, and repurchase agreements and investment contracts that meet certain requirements.

### ***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, the Authority held no securities that were subject to custodial credit risk.

### ***Foreign Currency Credit Risk***

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There are no securities that are subject to foreign currency risk.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

A reconciliation of the investments disclosed in this note to the amounts reported in the governmental funds balance sheet/statement of net position is as follows:

As disclosed in this Note:	
Total investments - BTI West Virginia Money Market Pool	\$ 1,942,803
Total other investments	188,363,584
Deposits with the West Virginia Treasury	<u>8,536,882</u>
	<u>\$ 198,843,269</u>
As reported in the Governmental Funds:	
Balance sheet/statement of net position:	
Cash and cash equivalents	<u>\$ 198,843,269</u>
	<u>\$ 198,843,269</u>

### 5. Capital Assets

A summary of capital assets at June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 1,024,252	\$ -	\$ -	\$ 1,024,252
Land improvements	21,995	-	-	21,995
Less accumulated depreciation	<u>(405,206)</u>	<u>(22,730)</u>	<u>-</u>	<u>(427,936)</u>
Total capital assets, net	<u>\$ 641,041</u>	<u>\$ (22,730)</u>	<u>\$ -</u>	<u>\$ 618,311</u>

### 6. Long-Term Debt

The Authority issued revenue bonds to fund grants to finance capital improvements to public schools located in the State. The revenue bonds are considered special obligation bonds, which are secured by and made payable from certain net profits of the West Virginia Lottery. Bonds issued and outstanding at June 30, 2020, are as follows:

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

	Original Issue Amount	Outstanding at June 30, 2020
2009A excess Lottery Revenue Bonds (Qualified School Construction Bonds), Tax Credit Bonds, maturing through June 2024.	\$ 30,000,000	\$ 30,000,000
2009B excess Lottery Revenue Bonds (Qualified School Construction Bonds), Tax Credit Bonds, maturing through June 2026.	48,200,000	48,200,000
2010A excess Lottery Revenue Bonds (Qualified School Construction Bonds), Tax Credit Bonds, maturing through June 2027.	72,280,000	72,280,000
2010B excess Lottery Revenue Bonds, 2.00% to 5.00%, maturing through June 2030.	25,000,000	19,375,000
2012A Lottery Capital Improvement Revenue Bonds, 3.00% to 5.00%, maturing through July 2027.	25,575,000	17,435,000
2013A Lottery Capital Improvement Revenue Bonds, 3.00% to 5.00%, maturing through July 2028.	24,425,000	17,330,000
2014A Lottery Capital Improvement Revenue Bonds, 3.00% to 5.00%, maturing through July 2029.	26,055,000	19,285,000
2015A Lottery Capital Improvement Revenue Bonds, 3.00% to 5.00%, maturing through July 2028.	63,640,000	58,385,000
2016A Lottery Capital Improvement Revenue Bonds, 3.00% to 5.00%, maturing through July 2031.	21,340,000	18,110,000
2016B Lottery Capital Improvement Revenue Bonds, 3.00% to 5.00%, maturing through July 2032.	21,255,000	19,205,000
2017A Capital Improvement Revenue Refunding Bonds, 5.00%, maturing through July 2019.	38,415,000	-
2018A Lottery Capital Improvement Revenue Bonds, 3.00% to 5.00%, maturing through July 2033.	39,580,000	37,740,000
Total revenue bonds payable	<u>\$ 435,765,000</u>	<u>\$ 357,345,000</u>
Total revenue bonds payable		\$ 357,345,000
Unamortized discount		(7,134,428)
Unamortized premium		23,939,763
Portion of bonds payable due within one year		<u>(15,100,000)</u>
		<u>\$ 359,050,335</u>

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due Within One Year
Bonds payable:						
2009A bonds	\$ 30,000,000	\$ -	\$ -	\$ -	\$ 30,000,000	\$ -
2009B bonds	48,200,000	-	-	-	48,200,000	-
2010A bonds	72,280,000	-	-	-	72,280,000	-
2010B bonds	20,025,000	-	650,000	-	19,375,000	615,000
2012A bonds	19,200,000	-	1,765,000	-	17,435,000	1,840,000
2013A bonds	18,855,000	-	1,525,000	-	17,330,000	1,585,000
2014A bonds	20,745,000	-	1,460,000	-	19,285,000	1,535,000
2015A bonds	63,465,000	-	5,080,000	-	58,385,000	5,345,000
2016A bonds	19,240,000	-	1,130,000	-	18,110,000	1,145,000
2016B bonds	20,255,000	-	1,050,000	-	19,205,000	1,105,000
2017A bonds	22,265,000	-	22,265,000	-	-	-
2018A bonds	39,580,000	-	1,840,000	-	37,740,000	1,930,000
	<u>\$ 394,110,000</u>	<u>\$ -</u>	<u>\$ 36,765,000</u>	<u>\$ -</u>	<u>\$ 357,345,000</u>	<u>\$ 15,100,000</u>

These bonds payable are limited obligations of the Authority payable from legislatively appropriated revenues from the net revenue of the West Virginia Lottery Commission. During the fiscal year ended June 30, 2020, the amount of Department of Education and Lottery revenue appropriated to pay the debt service on these bonds was \$36,992,796, while the required debt service was \$36,765,000 for principal and \$10,784,463 related to interest.



# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Debt service costs on these bonds for each of the next five years and thereafter is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 15,100,000	\$ 9,928,013	\$ 25,028,013
2022	15,840,000	9,198,088	25,038,088
2023	16,585,000	7,677,413	24,262,413
2024	47,400,000	7,617,613	55,017,613
2025	18,285,000	6,755,063	25,040,063
2026-2030	217,560,000	19,489,675	237,049,675
2031-2034	26,575,000	2,196,800	28,771,800
	<u>\$ 357,345,000</u>	<u>\$ 62,862,665</u>	<u>\$ 420,207,665</u>

The bonds are subject to the arbitrage rebate provisions of the Internal Revenue Code, which require that 90% of excess investment earnings on the bond proceeds be paid to the Internal Revenue Service (IRS) every five years in order for the bonds to maintain their tax-exempt status. At June 30, 2020, the Authority's estimated arbitrage rebate liability was zero.

At June 30, 2020, the Authority had no defeased debt outstanding. In event of default, the bonds could become due immediately.

## 7. Employee Related Liabilities

The following is a summary of employee related liabilities reported in the government-wide financial statements:

	Balance at July 1, 2019	Changes	Balance at June 30, 2020
Compensation payable	\$ 40,590	\$ 22,217	\$ 62,807
Compensated absences	52,067	31,581	83,648
Net pension liability	419,804	(112,620)	307,184
Net OPEB liability	174,680	(53,838)	120,842
	<u>\$ 687,141</u>	<u>\$ (112,660)</u>	<u>\$ 574,481</u>

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

### **8. Transactions with the State of West Virginia**

During the year ended June 30, 2020, the Authority received operating transfers from the State through the Department of Education of \$55,236,343 for capital grants. The Authority also received from the West Virginia Lottery Commission \$18,000,000 and \$18,992,796 for bond debt service during 2020. The Authority also received \$1,174,474 in Federal Emergency Management Agency funding passed through the WV Department of Homeland Security for the construction of new schools. The Authority also returned unspent Federal Emergency Management Agency funding of \$1,131,436 to WV Department of Homeland Security for later reimbursement as the expenditures related to the funding are incurred; these amounts are included as a reduction to intergovernmental revenue.

The \$9,089,083 reported as due from other state agencies on the Statement of Net Position represents 2020 funding allocations from the above mentioned Department of Education transfers that will be received in 2021.

### **9. Commitments**

At June 30, 2020, the Authority had outstanding commitments in the amount of \$90,092,985 to provide grants to county school boards throughout the State to finance the acquisition, construction, and maintenance of elementary and secondary public school facilities.

### **10. Risk Management**

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

PEIA, a public entity risk pool, provides employee and dependent health, life, and prescription drug insurance coverage. PEIA determines premiums to be paid by participating/covered employers, including the Authority. In exchange for the payment of premiums to PEIA, the Authority has transferred its risks related to health coverage of employees.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

The Authority, for an annual premium, obtains insurance coverage for general liability, property damage, business interruption, errors and omissions, and natural disasters through the West Virginia Board of Risk and Insurance Management, a public entity risk pool insuring the State, its component units, local government entities, and eligible not-for-profit organizations. Liability coverage provided to all insured entities under this policy is limited to \$1,000,000 per occurrence, subject to an annual aggregate limit of coverage of \$22,000,000. In each of the three fiscal years prior to and including the period ending June 30, 2020, the Authority's insurance coverage has been sufficient to meet all claims and settlements against the Authority. Additionally, the Authority purchased workers' compensation insurance from a private insurance carrier. In exchange for payment of premiums to this carrier, the Authority has transferred its risks related to job-related injuries of employees.

The Authority is subject to certain claims that arise in the ordinary course of business. Many of these claims are in the early stages of the evaluation process. Accordingly, it is not possible at the present time to estimate the ultimate legal and financial liability, if any, with respect to certain lawsuits. Thus, no provision has been made in the financial statements for liabilities, if any, from such litigation. In the opinion of management, after consultation with counsel, adequate insurance exists, so the eventual outcome of such claims is not expected to have a material adverse effect on the Authority's financial position. However, depending on the amount and timing of such resolution, an unfavorable resolution of some or all of these matters could materially affect the future results of operations or cash flows in a particular period.

### **11. Pension Plan**

*Plan Description* - The Authority contributes to STRS, a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). Chapter 18, Article 7 A of the West Virginia Code assigns the authority to establish and amend benefit provisions to the STRS Board of Trustees. CPRB issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The financial report can be obtained by writing to CPRB, 4101 MacCorkle Avenue S.E., Charleston, West Virginia 25304. The report is also available online at [www.wvretirement.com](http://www.wvretirement.com).

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

*Benefits Provided* - STRS provides retirement benefits as well as death and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. A member may retire with the pension reduced actuarially if the member is less than age 55 and has between 30 and 35 years of service. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. All members hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with 10 years of service or between ages 55 and 62 with 30 years of service. Terminated members with at least five, but less than 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Terminated members with at least 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 60. For all employees hired after July 1, 2015, this age increases to 64 with ten years of service or age 63 with 20 years of service. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings.

*Funding Policy* - STRS funding policy has been established by action of the State Legislature. The Authority accrued and paid its contribution to STRS at the rate of 15% for each covered employee's total annual salary that was hired prior to July 1, 1991 and 7.5% for each covered employee's annual salary that was hired after on or after July 1, 2005. The Plan was closed to new membership from July 1, 1991 through June 30, 2005. Required employee contributions were at the rate of 6% of total annual salary. The Authority's contribution to the Plan for the years ended June 30, 2020, 2019, and 2018 was \$54,573, \$44,728, and \$59,671, respectively, which was equal to the required contributions.

*Special Funding Situation* - The State is a non-employer contributing entity that provides funding through the School Aid Formula (SAF) to subsidize employer contributions of county boards of education and to fund the unfunded liability of STRS for all participating employers. These amounts qualify as a special funding situation in accordance with GASB Statement No. 68. The State assumes a share of the net pension liability on behalf of the various county boards of education for contributions related to the SAF. The State also assumes a share of the net pension liability on behalf of all participating employers, including the Authority, for contributions related to funding of the non-employer contributing entity unfunded liability.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

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

At June 30, 2020, the Authority reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Authority. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, rolled forward to the measurement date of June 30, 2019. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all employers participating in STRS and the State for the year ended June 30, 2019. At June 30, 2019, the Authority's proportionate share was 0.0103%, which was a decrease of 0.0031% from its proportionate share measured as of June 30, 2018.

The amount recognized by the Authority as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Authority were as follows:

Authority's proportionate share of the net pension liability	\$ 307,184
State's proportionate share of the net pension liability associated with the Authority	<u>741,599</u>
	<u>\$ 1,048,783</u>

For the year ended June 30, 2020, the Authority recognized a decrease in its net pension liability of \$112,620 and related pension expense of (\$130,301). The Authority also recognized additional pension expense of \$94,430 and on-behalf revenue for the same amount related to support provided by the State related to the State's funding of the non-employer contributing entity unfunded liability.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,964
Differences between projected and actual investment earnings on pension plan investments	-	8,355
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	51,298	45,235
Changes in assumptions	6,633	
The Authority's contributions made subsequent to the measurement date of June 30, 2019	54,573	-
	<u>\$ 112,504</u>	<u>\$ 62,554</u>

The amount of \$54,573 was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period. All other deferred outflows of resources and deferred inflows of resources relating to pension amounts reported are amortized and included in pension expense over the average remaining service life of 5.45 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ (986)
2022	(986)
2023	(986)
2024	(986)
2025	(986)
Thereafter	307
	<u>\$ (4,623)</u>

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

*Actuarial assumptions and methods* - The total pension liability in the July 1, 2018 actuarial valuation, and rolled forward to June 30, 2019, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00%
Salary increases	3.00 - 6.00%, average, including inflation
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Annuitant mortality tables projected to Scale AA, for healthy and disabled participants.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

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

Best estimates of the long-term geometric rates of return for each major asset class included in the plan's targeted allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27.5%	5.8%
International equity	27.5%	7.7%
Fixed income	15.0%	3.3%
Real estate	10.0%	6.1%
Private equity	10.0%	8.8%
Hedge funds	10.0%	4.4%
	<u>100.0%</u>	

*Discount rate* - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee, employer, and State contributions would continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be

---

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

available to make all projected future benefit payments of current plan employees. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

*Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate* - The following table presents the Authority's proportionate share of the net pension liability calculated using the current discount rate of 7.5%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	Authority's Proportionate Share of Net Pension Liability		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Authority's proportionate share	\$ 419,280	\$ 307,184	\$ 211,301

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS financial report.

## 12. Postemployment Benefits Other Than Pensions

*Plan Description* – The West Virginia Other Postemployment Benefit Plan (Plan) is a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (Code). The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board.

For additional information, please refer to the audited financial statements of the RHBT. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov).



# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

*Benefits Provided* – Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with the Public Employees Insurance Agency. The Plan provides medical and prescription drug insurance as well as life insurance to eligible retirees. The medical and prescription drug insurance is provided through two options: The Self-insured Preferred Provider Benefit Plan, which is primarily for non-Medicare-eligible retirees and spouses, and External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses.

*Funding Policy* – Employer contributions were from the RHBT billing system, called the Web Contribution System, for fiscal years ended June 30, 2019 and 2018. The employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The active premiums subsidized the retirees' healthcare by approximately \$152 million and \$149 million for fiscal years ending 2019 and 2018, respectively.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years or service. Members retired between July 1, 1997 and June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy. Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement. Members hired before July 1, 1988 may convert accrued sick or leave days into 100% of the required retiree healthcare contribution. Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

*Special Funding Situation* – The State of West Virginia is a non-employer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a non-employer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases, or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020. This funding is to the advantage of all RHBT contributing employers.

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

At June 30, 2020, the Authority reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Authority. The net OPEB liability, deferred inflows of resources, deferred outflows of resources, and OPEB expense were determined by an actuarial valuation date as of June 30, 2018, rolled forward to June 30, 2019, which is the measurement date. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the Plan relative to the contributions of all employers participating in the Plan and the State for the year ended June 30, 2019. At June 30, 2019, the Authority's proportionate share was 0.0073%, a decrease of 0.0008%.

The amount recognized by the Authority as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Authority were as follows:

Authority's proportionate share of the net OPEB liability	\$	120,842
State's proportionate share of the net OPEB liability associated with the Authority		<u>24,730</u>
	\$	<u><u>145,572</u></u>

For the year ended June 30, 2020, the Authority recognized a decrease in its net OPEB liability of \$53,838 and related OPEB expense of (\$10,428). The Authority also recognized additional OPEB expense of \$7,326 and on-behalf revenue for the same amount related to support provided by the State related to the State's funding of the non-employer contributing entity unfunded liability. At June 30, 2020, the Authority reported deferred

---

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual investment earnings	\$ -	\$ 1,304
Differences between expected and actual non-investment experience	-	14,094
Changes in assumptions	-	24,508
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	5,688	26,886
Reallocation of opt-out employer change in proportionate share	30	3,251
The Authority's contributions made subsequent to the measurement date of June 30, 2019	<u>15,234</u>	<u>-</u>
	<u>\$ 20,952</u>	<u>\$ 70,043</u>

The amount of \$15,234 was reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Deferred outflows of resources and deferred inflows of resources relating to OPEB amounts reported are amortized and included in OPEB expense over the remaining amortization period of 4.301 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ (14,956)
2021	(14,956)
2022	(14,956)
2023	(14,956)
2024	<u>(4,501)</u>
	<u>\$ (64,325)</u>

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

---

*Actuarial assumptions and methods* - The total OPEB liability in the June 30, 2018 actuarial valuation, and rolled forward to June 30, 2019, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.00 - 6.5%, including inflation
Investment rate of return	7.15%, net of investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20-year closed period

Mortality rates for post-retirement were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for TRS. Pre-retirement mortality rates were based on the RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for TRS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

Certain assumptions have been changed since the prior actuarial valuation of June 30, 2017 and a measurement date of June 30, 2019. The net effect of assumption changes to the State OPEB plan was approximately \$236 million. The assumption changes that most significantly impacted the total OPEB liability were an approximate \$11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate \$224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

*Long-term expected rates of return* - The long-term rates of return on OPEB plan investments were determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment

---

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages.

Best estimates of the long-term geometric rates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	49.5%	4.8%
Core plus fixed income	13.5%	2.1%
Core real estate	9.0%	4.1%
Hedge funds	9.0%	2.4%
Private equity	9.0%	6.8%
Cash and cash equivalents	10.0%	0.3%
	<u>100.0%</u>	

*Discount rate* – A single discount rate of 7.15% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.15% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate use to develop the single discount rate was 3.62% as of the beginning of the year and 3.13% as of the end of the year. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.

*Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate* - The following table presents the Authority's proportionate share of the net OPEB liability calculated using the current discount rate of 7.15%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	Authority's Proportionate Share of Net OPEB Liability		
	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Authority's proportionate share	\$ 144,222	\$ 120,842	\$ 101,278

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates* - The following table presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or higher:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	Net OPEB liability	\$ 97,442	\$ 120,842

*OPEB plan fiduciary net position* - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued RHBT financial report.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	\$ Variance	% Variance
	Original	Final			
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	N/A
<b>Expenditures:</b>					
Administrative	1,417,772	1,417,772	1,324,339	93,433	7.06%
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(1,417,772)	(1,417,772)	(1,324,339)	93,433	-7.06%
<b>Other Financing Sources (Uses):</b>					
Transfers - internal activities	1,371,182	1,371,182	1,371,182	-	0.00%
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>\$ (46,590)</u>	<u>\$ (46,590)</u>	<u>\$ 46,843</u>	<u>\$ 93,433</u>	<u>N/A</u>

See accompanying note to required supplementary information.



# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (BUDGETARY BASIS) - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	\$ Variance	% Variance
	Original	Final			
<b>Revenues:</b>					
Intergovernmental	\$ 37,000,000	\$ 37,000,000	\$ 36,992,796	\$ (7,204)	-0.02%
Interest income, net of arbitrage rebate	-	-	1,118,714	1,118,714	N/A
Increase in fair value of investments	-	-	744,783	744,783	N/A
Total revenues	<u>37,000,000</u>	<u>37,000,000</u>	<u>38,856,293</u>	<u>1,856,293</u>	<u>4.78%</u>
<b>Expenditures:</b>					
Debt service	37,000,000	37,000,000	47,549,463	(10,549,463)	-22.19%
Other Administrative	-	-	-	-	N/A
Total expenditures	<u>37,000,000</u>	<u>37,000,000</u>	<u>47,549,463</u>	<u>(10,549,463)</u>	<u>-22.19%</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>-</u>	<u>-</u>	<u>(8,693,170)</u>	<u>(8,693,170)</u>	<u>100.00%</u>
<b>Other Financing Sources (Uses):</b>					
Transfers	-	-	(7,952,915)	(7,952,915)	100.00%
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,952,915)</u>	<u>(7,952,915)</u>	<u>100.00%</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,646,085)</u>	<u>\$ (16,646,085)</u>	<u>N/A</u>

See accompanying note to required supplementary information.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

---

### 1. Reconciliation of Budget Information

A reconciliation of the excess of revenue and transfers in over expenditures and transfers out for the year ended June 30, 2020, on the budgetary basis to the GAAP basis, is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out - budgetary basis	\$ 93,433	\$ (18,509,582)
Unbudgeted funds	<u>-</u>	<u>1,863,497</u>
Excess of revenues and transfers in over expenditures transfers out - GAAP basis	<u>\$ 93,433</u>	<u>\$ (16,646,085)</u>

The Authority's Special Revenue Fund is not subject to the legislative budget process of the State and is considered an unbudgeted fund.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - STRS

YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Authority's Proportionate (percentage) of the net pension liability	0.0103%	0.0134%	0.0145%	0.0151%	0.0127%	0.0174%
Authority's Proportionate share of the net pension liability	\$ 307,184	\$ 419,804	\$ 500,383	\$ 622,572	\$ 438,835	\$ 600,212
States proportionate share of the net pension liability associated with SBA	741,599	1,087,722	1,106,555	1,185,837	1,001,301	1,356,118
Total	<u>\$ 1,048,783</u>	<u>\$ 1,507,526</u>	<u>\$ 1,606,938</u>	<u>\$ 1,808,409</u>	<u>\$ 1,440,136</u>	<u>\$ 1,956,330</u>
Authority's covered employee payroll	\$ 586,845	\$ 663,416	\$ 659,158	\$ 642,750	\$ 622,975	\$ 754,105
Authority's proportionate share of the net pension's liability as a percentage of its covered employee payroll	52.34%	63.28%	75.91%	96.86%	70.44%	79.59%
Plan fiduciary net position as a percentage of the total pension liability*	72.64%	67.24%	67.85%	61.42%	66.25%	65.95%

\* This is the same percentage for all participant employers in the STRS plan.

### Trend Information Presented

The accompanying schedule of the Authority's proportionate share of the net pension liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

All amounts are presented as of the measurement date, which is one year prior to fiscal year-end date.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## SCHEDULE OF CONTRIBUTIONS - STRS

YEAR ENDED JUNE 30, 2020

---

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 54,573	\$ 44,728	\$ 59,671	\$ 59,956	\$ 58,728	\$ 57,585	\$ 80,141
Contributions in relation to the contractually required contribution	(54,573)	(44,728)	(59,671)	(59,956)	(58,728)	(57,585)	(80,141)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 727,643	\$ 586,845	\$ 663,416	\$ 659,158	\$ 642,750	\$ 622,975	\$ 754,105
Contributions as a percentage of covered employee payroll	7.50%	7.62%	8.99%	9.10%	9.14%	9.24%	10.63%

### Trend Information Presented

The accompanying schedule of the Authority's contributions to STRS is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - RHBT

YEAR ENDED JUNE 30, 2020

	2020	2019	2018
Authority's Proportionate (percentage) of the net OPEB liability	0.0072%	0.0081%	0.0077%
Authority's Proportionate share of the net OPEB liability	\$ 120,842	\$ 174,680	\$ 190,208
State's proportionate share of the net OPEB liability associated with SBA	24,730	36,102	39,069
Total	\$ 145,572	\$ 210,782	\$ 229,277
Authority's covered employee payroll	\$ 586,845	\$ 516,554	\$ 522,479
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	20.59%	33.82%	36.40%
Plan fiduciary net position as a percentage of the total OPEB liability*	39.69%	30.98%	25.10%

\* This is the same percentage for all participant employers in the plan.

### Trend Information Presented

The accompanying schedule of the Authority's proportionate share of the net OPEB liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

All amounts are presented as of the measurement date, which is one year prior to fiscal year-end date.

# SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA

## SCHEDULE OF CONTRIBUTIONS - RHBT

YEAR ENDED JUNE 30, 2020

---

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Required contribution	\$ 15,234	\$ 14,689	\$ 16,815
Contributions in relation to the contractually required contribution	<u>(15,234)</u>	<u>(14,689)</u>	<u>(16,815)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered employee payroll	\$ 570,057	\$ 586,845	\$ 516,554
Contributions as a percentage of covered employee payroll	2.67%	2.50%	3.26%

### Trend Information Presented

The accompanying schedule of the Authority's contributions to the plan is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

## **SUPPLEMENTARY INFORMATION**

GAAP REPORTING FORM - DEPOSITS DISCLOSURE

Audited Agency School Building Authority of West Virginia

Per GASB Statement 40 the Agency must disclose its deposit policy. The deposit policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Agency's deposit policy.

See Note 5 to financial statements

Carrying Amount	Restricted Carrying Amount	Total Carrying Amount	Bank Balance	FDIC Insured Amount	Collateralized Amount	2	3A	3B	3C	Foreign Currency Risk		
						Amount Collateralized with securities held by the pledging financial institution's trust department or agent in the government's name	Amount Uninsured and Uncollateralized	Collateralized with securities held by the pledging financial institution but not in the name of the depositor	Collateralized with securities held by the pledging financial institution trust department or agency but not in the name of the depositor	Currency Type	Maturity	Fair Value
Balances as of June 30, 2020												
Cash with Treasurer												
Per wvOASIS Opening Balance Report	8,536,882	8,536,882										
Cash with Municipal Bond Commission		0										
Cash on Hand		0										
Cash in Transit to wvOASIS		0										
Cash with Board of Trustees		0										
Cash in Outside Bank Accounts		0										
Cash in Escrow		0										
Certificates of Deposits (Non-Negotiable)		0										
Other:		0										
<b>Total</b>	<b>8,536,882</b>	<b>0</b>	<b>8,536,882</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia  
Financial Accounting and Reporting Section  
2101 Washington Street East  
Building 17, 3rd Floor  
Charleston, WV 25305

Telephone Number (304) 558-4083  
Fax Number (304) 558-4084



Audited Agency **School Building Authority of West Virginia**

Per GASB Statement 40 the Agency must disclose its investment policy. The investment policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Agency's investment policy.

See Note 5 to the Financial Statements

	Reported Amount Unrestricted	Reported Amount Restricted	Fair Value Measurement's Using					Net Asset Value	Total Reported Value	Credit Ratings			Interest Rate Risk - Segmented Time Distribution				Foreign Currency Risk		
			Level 1	Level 2	Level 3	Fair Value	Cost Value			Standard & Poor's	Moody's	Fitch	Less than 1	1 - 5	6 -10	More than 10	Currency Type	Maturity	Fair Value
Investments with Investment Mgmt Board (IMB)																			
<b>Per wvOASIS Opening Balance Report</b>																			
Investment Earnings not Posted to wvOASIS As of 6/30/20																			
Investments with Board of Treasury Investments (BTI)																			
<b>Per Opening Balance Report</b>		1,942,803					1,942,803		1,942,803										
Investment Earnings not Posted to wvOASIS As of 6/30/20																			
Outside Investments:																			
Investments Reported at Cost																			
Repurchase Agreements ****																			
State & Local Govt Securities																			
U.S. Gov't Agencies																			
U.S. Gov't Agencies																			
Corporate Bonds																			
Commercial Paper																			
Fixed Income Fund																			
Money Market / Mutual Funds		188,363,584					188,363,584		188,363,584	Aam	Aaa-mf		188,363,584						
Other Investments																			
<b>Total Outside Investments at Cost</b>	0	188,363,584	0	0	0	0	188,363,584		188,363,584				188,363,584	0	0	0			
Investments by Fair Value Level																			
<b>Debt Securities</b>																			
U.S. Treasury securities																			
Commercial mortgage-backed securities																			
Collateralized debt obligations																			
Residential mortgage-backed securities																			
Corporate Bonds																			
<b>Total Debt Securities</b>	0	0	0	0	0	0	0		0				0	0	0	0			
<b>Equity Securities</b>																			
Other																			
<b>Total Equity Securities</b>	0	0	0	0	0	0	0		0				0	0	0	0			
<b>Venture Capital Investments</b>																			
Direct venture capital -																			
Direct venture capital -																			
<b>Total Venture Capital Investments</b>	0	0	0	0	0	0	0		0				0	0	0	0			
<b>Private Equity Funds - International</b>																			
<b>Total Private Equity Funds - International</b>	0	0	0	0	0	0	0		0				0	0	0	0			
<b>Total Investments by Fair Value</b>	0	0	0	0	0	0	0		0				0	0	0	0			
Investments Measured at the Net Asset Value (NAV)																			
Equity long/short hedge funds																			
Event-driven hedge funds																			
Global opportunities hedge funds																			
Multi-strategy hedge funds																			
Real estate funds																			
<b>Total Investments Measured at the NAV</b>	0	0					0		0				0	0	0	0			
Investments Derivative Instruments																			
Interest Rate Swaps																			
Foreign exchange contracts (liabilities)																			
<b>Total Investment Derivative Instruments</b>	0	0	0	0	0	0	0		0				0	0	0	0			
<b>Total Investment</b>	0	190,306,387	0	0	0	0	190,306,387	0	190,306,387				188,363,584	0	0	0			

\*\*\*\* MUST COMPLETE THE BELOW INFORMATION IF REPURCHASE AGREEMENTS WERE IDENTIFIED ABOVE:

Collateral Description On The Repurchase Agreements	Fair Market Value of Collateral	Credit Rating	
		Moody's	S&P

Valuation Techniques in fair value determination:


PLEASE SEND COMPLETED FORMS TO:

State of West Virginia  
 Financial Accounting and Reporting Section  
 2101 Washington Street East  
 Building 17, 3rd Floor  
 Charleston, WV 25305

GAAP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Audited Agency     **School Building Authority of West Virginia**    

Reconciliation of cash, cash equivalents, and investments as reported in the financial statements to the amounts disclosed in the footnote:

Deposits:

Cash and cash equivalents as reported on balance sheet	\$ 198,843,269
Less: cash equivalents disclosed as investments	(190,306,387)
Add: restricted cash and cash equivalents disclosed as deposits	_____
Other (describe) _____	_____
_____	_____
_____	_____

Carrying amount of deposits as disclosed on Form 7 \$ 8,536,882

Investments:

Investments as reported on balance sheet	\$ -
Add: restricted investments disclosed as investments	_____
Add: cash equivalents disclosed as investments	190,306,387
Other (describe) _____	_____
_____	_____
_____	_____

Reported amount of investments as disclosed on Form 8 \$ 190,306,387

PLEASE SEND COMPLETED FORMS TO:

**State of West Virginia  
 Financial Accounting and Reporting Section  
 2101 Washington Street East  
 Building 17, 3rd Floor  
 Charleston, WV 25305**

**Telephone Number:** 304-558-4083  
**Fax Number:** 304-558-4084

STATE OF WEST VIRGINIA  
 DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION  
 FINANCIAL ACCOUNTING AND REPORTING SECTION

GAAP REPORTING FORM - TRANSFERS IN/OUT

Audited Agency     ol Building Authority of West Vi

Indicate amounts transferred from/to your agency as of June 30, 2020

1	2	3	4	5	6
<b>wvOASIS Doc. ID</b>	<b>Agency Transferring From</b>	<b>wvOASIS FUND</b>	<b>Agency Transferring To</b>	<b>wvOASIS FUND</b>	<b>Amount</b>
Various	Department of Tax & Revenue	0402	School Building Authority of WV	0317	\$ 23,054,883
Various	Department of Tax & Revenue	0402	School Building Authority of WV	3951	27,216,996
Various	Department of Tax & Revenue	0402	School Building Authority of WV	3966	5,000,004
Various	WV Lottery Commission	7205	School Building Authority of WV	3514	18,992,796
Various	WV Lottery Commission	7203	School Building Authority of WV	3963	18,000,000
Various	WV Department of Homeland Security	0606	School Building Authority of WV	3553/3554	1,174,474
Various	School Building Authority of WV	3553	WV Department of Homeland Security	0606	(1,131,436)
<b>Total</b>					<b>\$ 92,307,717</b>

\*Do not include IGT's, Reimbursements or Expense to Expense transactions

Explain Transfers In/Out amounts greater than or equal to \$1,000,000.  
All transfers to SBA based on legislative action. The transfer from SBA to Homeland Security represents amounts transferred back to Homeland Security relating to closing out project worksheets.

**School Building Authority of West Virginia**  
**(A Component Unit of the State of West Virginia)**

Independent Auditor's Reports in Accordance  
with *Government Auditing Standards*

Year Ended June 30, 2020

**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

**Members  
School Building  
Authority of  
West Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the School Building Authority of West Virginia (Authority), a component unit of the State of West Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated October 13, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
October 13, 2020

# **SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA**

## **SCHEDULE OF FINDINGS AND RESPONSES**

YEAR ENDED JUNE 30, 2020

**NONE NOTED**

Payment Schedule  
For  
Independent Auditor Services  
Request For Quotation

School Building Authority of WV

EXHIBIT C

The School Building Authority of WV shall pay invoices based on a progressive pay as detailed in the schedule shown below.

Payment Schedule

- At the completion of the Preliminary Field Work, the vendor may invoice for up to 25% of the total of contract amount.
- At the completion of the Year End Audit Field Work, the vendor may invoice for up to 50% of the total of contract amount.
- At the completion of the Year End Audit Report, the vendor shall invoice for the final 25% of the total of contract amount.



STATE OF WEST VIRGINIA  
Purchasing Division

# PURCHASING AFFIDAVIT

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

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

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

**DEFINITIONS:**

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

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

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

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

**WITNESS THE FOLLOWING SIGNATURE:**

Vendor's Name: Suttle & Stalnaker, PLLC

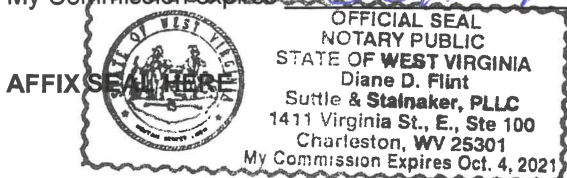
Authorized Signature: Chris Lambert Date: April 29, 2021

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 29 day of April, 2021.

My Commission expires Oct. 4, 2021.



NOTARY PUBLIC Diane D. Flint



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

**State of West Virginia  
 Centralized Request for Quote  
 Financial**

<b>Proc Folder:</b> 860293		<b>Reason for Modification:</b>	
<b>Doc Description:</b> RFQ - Independent Audit Services for SBA of WV		Addendum No. 01 is being issued to address all technical questions received.	
<b>Proc Type:</b> Central Contract - Fixed Amt		No other changes.	
<b>Date Issued</b>	<b>Solicitation Closes</b>	<b>Solicitation No</b>	<b>Version</b>
2021-04-23	2021-04-29 13:30	CRFQ 0404 SBA2100000001	2

**BID RECEIVING LOCATION**

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

**VENDOR**

**Vendor Customer Code:**

**Vendor Name :**

**Address :**

**Street :**

**City :**

**State :** **Country :** **Zip :**

**Principal Contact :**

**Vendor Contact Phone:** **Extension:**

**FOR INFORMATION CONTACT THE BUYER**  
 Jessica S Chambers  
 (304) 558-0246  
 jessica.s.chambers@wv.gov

**Vendor Signature X** **FEIN#** **DATE**

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

**ADDITIONAL INFORMATION**

The West Virginia Purchasing Division is soliciting bids on behalf of the School Building Authority of West Virginia (SBA), to establish a contract with a Certified Public Accounting Firm for Audit services for Fiscal Year ending on June 30, 2021, with the option to audit the SBA's financial statements for each of the three (3) subsequent fiscal years and to provide technical assistance to the SBA's accounting staff in the preparation of financial statements, reports and documents necessary for compliance with the Comprehensive Annual Financial Report of the State of West Virginia and the requirements of the West Virginia Financial Accounting and Reporting Section of the Department of Administration. The audit and technical assistance must be performed in accordance with the provisions contained in this quotation per the terms and conditions and specifications as attached.

INVOICE TO		SHIP TO	
SCHOOL BUILDING AUTHORITY 2300 KANAWHA BLVD E		SCHOOL BUILDING AUTHORITY 2300 KANAWHA BLVD E	
CHARLESTON	WV	CHARLESTON	WV
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	GOVERNMENT AUDITING SERVICES				

Comm Code	Manufacturer	Specification	Model #
93151607			

**Extended Description:**  
Reference Exhibit A Pricing Page

**SCHEDULE OF EVENTS**

<u>Line</u>	<u>Event</u>	<u>Event Date</u>
-------------	--------------	-------------------

**SOLICITATION NUMBER:**  
**Addendum Number:**

---

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

**Applicable Addendum Category:**

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

**Description of Modification to Solicitation:**

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

**Terms and Conditions:**

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

# ATTACHMENT A

Attention: Jessica Chambers  
CRFQ 0404 SBA2100000001 Independent Audit Services  
Pre-bid Vendor Questions

1. What was the prior year audit fee? **Audit Services for FY2020 was \$22,200**
2. Were there any change orders issued over the life of the previous contract? **Yes**
  - a. If so, for how much and what was the nature of the change order(s)? **Change Orders were for Contract Renewals only**
3. What accounting system is used by the SBA? **The State of WV's Financial System – wvOASIS**
4. Do you prepare internal draft financial statements and if so, could you provide a copy of your most recent available statements? **We prepare quarterly Financial Reports – See Attached**
5. Do you assist in drafting the notes to your financial statements? **Staff of the SBA Reviews Only**
6. Is the previous auditor invited to bid on this audit? **Yes**
7. How many audit journal entries were proposed by the previous auditor and what were the nature of those entries? **See Attached B of the CRQS - FY20 WVSBA Financial Statements**
8. Can you please describe the nature of your federal funding that rises to the level of a single audit or Uniform Guidance Audit consideration? **The SBA is the fiduciary for \$300M FEMA Funds for two (2) County Boards of Education.**
9. Has there been any turnover in key accounting or management staff? **Yes, the CFO, but the former CFO has been retained to transition the new CFO, once hired, and will be managing several special projects through December 2021.**
10. Can you provide your chart of accounts? **See attached P&L Report from question #4.**
11. Do you prefer in person or remote auditing or a combination of both? **Combination of both.**
12. How soon after June 30<sup>th</sup> will you be ready to commence the audit? **Immediately**
13. Are you receiving any COVID relief type funding during the year ending June 30, 2021 or 2022? **We have not.**

**School Building Authority of West Virginia**  
**Year to Date Budget to Actual Spending FY 2021**  
**July 1, 2020-April 21, 2021**

**School Building Authority Transfer Fund**

BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3514	31000	0404	3288	14,454,846.00	-	-	5,625,000.00	8,829,846.00	5,625,000.00	8,829,846.00
2021	3514	31000	0404	3289	4,545,054.00	-	-	3,194,167.50	1,350,886.50	3,194,167.50	1,350,886.50
2021	3514	70000	0404	3270	100.00	0.00	0.00	0.00	100.00	0.00	100.00
<b>Total Fund:</b>					<b>19,000,000.00</b>	<b>-</b>	<b>-</b>	<b>8,819,167.50</b>	<b>10,180,832.50</b>	<b>8,819,167.50</b>	<b>10,180,832.50</b>

**School Building Authority Debt Service Fund**

BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3963	31000	0404	3288	7,643,587.00	-	-	8,631,000.00	(987,413.00)	8,631,000.00	(987,413.00)
2021	3963	31000	0404	3289	7,676,776.00	-	-	5,084,111.25	2,592,664.75	5,084,111.25	2,592,664.75
2021	3963	42600	0404	3270	2,766,137.00	0.00	0.00	0.00	2,766,137.00	0.00	2,766,137.00
2021	3963	70000	0404	3270	2,679,637.00	-	-	2,679,637.00	-	2,679,637.00	-
<b>Total Fund:</b>					<b>20,766,137.00</b>	<b>-</b>	<b>-</b>	<b>16,394,748.25</b>	<b>4,371,388.75</b>	<b>16,394,748.25</b>	<b>4,371,388.75</b>

**School Building Authority Major Improvement Fund**

BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3966	09900	0404	3256	12,835,081.00	4,077,748.67	-	3,467,231.40	5,290,100.93	3,467,231.40	9,367,849.60
2021	3966	09900	0404	3270	0.00	-	-	0.00	(0.00)	0.00	(0.00)
<b>Total Fund:</b>					<b>12,835,081.00</b>	<b>4,077,748.67</b>	<b>-</b>	<b>3,467,231.40</b>	<b>5,290,100.93</b>	<b>3,467,231.40</b>	<b>9,367,849.60</b>

**Flood Disaster June 2016-Kanawha County**

BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3553	09900	0404	3270	52,000,000.00	-	-	6,833.90	51,993,166.10	6,833.90	51,993,166.10
2021	3553	09900	0404	3285	54,900,000.00	78,307,733.53	-	21,090,461.96	(44,498,195.49)	21,090,461.96	33,809,538.04
<b>Total Fund:</b>					<b>106,900,000.00</b>	<b>78,307,733.53</b>	<b>-</b>	<b>21,097,295.86</b>	<b>7,494,970.61</b>	<b>21,097,295.86</b>	<b>85,802,704.14</b>

**School Building Authority of West Virginia**  
**Year to Date Budget to Actual Spending FY 2021**  
**July 1, 2020-April 21, 2021**

<b>Flood Disaster June 2016-Nicholas County</b>											
BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3554	09900	0404	3270	20,000,000.00	-	-	-	20,000,000.00	-	20,000,000.00
2021	3554	09900	0404	3285	156,000,000.00	169,098,580.28	-	4,103,684.32	(17,202,264.60)	4,103,684.32	151,896,315.68
<b>Total Fund:</b>					<b>176,000,000.00</b>	<b>169,098,580.28</b>	<b>-</b>	<b>4,103,684.32</b>	<b>2,797,735.40</b>	<b>4,103,684.32</b>	<b>171,896,315.68</b>

<b>School Construction Fund</b>											
BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3952	24000	0404	3254	0.00	-	-	1,652,000.00	(1,652,000.00)	1,652,000.00	(1,652,000.00)
2021	3952	24000	0404	3256	40,845,818.00	12,527,908.09	-	21,597,147.71	6,720,762.20	21,597,147.71	19,248,670.29
2021	3952	24000	0404	3270	0.00	-	-	0.00	(0.00)	0.00	(0.00)
2021	3952	70000	0404	3270	1,371,182.00	-	-	1,371,182.00	-	1,371,182.00	-
<b>Total Fund:</b>					<b>42,217,000.00</b>	<b>12,527,908.09</b>	<b>-</b>	<b>24,620,329.71</b>	<b>5,068,762.20</b>	<b>24,620,329.71</b>	<b>17,596,670.29</b>

<b>School Construction Fund</b>											
BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	0317	45300	0402	3207	0.00	-	-	4,812.50	(4,812.50)	4,812.50	(4,812.50)
2021	0317	45300	0402	3250	0.00	10,000.00	-	86,990.57	(96,990.57)	86,990.57	(86,990.57)
2021	0317	45300	0402	3256	0.00	7,176,241.95	-	10,181,415.14	(17,357,657.09)	10,181,415.14	(10,181,415.14)
2021	0317	45300	0402	3288	24,000,000.00	0.00	0.00	0.00	24,000,000.00	0.00	24,000,000.00
<b>Total Fund:</b>					<b>24,000,000.00</b>	<b>7,186,241.95</b>	<b>-</b>	<b>10,273,218.21</b>	<b>6,540,539.84</b>	<b>10,273,218.21</b>	<b>13,726,781.79</b>

<b>School Building Authority Fund</b>											
BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3959	00100	0404	1200	972,813.00	-	-	810,179.21	162,633.79	810,179.21	162,633.79
2021	3959	00100	0404	1201	3,000.00	-	-	10,082.40	(7,082.40)	10,082.40	(7,082.40)
2021	3959	00100	0404	1206	9,300.00	-	-	10,167.67	(867.67)	10,167.67	(867.67)
2021	3959	00100	0404	2200	550.00	0.00	0.00	0.00	550.00	0.00	550.00
2021	3959	00100	0404	2202	65,000.00	-	-	61,315.01	3,684.99	61,315.01	3,684.99
2021	3959	00100	0404	2203	35,000.00	-	-	38,015.42	(3,015.42)	38,015.42	(3,015.42)
2021	3959	00100	0404	2205	8,000.00	-	-	4,884.00	3,116.00	4,884.00	3,116.00
2021	3959	00100	0404	2207	18,419.00	-	-	52,438.94	(34,019.94)	52,438.94	(34,019.94)
2021	3959	00100	0404	2208	22,440.00	-	-	13,440.00	9,000.00	13,440.00	9,000.00
<b>Subtotal Personal Services</b>					<b>1,134,522.00</b>	<b>-</b>	<b>-</b>	<b>1,000,522.65</b>	<b>133,999.35</b>	<b>1,000,522.65</b>	<b>133,999.35</b>



**School Building Authority of West Virginia**  
**Year to Date Budget to Actual Spending FY 2021**  
**July 1, 2020-April 21, 2021**

BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3959	06400	0404	6100	400.00	0.00	0.00	0.00	400.00	0.00	400.00
2021	3959	06400	0404	6101	500.00	0.00	0.00	0.00	500.00	0.00	500.00
2021	3959	06400	0404	6103	650.00	0.00	0.00	0.00	650.00	0.00	650.00
2021	3959	06400	0404	6104	7,000.00	-	-	3,418.12	3,581.88	3,418.12	3,581.88
2021	3959	06400	0404	6105	500.00	0.00	0.00	0.00	500.00	0.00	500.00
2021	3959	06400	0404	6106	4,100.00	0.00	0.00	0.00	4,100.00	0.00	4,100.00
2021	3959	06400	0404	6108	0.00	-	-	-	-	-	-
2021	3959	07000	0404	5200	14,600.00	2,455.06	-	8,319.23	3,825.71	8,319.23	6,280.77
2021	3959	07000	0404	5204	7,400.00	0.00	0.00	0.00	7,400.00	0.00	7,400.00
2021	3959	07000	0404	5210	4,000.00	0.00	0.00	0.00	4,000.00	0.00	4,000.00
2021	3959	13000	0404	3200	13,000.00	205.50	649.88	3,129.67	9,014.95	3,779.55	9,870.33
2021	3959	13000	0404	3201	500.00	-	-	36.00	464.00	36.00	464.00
2021	3959	13000	0404	3202	500.00	0.00	0.00	0.00	500.00	0.00	500.00
2021	3959	13000	0404	3203	2,000.00	-	-	1,013.03	986.97	1,013.03	986.97
2021	3959	13000	0404	3204	2,000.00	-	-	2,147.79	(147.79)	2,147.79	(147.79)
2021	3959	13000	0404	3205	0.00	2,500.00	-	6,450.00	(8,950.00)	6,450.00	(6,450.00)
2021	3959	13000	0404	3206	10,600.00	11,984.57	1,079.72	11,998.21	(14,462.50)	13,077.93	(1,398.21)
2021	3959	13000	0404	3207	67,000.00	-	-	44,204.57	22,795.43	44,204.57	22,795.43
2021	3959	13000	0404	3211	5,000.00	-	-	4,383.49	616.51	4,383.49	616.51
2021	3959	13000	0404	3212	6,000.00	-	-	1,526.97	4,473.03	1,526.97	4,473.03
2021	3959	13000	0404	3213	6,000.00	-	-	24,539.59	(18,539.59)	24,539.59	(18,539.59)
2021	3959	13000	0404	3214	500.00	160.00	-	744.94	(404.94)	744.94	(244.94)
2021	3959	13000	0404	3216	6,500.00	-	-	4,716.01	1,783.99	4,716.01	1,783.99
2021	3959	13000	0404	3217	3,500.00	734.70	-	2,688.02	77.28	2,688.02	811.98
2021	3959	13000	0404	3218	1,500.00	-	-	1,208.00	292.00	1,208.00	292.00
2021	3959	13000	0404	3219	7,900.00	-	-	14,177.00	(6,277.00)	14,177.00	(6,277.00)
2021	3959	13000	0404	3220	150.00	0.00	0.00	0.00	150.00	0.00	150.00
2021	3959	13000	0404	3221	1,000.00	0.00	0.00	0.00	1,000.00	0.00	1,000.00
2021	3959	13000	0404	3222	1,000.00	-	51.46	46.58	901.96	98.04	953.42
2021	3959	13000	0404	3224	100.00	-	-	1,948.78	(1,848.78)	1,948.78	(1,848.78)
2021	3959	13000	0404	3225	500.00	-	-	161.42	338.58	161.42	338.58
2021	3959	13000	0404	3229	2,000.00	246.00	246.00	2,632.50	(1,124.50)	2,878.50	(632.50)

**School Building Authority of West Virginia**  
**Year to Date Budget to Actual Spending FY 2021**  
**July 1, 2020-April 21, 2021**

BFY	Fund	Approp	Dept	Obj	Current Budget	Encumbered	Accrued Exp	Cash Exp	Uncommitted	Actual Exp	Unexp Cash
2021	3959	13000	0404	3232	4,500.00	0.00	-	2,319.56	2,180.44	2,319.56	2,180.44
2021	3959	13000	0404	3233	4,000.00	-	-	750.00	3,250.00	750.00	3,250.00
2021	3959	13000	0404	3235	2,300.00	-	-	593.49	1,706.51	593.49	1,706.51
2021	3959	13000	0404	3238	4,000.00	-	216.97	3,994.42	(211.39)	4,211.39	5.58
2021	3959	13000	0404	3241	2,000.00	2,465.00	-	-	(465.00)	-	2,000.00
2021	3959	13000	0404	3242	1,000.00	-	1,104.00	-	(104.00)	1,104.00	1,000.00
2021	3959	13000	0404	3244	200.00	93.87	47.19	115.68	(56.74)	162.87	84.32
2021	3959	13000	0404	3245	100.00	-	6.22	124.56	(30.78)	130.78	(24.56)
2021	3959	13000	0404	3246	1,000.00	0.00	0.00	0.00	1,000.00	0.00	1,000.00
2021	3959	13000	0404	3247	0.00	5,674.55	-	-	(5,674.55)	-	-
2021	3959	13000	0404	3248	0.00	484.99	-	1,368.00	(1,852.99)	1,368.00	(1,368.00)
2021	3959	13000	0404	3249	8,960.00	-	-	4,054.00	4,906.00	4,054.00	4,906.00
2021	3959	13000	0404	3250	44,890.00	-	-	6,000.00	38,890.00	6,000.00	38,890.00
2021	3959	13000	0404	3252	1,000.00	602.98	-	5,121.98	(4,724.96)	5,121.98	(4,121.98)
2021	3959	13000	0404	3260	0.00	-	-	150.00	(150.00)	150.00	(150.00)
2021	3959	13000	0404	3263	23,000.00	-	-	24,100.00	(1,100.00)	24,100.00	(1,100.00)
2021	3959	13000	0404	3272	9,500.00	0.00	0.00	0.00	9,500.00	0.00	9,500.00
2021	3959	13000	0404	3324	400.00	-	-	257.00	143.00	257.00	143.00
<b>Subtotal Other Expenses</b>					<b>283,250.00</b>	<b>27,607.22</b>	<b>3,401.44</b>	<b>188,438.61</b>	<b>63,802.73</b>	<b>191,840.05</b>	<b>94,811.39</b>
<b>Total Fund:</b>					<b>1,417,772.00</b>	<b>27,607.22</b>	<b>3,401.44</b>	<b>1,188,961.26</b>	<b>197,802.08</b>	<b>1,192,362.70</b>	<b>228,810.74</b>
<b>Grand Total:</b>					<b>\$ 403,135,990.00</b>	<b>\$ 271,225,819.74</b>	<b>\$ 3,401.44</b>	<b>\$ 89,964,636.51</b>	<b>\$ 41,942,132.31</b>	<b>\$ 89,968,037.95</b>	<b>\$ 313,171,353.49</b>

**ADDENDUM ACKNOWLEDGEMENT FORM**  
**SOLICITATION NO.: \_\_\_\_\_**

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

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

**Addendum Numbers Received:**

(Check the box next to each addendum received)

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

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

Suttle & Stalnaker, PLLC

\_\_\_\_\_  
Company

*Chris Lambert*

\_\_\_\_\_  
Authorized Signature

April 29, 2021

\_\_\_\_\_  
Date

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

Revised 6/8/2012